

# **Shenzhen China Bicycle Company (Holdings) Limited**

## **SEMI-ANNUAL REPORT 2019**

**August 2019**

## **Section I. Important Notice, Contents and Paraphrase**

**Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shenzhen China Bicycle Company (Holdings) Limited (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.**

**Li Hai, Principal of the Company, Sun Longlong, person in charge of accounting works and Zhong Xiaojin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2019 Semi-Annual Report is authentic, accurate and complete.**

**All directors are attended the Board Meeting for report deliberation.**

**The Company has no plan of cash bonus, dividends and capitalizing of reserves either.**

## Content

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## Paraphrase

Items	Refers to	Definition
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## Section II. Company Profile and Main Financial Indexes

### I. Company Profile

Short form of the stock	Zhonghua – A, Zhonghua -B	Code for share	000017, 200017
The abbreviation of the changed stock (if applicable)	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳中华自行车(集团)股份有限公司		
Short form of the Company (in Chinese) (if applicable)	深中华		
Foreign name of the Company (if applicable)	Shenzhen China Bicycle Company (Holdings) Limited		
Short form of foreign name of the Company (if applicable)	CBC		
Legal representative	Li Hai		

### II. Contact person and ways

	Secretary of the Board	Rep. of securities affairs
Name	Sun Longlong	Cui Hongxia, Zhong Xiaojin
Contact adds.	Room 1201, Wantong Building, No.3002, Sungang East Road, Luohu District, Shenzhen	Room 1201, Wantong Building, No.3002, Sungang East Road, Luohu District, Shenzhen
Tel.	0755-25516998,28181666	0755-25516998,28181666
Fax.	0755-28181009	0755-28181009
E-mail	dmc@szcbc.com	dmc@szcbc.com

### III. Others

#### 1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable     Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2018.

## 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable  Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2018.

## IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes  No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	38,274,433.02	67,734,899.35	-43.49%
Net profit attributable to shareholders of the listed company (RMB)	-798,946.17	554,162.06	-244.17%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-910,390.17	521,366.39	-274.62%
Net cash flow arising from operating activities (RMB)	-8,901,256.74	-3,362,971.19	164.68%
Basic earnings per share (RMB/Share)	-0.0014	0.0010	-240.00%
Diluted earnings per share (RMB/Share)	-0.0014	0.0010	-240.00%
Weighted average ROE	-5.74%	3.43%	-9.17%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	64,830,640.85	73,242,960.17	-11.49%
Net assets attributable to shareholder of listed company (RMB)	13,507,355.77	14,306,301.94	-5.58%

## V. Difference of the accounting data under accounting rules in and out of China

### 1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable  Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

## 2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable  Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

## VI. Items and amounts of extraordinary profit (gains)/loss

Applicable  Not applicable

In RMB

Item	Amount	Note
Other non-operating income and expenditure except for the aforementioned items	148,577.00	
Less: impact on income tax	37,144.25	
Impact on minority shareholders' equity (post-tax)	-11.25	
Total	111,444.00	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable  Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

## Section III. Summary of Company Business

### I. Main businesses of the Company in the reporting period

Does the Company need to comply with the disclosure requirement of the special industry

No

The company is engaged in the main business for the bicycle business and lithium battery material business, including production, assembly, procurement, sales of bicycles and electric bicycles, etc.

### II. Major changes in main assets

#### 1. Major changes in main assets

Major assets	Note of major changes
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#### 2. Main overseas assets

Applicable  Not applicable

### III. Core Competitiveness Analysis

Does the Company need to comply with the disclosure requirements of the special industry

No

Despite the fierce market competition in the bicycle industry as a conventional industry, the increased awareness of green commuting, leisure and exercises as a result of the development of China's social economy and the change of people's living concept creates structural development opportunity for the bicycle industry. The Company will continue to do better in various aspects of operation such as market development, product development, quality management and sales of e-commerce, extended and expansion the application of upstream & downstream industry for the industrial chain step by step, so as to maintain and improve the Company's ability to continue as a going concern before the restructuring. On the other side, the Company has set out the condition of introduction of investors in the restructuring plan with expectation to restore its ability to continue as a going concern and its continuous profitability through the restructuring of assets.

Furthermore, we strive to planning the privately placement in the period and hope to improve the operation ability and development strength of the Company. The specific works are underway.



## Section IV. Discussion and Analysis of the Business

### I. Introduction

In 2019, the international political and economic situation was complex and severe, the problem of unbalanced and inadequate domestic development remains a serious one, new downward pressure has emerged in the economy. Under the leadership of central government and governments at all levels, the whole nation strengthened their confidence, overcame difficulties, and forged ahead, and achieved steady progress in economic and social development, and the economic fundamentals were continuously consolidated and developed. As a sector in the traditional manufacturing field, the bicycle industry continued the dilemma of rise in labor cost, manufacturing costs, cost of capital, and material costs. In 2018, the relevant state ministry issued a new national standard for electric bicycle safety technical specifications which was implemented on April 15, 2019. Implementation of the new national standard, has accelerated the industry's reshuffle industry shocks. In addition, in the past two years, the bike sharing has been violently oscillating the bicycle industry and the upstream supply chain operations with capital advantages, due to the lack of profit model and capital chain problems, and it continued to have a big impact on the whole industry in 2019. At the same time, as a traditional manufacturing industry, the bicycle industry also ushered in the "Made in China 2025" strategy, under the guidance of the basic principles of "Innovation Driven, Quality First, Green Development, Structure Optimization, and Talent Based", took the important opportunity to speed up the transformation and upgrading, ushered in the development opportunity of the implementation of the new national standards for electric bicycles, and also faced with the important challenges of e-commerce development impacts on channels, channel integration and Internet+.

China has the world's largest production and marketing of electric bicycles, after years of development, electric bicycles have gradually become an important means of transportation for consumers on everyday short-distance trips, at present, there are about 200 million bicycles in the entire society. Structural body, motor, power battery, and control system are the core components of electric bicycles, Shenzhen China Bicycle has been closely following up the research on their technological development, application development, and commercial value for a long period of time, and has determined the qualified suppliers for core components year by year. The non-public offering of shares for fund-raising investment project of Shenzhen China Bicycle being planned and prepared at present also covers the application researches on switched reluctance motors, super-capacitor batteries, new materials, electric car bus control systems, wearable devices, intelligent positioning lock systems, etc. As one of the core components, electric bicycle power batteries have been mainly lead-acid batteries in the past decade or two, with the development and popularization of new energy technologies and new energy materials, it is expected to be replaced by the lithium batteries in the future. According to the strategy guidelines of "Made in China 2025" by the State Council and the spirit of standardization reform, the Ministry of Industry and Information Technology, the Ministry of Public Security, the State Administration for Industry and Commerce, and the General Administration of Quality Supervision, Inspection and Quarantine have introduced a new national standard for electric bicycles to comprehensively improve the safety performance of electric bicycles, adjust and

improve the speed limit, vehicle quality, pedaling and riding ability and other technical indicators. New standards not only are close to people's livelihood, but also improve the application space for lithium battery energy storage, and lithium battery electric bicycles usher in a new stage of development.

In this context, in 2019, due to the actual situation of having a weak economic foundation after reforming, on the one hand, the company adhered to taking the development of traditional business model as the principle, combined with the new national standard of electric bicycle safety technical specifications, carried out research and development on new products, optimized and adjusted product structure and sales model transformation, actively expanded the e-commerce business model and realized the steady development operation of the e-commerce retail business according to the e-commerce transformation of business team and the cost controllable mode of external contact and cooperation and internal guidance; on the one hand, correspondingly carried out the tracking study on industrial projects and technology applications of upstream and downstream of industrial chain in the long-term process of electric bicycle business, started getting involved in the lithium battery materials business based on the extensive business consultation and business opportunity sifting, taking one step to expanding the business of Lithium battery materials and rich the main business; on the other hand, strive to promote the selection work of the company's restructuring, planned the non-public offering of shares, and started the business upgrades and connection work of the offline sales platform for sports experience and R & D center construction projects.

In preparation for non-public offering of shares, in July 2016, the company initiated the planning and preparation for non-public offering of shares and engaged securities companies, lawyers, accountants, and other intermediary agencies to carry out various tasks. Since then, the nineteenth (temporary) meeting, the twenty-second (temporary) meeting, and the twenty-sixth (temporary) meeting of the ninth session of board of directors of the company, and the second extraordinary shareholders' meeting in 2017 reviewed and approved the relevant proposals on non-public offering of shares. Combining the capital market with the actual situation of the company, from January to February, 2018, the fourth (temporary) meeting of the 10<sup>th</sup> session of board of directors and the first extraordinary shareholders' meeting of the company in 2018 reviewed and approved the Proposal on Adjusting the Plan for the Company's Non-Public Offering of A-Shares, and the Proposal on the Plan for the Company's Non-Public Offering of A-Shares (three revised versions) and other relevant proposals. According to the above proposals, the total amount of funds raised in this non-public offering of shares did not exceed 750 million Yuan, and planned to invest 680 million Yuan for the "online and offline marketing network platform construction and upgrade project" and planned to invest 70 million Yuan for the "R&D center construction project after deducting the issuance costs.

Under the background that the traditional manufacturing industry at home was still sluggish, in accordance with the guidelines of "Made in China 2025", the company insisted on accelerating its professional transformation and e-commercial transformation, striving to expand its main business, strengthening the structural adjustment, intensifying the quality management, strengthening cost control, overcoming the industry shocks and industry punches of share-bicycle's fluctuation on the eve of the implementation of new national standards, strive to improving the ability of traditional enterprises to adapt to economy new normal and participate in market competition. Through various efforts, the company achieved operating revenue of 38,274,400 Yuan and net profit

of (1,090,500) Yuan in 2019, of which, the net profit attributable to shareholders of listed companies was (798,900) Yuan.

## II. Main business analysis

See the “I-Introduction” in “Discussion and Analysis of the Business”

Y-o-y changes of main financial data

In RMB

	Current period	Same period last year	y-o-y changes (+, -)	Reasons
Operating revenue	38,274,433.02	67,734,899.35	-43.49%	Decline in corporate business revenue
Operating costs	35,329,514.97	61,164,206.33	-42.24%	Decline in corporate business cost
Sales expenses	1,875,723.61	2,755,927.53	-31.94%	Sales expenses drops for the decline of business income
Administration expenses	2,359,383.84	3,309,720.24	-28.71%	
Finance expenses	-60,452.99	-260,975.81	-76.84%	Corporate bank deposit interest income declined
Income tax expenses	-4,152.36	233,133.98	-101.78%	The Company loss in the period by compare with same period last year
Net cash flow arising from operating activities	-8,901,256.74	-3,362,971.19	164.68%	Payment of tax payable at the end of last year
Net cash flow arising from investment activities	-16,814.16			
筹资活动产生的现金流量净额	16,600.82			
Net increase of cash and cash equivalent	-8,901,470.08	-3,362,971.19	164.69%	Payment of tax payable at the end of last year
Monetary funds	8,587,416.18	18,488,886.26	-53.55%	Payment of tax payable at the end of last year
Advance payment	5,139,379.30	13,799,753.60	-62.76%	The payment paid in advance for lithium battery materials business last year, has been delivery in the period successively
Other current assets	4,609,858.93	2,266,241.66	103.41%	The input to be deducted

				in the period increased
Tax payable	120,561.17	6,297,096.28	-98.09%	Payment of tax payable at the end of last year

Major changes on profit composition or profit resources in reporting period

Applicable  Not applicable

No major changes on profit composition or profit resources occurred in reporting period.

Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Sales of bicycles and accessories and fittings	26,915,238.10	24,727,880.83	8.13%	-38.17%	-36.80%	-1.99%
Lithium battery materials	11,359,194.92	10,601,634.14	6.67%	-53.06%	-51.89%	-2.27%
According to products						
Sales of bicycles and accessories and fittings	26,915,238.10	24,727,880.83	8.13%	-38.17%	-36.80%	-1.99%
Lithium battery materials	11,359,194.92	10,601,634.14	6.67%	-53.06%	-51.89%	-2.27%
According to region						
Domestic	38,274,433.02	35,329,514.97	7.69%	-43.49%	-42.24%	-2.01%

### III. Analysis of the non-main business

Applicable  Not applicable

### IV. Assets and liability

#### 1. Major changes of assets composition

In RMB

	End of the Period		End of same period of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	9,587,416.18	14.79%	15,814,304.99	22.33%	-7.54%	
Account	35,560,204.56	54.85%	34,951,941.66	49.34%	5.51%	

receivable						
Inventory	3,080,384.07	4.75%	4,810,375.32	6.79%	-2.04%	
Fix assets	3,333,489.56	5.14%	3,756,571.22	5.30%	-0.16%	
Advance payment	5,139,379.30	7.93%	6,076,785.42	8.58%	-0.65%	

## 2. Assets and liability measured by fair value

Applicable  Not applicable

## 3. Assets rights restricted till end of the period

- a. Other monetary funds with restriction in use amounted as 2,000,000.00 Yuan at end of the period, refers to the deposit of bank acceptance.
- b. Six suites of house properties at 7-20F Lianxin JiaYuan, Luohu District, Shenzhen, with original value of 2,959,824.00 Yuan, which were affordable housing purchased from the Housing and Construction Bureau of Luohu District to provide to enterprise talents for living. The contract stipulated that the purchasing enterprise is not allowed to conduct any form of property rights transaction with any units or individual other than the government.

## V. Investment

### 1. Overall situation

Applicable  Not applicable

### 2. The major equity investment obtained in the reporting period

Applicable  Not applicable

### 3. The major non-equity investment doing in the reporting period

Applicable  Not applicable

### 4. Financial assets investment

#### (1) Securities investment

Applicable  Not applicable

The Company had no securities investment in Period.

**(2) Derivative investment**

Applicable  Not applicable

The Company has no derivatives investment in Period.

**VI. Sales of major assets and equity****1. Sales of major assets**

Applicable  Not applicable

The Company has no sales of major assets in Period.

**2. Sales of major equity**

Applicable  Not applicable

**VII. Analysis of main holding company and stock-jointly companies**

Applicable  Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenzhen Emmelle Industry Co., Ltd.	Subsidiary	Sales of bicycles and accessories	2000000	22,003,356.72	7,942,168.75	13,212,224.34	-975,809.62	-971,707.26

Particular about subsidiaries obtained or disposed in report period

Applicable  Not applicable

Notes of holding and shareholding companies

The Company holds 70 percent equity of the Shenzhen Emmelle Industry Co., Ltd., the balance of minority equity at period-end amounting to 2,382,650.62 Yuan.

**VIII. Structured vehicle controlled by the Company**

Applicable  Not applicable

**IX. Prediction of business performance from January – September 2019**

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable  Not applicable

## **X. Risks and countermeasures**

The tough international economic situation: The domestic economy is at the structural adjustment stage in the course of development, structural problems and deep-seated conflicts are highlighted. The economic downturn pressure continues to increase, many unstable and uncertain factors exist, which affect and impact the traditional manufacturing industries and the social consumption structure demand. Since the domestic economy is at the structural adjustment stage, coupled with a difficult situation of continuously rising labor cost, manufacturing cost, financing cost and material cost the bicycle industry as a conventional manufacturing field recorded a decline in the market turnover. Due to the low entry threshold and numerous manufacturers, the competition in the market is extremely fierce. The bicycle sharing brands such as Mobike have obtained large amount of financing and rapid promotion, but also further digested the user's demand, and squeezed the market space of traditional bicycle enterprises.

Faced with the above problems, combine actual condition of financially insecure after reorganization, on the one hand, we adhere to traditional business model development, strengthen R&D of the products, and continue to optimize the structure for products and sales mode. According to the electricity supplier transformation and inner lead of the cost controlling, the Company proactively develop the electricity supplier business model; on the one hand, correspondingly carry out the tracking study on industrial projects and technology applications of upstream and downstream of industrial chain in the long-term process of electric bicycle business, start getting involved in the lithium battery materials business based on the extensive business consultation and business opportunity sifting, and take it as an opportunity to gradually expand its main business; on the other hand, we strive to promote the selection for recombinant party, planning a private placement of shares, and carry out a sport experience sales platform online and offline and the construction of R&D center, recently the business upgrade still in process.

## Section V. Important Events

### I. In the report period, the Company held annual shareholders' general meeting and extraordinary shareholders' general meeting

#### 1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
First Extraordinary shareholders general meeting 2019	Extraordinary shareholders general meeting	12.09%	2019-02-22	2019-02-22	Notice of Resolution of First Extraordinary shareholders general meeting 2019 (No.: 2019005)
Annual General Meeting 2018	Annual General Meeting	12.51%	2019-06-27	2019-06-27	Notice of Resolution of Annual General Meeting 2018 (No.: 2019013)

#### 2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable  Not applicable

### II. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable  Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the semi-annual year.

### III. Commitments that actual controller, shareholder, related parties, buyer and committed party as the Company etc. have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable  Not applicable

No commitments that actual controller, shareholders, related parties, buyer and committed party as the Company etc. have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period



#### **IV. Appointment and non-reappointment (dismissal) of CPA**

Financial report has been audited or not

Yes  No

Not been audited.

#### **V. Explanation from Board of Directors, Supervisory Committee for “Qualified Opinion” that issued by CPA**

Applicable  Not applicable

#### **VI. Explanation from the Board for “Qualified Opinion” of last year’s**

Applicable  Not applicable

On 11 May 2012, the largest shareholder and biggest creditor of the Company, Shenzhen Guosheng Energy Investment Development Co., Ltd. applied to Shenzhen Municipal Intermediate People's Court for reforming the Company as the Company couldn't pay off the matured debts and was seriously insolvent. On 12<sup>th</sup>, Oct., 2012, Shenzhen Municipal Intermediate People's Court ruled to accept the application proposed by Guosheng Energy according to (2012) Shenzhen Intermediate Court Po Zi No. 30 civil ruling. On the last ten-day of October 2012, Shenzhen Municipal Intermediate People's Court ruled to reform the Company since 25<sup>th</sup>, Oct., 2012 according to (2012) Shenzhen Intermediate Court Po Zi No. 30-1 civil ruling, appointed King & Wood (Shenzhen) Mallesons and Shenzhen ZhengYuan Liquidation Affairs Co., Ltd. as the custodians of the Company. On the same day, Shenzhen Municipal Intermediate People's Court made (2012) Shenzhen Intermediate Court Po Zi No. 30-1 written decision, and approved the Company to manage property and business affairs by itself under the supervision of custodians according to the law. On 5 November 2013, the Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-6 Civil Ruling Paper judged that approved the reorganization plan of the Company. On 27 December 2013, the Civil Ruling Paper Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-10 ruled that the reorganization plan of CBC was completed and bankruptcy procedures of CBC closed down.

The Company has solved the debt problem by reforming, realized the net assets with positive value, the main business of bicycle is able to be maintained and realizes the stable development. The Company has set up the conditions for introducing the recombination party in the reforming plan, and expects to restore the abilities of sustainable operation and sustained profitability by reorganization. The conditions of introducing the recombination party includes: the assessed value of net assets should be no less than 2 billion Yuan, the net assets in the same year for implementing the major reorganization should be no less than 200 million Yuan. The Company doesn't have the recombination party at the moment. The Company will continue to carry out vary works proactively in order to promoted the reorganization works.

#### **VII. Bankruptcy reorganization**

Applicable  Not applicable

No bankruptcy reorganization for the Company in Period.

## **VIII. Lawsuits**

Material lawsuits and arbitration

Applicable  Not applicable

No significant lawsuits and arbitration occurred in the reporting period.

Other lawsuits events

Applicable  Not applicable

## **IX. Penalty and rectification**

Applicable  Not applicable

No penalty and rectification for the Company in Period.

## **X. Integrity of the Company and its controlling shareholders and actual controllers**

Applicable  Not applicable

## **XI. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives**

Applicable  Not applicable

The Company has no equity incentive plan, employee stock ownership plans or other employee incentives in Period.

## **XII. Major related transaction**

### **1. Related transaction with routine operation concerned**

Applicable  Not applicable

The Company had no related transaction with routine operation concerned in Period.

### **2. Related transactions by assets acquisition and sold**

Applicable  Not applicable

No related transactions by assets acquisition and sold for the Company in Period.

### **3. Main related transactions of mutual investment outside**

Applicable  Not applicable

No main related transactions of mutual investment outside for the Company in Period.

**4. Contact of related credit and debt**√Applicable  Not applicable

Whether has non-operational contact of related liability and debts or not

√ Yes  No

Claim receivable from related party:

Related party	Relationship	Causes	Whether has non-business capital occupying or not	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Ending balance (10 thousand Yuan)
Influence on business performance and financial status of the Company from related liabilities			N/A						

Debts payable to related party:

Related party	Relationship	Causes	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Ending balance (10 thousand Yuan)	
Shenzhen Guosheng Energy Investment Development Co., Ltd.	The largest shareholder	Subsidiary Emmelle loan	650	0	0	0.00%	0	650	
Influence on business performance and financial status of the Company from related debts			N/A						

**5. Other significant related transactions** Applicable  Not applicable

The company had no other significant related transactions in reporting period.

### **XIII. Non-business capital occupying by controlling shareholders and its related parties**

Applicable  Not applicable

No non-business capital occupied by controlling shareholders and its related parties in Period.

### **XIV. Significant contract and implementations**

#### **1. Trusteeship, contract and leasing**

##### **(1) Trusteeship**

Applicable  Not applicable

No trusteeship for the Company in Period.

##### **(2) Contract**

Applicable  Not applicable

No contract for the Company in Period.

##### **(3) Leasing**

Applicable  Not applicable

No leasing for the Company in Period.

#### **2. Major guarantees**

Applicable  Not applicable

No guarantee for the Company in Period.

#### **3. Other material contracts**

Applicable  Not applicable

No other material contracts for the Company in Period.

### **XV. Social responsibility**

#### **1. Major environmental protection**

The listed Company and its subsidiary whether belong to the key sewage units released from environmental protection department

Not applicable

Nil

**2. Fulfill the precise social responsibility for poverty alleviation****(1) Targeted poverty alleviation**

Nil

**(2) Summary of semi-annual precision poverty alleviation**

Nil

**(3) Accuracy of poverty alleviation**

Target	Measurement units	Numbers/progress
I. general condition	——	——
II. Implemented by detail	——	——
1. Industrial development poverty	——	——
2. Transfer employment	——	——
3. Anti-poverty by relocating in other places	——	——
4. Education poverty	——	——
5. Health poverty alleviation	——	——
6. Ecological conservation	——	——
7. Fallback protection	——	——
8. Social poverty alleviation	——	——
9. Other	——	——
III. Awards (content and level)	——	——

**(4) Subsequent precision poverty alleviation program**

Nil

**XVI. Other major events**

√Applicable □ Not applicable

In July 2016, the Company started to plan a non-public issue of shares with proceeds to be utilized to acquire material assets. The Plan on Non-public Issue of A shares in 2016 was considered and approved by the Board of the Company. Based on the due diligence, audit, assessment and business negotiation with intermediates, taking into account the conditions of capital market and actual conditions of the Company, the Board of the Company considered and approved the Proposal Relating to Adjusting the Plan of non-public of A Shares, the Explanation on non-public of A-shares for year of 2016 Amendment, the Plan on Non-public Issue of A shares in 2016

(amended), the Plan on Non-public Issue of A shares in 2016 (Second Amended) and Plan on Non-public Issue of A shares in 2016 (Third Amended) from February 2017 to February 2018. and on 13 Feb. 2018, the Plan on Non-public Issue of A Shares (Third Amended) was deliberated and approved by First Extraordinary Shareholders General Meeting of 2018. According to the three revised drafts, the number of non-public offering of shares should not exceed 110,269,586 shares, and the total amount of funds raised should not exceed 750 million Yuan. The total amount of raised funds for this non-public offering should not exceed RMB 750 million, will be used for the following projects after deducting the issuance expenses: 1. RMB 680 million of funds for “online and offline marketing network platform construction and upgrading project”; 2. RMB 70 million of funds for “R & D center construction project”. The issuing objects of this non-public offering include four specific investors which are Ruian Information, Zhisheng High-tech, Wansheng Industry and Beier High-tech. The subscription amount of Ruian Information does not exceed 250 million Yuan, and the number of subscribed shares does not exceed 36,756,529 shares; the subscription amount of Zhisheng High-tech does not exceed 200 million Yuan, and the number of subscribed shares does not exceed 29,405,223 shares; the subscription amount of Wansheng Industry and Beier High-tech respectively does not exceed 150 million Yuan, and the number of subscribed shares does not exceed 22,053,917 shares respectively. See details on the announcement issued by the board of directors of the company.

## **XVII. Major event of the subsidiaries**

Applicable  Not applicable

## Section VI. Changes in Shares and Shareholders

### I. Changes in Share Capital

#### 1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	3,957	0.00%					0	3,957	0.00%
1. State-owned shares	0	0.00%					0	0	0.00%
2. State-owned legal person's shares	0	0.00%					0	0	0.00%
3. Other domestic shares	3,957	0.00%					0	3,957	0.00%
Including: Domestic legal person's shares	0	0.00%					0	0	0.00%
Domestic natural person's shares	3,957	0.00%					0	3,957	0.00%
4. Foreign shares	0	0.00%					0	0	0.00%
Including: Foreign legal person's shares	0	0.00%					0	0	0.00%
Foreign natural person's shares	0	0.00%					0	0	0.00%
II. Unrestricted shares	551,343,990	100.00%					0	551,343,990	100.00%
1. RMB Ordinary shares	302,981,008	54.95%					0	302,981,008	54.95%
2. Domestically listed foreign shares	248,362,982	45.05%					0	248,362,982	45.05%
3. Overseas listed foreign shares	0	0.00%					0	0	0.00%
4. Others	0	0.00%					0	0	0.00%
III. Total shares	551,347,947	100.00%					0	551,347,947	100.00%

Reasons for share changed

Applicable  Not applicable

Approval of share changed

Applicable  Not applicable

Ownership transfer of share changes

Applicable  Not applicable

Progress of shares buy-back

Applicable  Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable  Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable  Not applicable

Other information necessary to disclose or need to disclosed under requirement from security regulators

Applicable  Not applicable

## 2. Changes of restricted shares

Applicable  Not applicable

## II. Securities issuance and listing

Applicable  Not applicable

## III. Number of shares and shares held

In Share

Total common shareholders at period-end	49,822			Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (note 8)	0			
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Shareholders	Nature of shareholder	Proportion of shares held	Number of common shares held at period-end	Changes in reporting period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen	Domestic	11.52%	63,508,747	0	0	63,508,747	-	-



Guosheng Energy Investment Development Co., Ltd.	non-State-owned legal person							
UOB Koy Hian (Hong Kong) Co., Ltd.	Foreign legal person	2.89%	15,907,850	0	0	15,907,850	-	-
Guosen Securities (Hong Kong) brokerage Co., Ltd.	Foreign legal person	2.52%	13,909,425	0	0	13,909,425	-	-
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.20%	6,631,116	0	0	6,631,116	-	-
Li Huili	Domestic nature person	0.71%	3,891,124	0	0	3,891,124	-	-
CMS Hong Kong Co., Ltd	State-owned legal person	0.57%	3,148,752	91,400	0	3,148,752	-	-
Xu Hongbo	Domestic nature person	0.50%	2,744,419	-393,000	0	2,744,419	-	-
Ge Zhiqiong	Domestic nature person	0.49%	2,720,552	523,736	0	2,720,552	-	-
Special Account for Property Disposal of Bankrupt Enterprise of CBC	Domestic non-State-owned legal person	0.47%	2,602,402	0	0	2,602,402	-	-
Zhuorun Technology Co., Ltd.	Foreign legal person	0.36%	2,000,000	0	0	2,000,000	-	-
Strategy investors or general corporation comes top 10 common stock shareholders due to rights issue (if applicable) (see note 3)			N/A					
Explanation on associated relationship among the aforesaid			Li Huili, spouse of the Ji Hanfei, the actual controller of the Company- Shenzhen Guosheng Energy Investment Development Co., Ltd., holding B-share of the Company on behalf of					

shareholders	Shenzhen Guosheng Energy Investment Development Co., Ltd., beyond that, the Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.		
Particular about top ten common shareholders with un-restrict shares held			
Shareholders	Amount of un-restrict common shares held at period-end	Type of shares	
		Type	Amount
Shenzhen Guosheng Energy Investment Development Co., Ltd.	63,508,747	RMB common shares	63,508,747
UOB Koy Hian (Hong Kong) Co., Ltd.	15,907,850	Domestically listed foreign shares	15,907,850
Guosen Securities (Hong Kong) brokerage Co., Ltd.	13,909,425	Domestically listed foreign shares	13,909,425
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	6,631,116	Domestically listed foreign shares	6,631,116
Li Huili	3,891,124	Domestically listed foreign shares	3,891,124
CMS Hong Kong Co., Ltd	3,148,752	Domestically listed foreign shares	3,148,752
Xu Hongbo	2,744,419	Domestically listed foreign shares	2,744,419
Ge Zhiqiong	2,720,552	RMB common shares	233,900
		Domestically listed foreign shares	2,486,652
Special Account for Property Disposal of Bankrupt Enterprise of CBC	2,602,402	RMB common shares	1,383,313
		Domestically listed foreign shares	1,219,089
Zhuorun Technology Co., Ltd.	2,000,000	RMB common shares	2,000,000
Expiation on associated relationship	Li Huili, spouse of the Ji Hanfei, the actual controller of he Company- Shenzhen Guosheng		

or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Energy Investment Development Co., Ltd., holding B-share of the Company on behalf of Shenzhen Guosheng Energy Investment Development Co., Ltd., beyond that, the Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	N/A

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes  No

Top ten common shareholders or top ten common shareholders with un-restrict shares not held have a buy-back agreement dealing in reporting period

#### IV. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable  Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable  Not applicable

Changes of actual controller in reporting period had no change in reporting period.

## Section VII. Preferred Stock

Applicable  Not applicable

The Company had no preferred stock in the reporting.

## **Section VIII. Directors, Supervisors and Senior Executives**

### **I. Changes of shares held by directors, supervisors and senior executives**

Applicable  Not applicable

Found more in annual report 2018 for the changes of shares held by directors, supervisors and senior executives

### **II. Resignation and dismissal of directors, supervisors and senior executives**

Applicable  Not applicable

No changes of directors, supervisors and senior executives, found more details in Annual Report 2018.

## **Section IX. Corporate Bonds**

Whether the Company has corporate bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

No

## Section X. Financial Report

### I. Audit reports

Whether the semi-annual report was audited or not

Yes  No

The financial report of this semi-annual report was unaudited.

### II. Financial statements

Units in Notes of Financial Statements is RMB

#### 1. Consolidated Balance Sheet

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

2019-06-30

In RMB

Item	2019-6-30	2018-12-31
Current assets:		
Monetary funds	9,587,416.18	18,488,886.26
Settlement provisions		
Capital lent		
Tradable financial assets		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Note receivable	180,000.00	
Account receivable	35,560,204.56	29,007,509.02
Receivable financing		
Accounts paid in advance	5,139,379.30	13,799,753.60
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	765,634.71	844,537.19

Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	3,080,384.07	2,386,603.94
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	4,609,858.93	2,266,241.66
Total current assets	58,922,877.75	66,793,531.67
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Finance asset available for sales		
Other debt investment		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate		
Fixed assets	3,333,489.56	3,502,807.32
Construction in progress		
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	1,129,500.00	1,506,000.00
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	1,044,773.54	1,040,621.18



Other non-current asset	400,000.00	400,000.00
Total non-current asset	5,907,763.10	6,449,428.50
Total assets	64,830,640.85	73,242,960.17
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Transactional financial liability		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Note payable	2,000,000.00	2,000,000.00
Account payable	7,076,229.24	9,979,010.69
Accounts received in advance	1,620,392.20	405,779.88
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	539,521.95	435,736.16
Taxes payable	120,561.17	6,297,096.28
Other account payable	37,583,929.90	37,144,872.42
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Contractual liability		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	48,940,634.46	56,262,495.43
Non-current liabilities:		

Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable		
Accrual liability		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	48,940,634.46	56,262,495.43
Owner's equity:		
Share capital	551,347,947.00	551,347,947.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	627,834,297.85	627,834,297.85
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	32,673,227.01	32,673,227.01
Provision of general risk		
Retained profit	-1,198,348,116.09	-1,197,549,169.92
Total owner's equity attributable to parent company	13,507,355.77	14,306,301.94
Minority interests	2,382,650.62	2,674,162.80
Total owner's equity	15,890,006.39	16,980,464.74
Total liabilities and owner's equity	64,830,640.85	73,242,960.17

Legal Representative: Li Hai

Person in charge of Accounting Works: Sun Longlong

Person in charge of Accounting Institution: Zhong Xiaojin

**2. Balance Sheet of Parent Company**

In RMB

Item	2019-6-30	2018-12-31
Current assets:		
Monetary funds	4,164,849.07	8,889,572.73
Transactional financial assets		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Note receivable	180,000.00	
Account receivable	25,962,772.24	12,827,954.16
Receivable financing		
Accounts paid in advance	5,138,078.18	13,798,452.48
Other account receivable	380,925.78	380,925.78
Including: Interest receivable		
Dividend receivable		
Inventories	871,653.54	
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	4,080,909.10	2,130,677.11
Total current assets	40,779,187.91	38,027,582.26
Non-current assets:		
Debt investment		
Available-for-sale financial assets		
Other debt investment		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	10,379.73	10,379.73

Investment in other equity instrument		
Other non-current financial assets		
Investment real estate		
Fixed assets	2,891,083.46	2,995,407.48
Construction in progress		
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	1,129,500.00	1,506,000.00
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	400,000.00	400,000.00
Total non-current assets	4,430,963.19	4,911,787.21
Total assets	45,210,151.10	42,939,369.47
Current liabilities		
Short-term borrowings		
Transactional financial liability		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Account payable	5,722,478.65	
Accounts received in advance	2,016,142.00	327,632.18
Contractual liability		
Wage payable	394,245.36	151,598.60
Taxes payable	120,548.17	5,416,117.27
Other accounts payable	28,998,519.55	28,967,052.96
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within		

one year		
Other current liabilities		
Total current liabilities	37,251,933.73	34,862,401.01
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	37,251,933.73	34,862,401.01
Owners' equity:		
Share capital	551,347,947.00	551,347,947.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	627,834,297.85	627,834,297.85
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	32,673,227.01	32,673,227.01
Retained profit	-1,203,897,254.49	-1,203,778,503.40
Total owner's equity	7,958,217.37	8,076,968.46
Total liabilities and owner's equity	45,210,151.10	42,939,369.47

## 3. Consolidated Profit Statement

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Total operating income	38,274,433.02	67,734,899.35
Including: Operating income	38,274,433.02	67,734,899.35
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	39,540,757.20	67,044,616.04
Including: Operating cost	35,329,514.97	61,164,206.33
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	36,587.77	75,737.75
Sales expense	1,875,723.61	2,755,927.53
Administrative expense	2,359,383.84	3,309,720.24
R&D expense		
Financial expense	-60,452.99	-260,975.81
Including: Interest expenses		
Interest income	-71,134.40	-272,685.93
Add: other income		
Investment income (Loss is listed with "-")		
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured		

by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	-17,479.82	-7,219.20
Losses of devaluation of asset (Loss is listed with “-”)	40,616.29	
Income from assets disposal (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-1,243,187.71	683,064.11
Add: Non-operating income	148,627.00	72,126.28
Less: Non-operating expense	50.00	30,140.00
IV. Total profit (Loss is listed with “-”)	-1,094,610.71	725,050.39
Less: Income tax expense	-4,152.36	233,133.98
V. Net profit (Net loss is listed with “-”)	-1,090,458.35	491,916.41
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	-1,090,458.35	491,916.41
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-798,946.17	554,162.06
2.Minority shareholders’ gains and losses	-291,512.18	-62,245.65
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		

1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.gain/loss of fair value changes for available-for-sale financial assets		
4.Amount of financial assets re-classify to other comprehensive income		
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6.Credit impairment provision for other debt investment		
7.Cash flow hedging reserve		
8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-1,090,458.35	491,916.41



Total comprehensive income attributable to owners of parent Company	-798,946.17	554,162.06
Total comprehensive income attributable to minority shareholders	-291,512.18	-62,245.65
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0014	0.0010
(ii) Diluted earnings per share	-0.0014	0.0010

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal Representative: Li Hai

Person in charge of Accounting Works: Sun Longlong

Person in charge of Accounting Institution: Zhong Xiaojin

#### 4. Profit Statement of Parent Company

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Operating income	25,404,378.84	24,023,518.68
Less: Operating cost	23,670,022.62	20,846,218.08
Taxes and surcharge	14,194.90	13,741.20
Sales expenses	240,105.59	276,827.75
Administration expenses	1,721,493.88	2,107,312.50
R&D expenses		
Financial expenses	-13,583.08	-83,003.31
Including: interest expenses		
Interest income	-18,497.84	-87,908.66
Add: other income		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		

Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	-39,523.02	
Losses of devaluation of asset (Loss is listed with “-”)		2,008.04
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	-267,378.09	864,430.50
Add: Non-operating income	148,627.00	68,105.41
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	-118,751.09	932,535.91
Less: Income tax		233,133.98
IV. Net profit (Net loss is listed with “-”)	-118,751.09	699,401.93
(i)continuous operating net profit (net loss listed with “-”)	-118,751.09	699,401.93
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified		

subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.gain/loss of fair value changes for available-for-sale financial assets		
4.Amount of financial assets re-classify to other comprehensive income		
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6.Credit impairment provision for other debt investment		
7.Cash flow hedging reserve		
8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
VI. Total comprehensive income	-118,751.09	699,401.93
VII. Earnings per share:		
(i) Basic earnings per share	-0.0002	0.0013
(ii) Diluted earnings per share	-0.0002	0.0013

## 5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	8,643,245.76	15,792,549.13
Net increase of customer deposit		

and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	57,448.96	5,306.26
Other cash received concerning operating activities	3,906,596.03	2,529,012.36
Subtotal of cash inflow arising from operating activities	12,607,290.75	18,326,867.75
Cash paid for purchasing commodities and receiving labor service	7,104,453.81	12,448,466.83
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of financial assets held for transaction purposes		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee		

slip		
Cash paid to/for staff and workers	3,076,592.48	3,190,388.60
Taxes paid	5,517,601.44	1,336,400.97
Other cash paid concerning operating activities	5,809,899.76	4,714,582.54
Subtotal of cash outflow arising from operating activities	21,508,547.49	21,689,838.94
Net cash flows arising from operating activities	-8,901,256.74	-3,362,971.19
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets	16,814.16	
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	16,814.16	
Net cash flows arising from investing activities	-16,814.16	
III. Cash flows arising from financing activities		

Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities	2,016,600.82	
Subtotal of cash inflow from financing activities	2,016,600.82	
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	2,000,000.00	
Subtotal of cash outflow from financing activities	2,000,000.00	
Net cash flows arising from financing activities	16,600.82	
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-8,901,470.08	-3,362,971.19
Add: Balance of cash and cash equivalents at the period -begin	16,488,886.26	19,177,276.18
VI. Balance of cash and cash equivalents at the period -end	7,587,416.18	15,814,304.99

## 6. Cash Flow Statement of Parent Company

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Cash flows arising from operating activities:		

Cash received from selling commodities and providing labor services	2,949,631.00	6,974.00
Write-back of tax received	57,448.96	5,306.26
Other cash received concerning operating activities	4,242,368.68	1,963,467.24
Subtotal of cash inflow arising from operating activities	7,249,448.64	1,975,747.50
Cash paid for purchasing commodities and receiving labor service	721,217.50	17,278.04
Cash paid to/for staff and workers	1,498,002.56	1,237,282.20
Taxes paid	5,319,908.09	733,058.03
Other cash paid concerning operating activities	4,418,229.99	4,794,142.84
Subtotal of cash outflow arising from operating activities	11,957,358.14	6,781,761.11
Net cash flows arising from operating activities	-4,707,909.50	-4,806,013.61
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets	16,814.16	
Cash paid for investment		
Net cash received from		

subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	16,814.16	
Net cash flows arising from investing activities	-16,814.16	
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities		
Net cash flows arising from financing activities		
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-4,724,723.66	-4,806,013.61
Add: Balance of cash and cash equivalents at the period -begin	8,889,572.73	15,398,405.80
VI. Balance of cash and cash equivalents at the period -end	4,164,849.07	10,592,392.19

## 7. Statement of Changes in Owners' Equity (Consolidated)

This Period



In RMB

Item	Semi-annual of 2019														
	Owners' equity attributable to parent company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Provision of general risk	Retained profit	Other			Subtotal
Preferred stock		Perpetual capital securities	Other												
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01		-1,197,549,169.92		14,306,301.94	2,674,162.80	16,980,464.74
Add:															
Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	551,347,947.00				627,834,297.85				32,673,227.01		-1,197,549,169.92		14,306,301.94	2,674,162.80	16,980,464.74
III. Increase/Decrease in this year (Decrease is listed with "-")											-798,946.17		-798,946.17	-291,512.18	-1,090,458.35
(i) Total comprehensive income											-798,946.17		-798,946.17	-291,512.18	-1,090,458.35
(ii) Owners' devoted and decreased capital															
1.Common shares invested by shareholders															
2. Capital invested by holders of other equity															

instruments																			
3. Amount reckoned into owners equity with share-based payment																			
4. Other																			
(III) Profit distribution																			
1. Withdrawal of surplus reserves																			
2. Withdrawal of general risk provisions																			
3. Distribution for owners (or shareholders)																			
4. Other																			
(IV) Carrying forward internal owners' equity																			
1. Capital reserves conversed to capital (share capital)																			
2. Surplus reserves conversed to capital (share capital)																			
3. Remedying loss with surplus reserve																			
4. Carry-over retained earnings from the defined benefit plans																			
5. Carry-over retained earnings from other comprehensive income																			
6. Other																			
(V) Reasonable reserve																			
1. Withdrawal																			

in the report period																					
2. Usage in the report period																					
(VI)Others																					
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85					32,673,227.01					-1,198,348,116.09				13,507,355.77	2,382,650.62	15,890,006.39

Last Period

In RMB

Item	Semi-annual of 2018														Minority interests	Total owners' equity					
	Owners' equity attributable to parent company												Subtotal								
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other									
Preferred stock		Perpetual capital securities	Other																		
I. Balance at the end of the last year	551,347,947.00				627,834,297.85					32,673,227.01					-1,195,957,201.01				15,898,270.85	2,962,699.67	18,860,970.52
Add: Changes of accounting policy																					
Error correction of the last period																					
Enterprise combine under the same control																					
Other																					
II. Balance at the beginning of this year	551,347,947.00				627,834,297.85					32,673,227.01					-1,195,957,201.01				15,898,270.85	2,962,699.67	18,860,970.52
III. Increase/Decrease in this year (Decrease is listed with "-")															554,162.06				554,162.06	-62,245.65	491,916.41
(i) Total comprehensive															554,162.06				554,162.06	-62,245.65	491,916.41

income											2.06		2.06	.65	.41
(ii) Owners' devoted and decreased capital															
1.Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)															
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained															

earnings from the defined benefit plans																		
5. Carry-over retained earnings from other comprehensive income																		
6. Other																		
(V) Reasonable reserve																		
1. Withdrawal in the report period																		
2. Usage in the report period																		
(VI) Others																		
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85			32,673,227.01		-1,195,403.95		16,452,432.91		2,900,454.02		19,352,886.93		

## 8. Statement of Changes in Owners' Equity (Parent Company)

This Period

In RMB

Item	Semi-annual of 2019												Total owners' equity
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other		
		Preferr ed stock	Perpet ual capital securiti es	Other									
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01	-1,203,778.50	3.40		8,076,968.46
Add: Changes of accounting policy													
Error correction of the last period													
Other													
II. Balance at the beginning of this	551,347,947.00				627,834,297.85				32,673,227.01	-1,203,778.50	3.40		8,076,968.46

year	7,947.0 0				297.85				27.01	778,50 3.40		46
III. Increase/ Decrease in this year (Decrease is listed with “-”)										-118,75 1.09		-118,751.0 9
(i) Total comprehensive income										-118,75 1.09		-118,751.0 9
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners’ equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												

4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI) Others												
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85				32,673,227.01	-1,203,897.254.49		7,958,217.37

Last period

In RMB

Item	Semi-annual of 2018											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01	-1,202,859,787.18		8,995,684.68
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	551,347,947.00				627,834,297.85				32,673,227.01	-1,202,859,787.18		8,995,684.68
III. Increase/Decrease in this										699,401.93		699,401.93

year (Decrease is listed with “-”)												
(i) Total comprehensive income										699,401.93		699,401.93
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners’ equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained												



earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85				32,673,227.01	-1,202,160,385.25		9,695,086.61

### III. Company Profile

#### 1. History and basic information

According to the Approval Document SFBF (1991) No. 888 issued by the People's Government of Shenzhen, Shenzhen China Bicycle Company (Holdings) Limited (hereinafter referred to as the Company) was reincorporated as the company limited by shares in November 1991. On 28 December 1991, upon the Approval Document SRYFZ(1991) No. 119 issued by Shenzhen Special Economic Zone Branch of the People's Bank of China, the Company got listed on Shenzhen Stock Exchange. Registered capital of the Company amounted as 551,347,947.00 Yuan.

Legal representative: Li Hai

Location: No. 3008, Buxin Road, Luohu District, Shenzhen

Certificate for Uniform Social Credit Code: 914403006188304524

#### 2. Business nature and main operation activities

The Company's industry: machinery manufacturing industry

Main business activities: Research & development and production of bicycles, electric bicycles, electric motorcycles, motorcycles, electric tricycles, electric four-wheelers, children's bicycles, exercise bikes, sports

equipment, mechanical products, toys, electric toys, electronic products, new energy equipment and storage equipment (lithium batteries, batteries, etc.), household appliances and spare parts, and electronic components; wholesale, retail, import and export and related supporting business of above-mentioned products (excluding commodities subject to state trade management, handling the application according to the relevant national regulations for commodities involving quotas, license management and other special provisions and management.); fine chemical products (excluding dangerous goods), wholesale and retail of carbon fiber composite materials; technology development of computer software, transfer of self-developed technological achievements, and providing relevant technical information consultation; own property leasing; property management. (The above projects do not involve special administrative measures for the implementation access of national regulations, and those involving restricted projects and pre-existing administrative licenses must obtain the pre-existing administrative licensing documents before operation.)

### **3. Release of the financial report**

The Financial Report released on 28 August 2019 after approved by 15<sup>th</sup> session of 10<sup>th</sup> BOD of the Company

One subsidiary included in consolidate scope in the period, found more in Note VIII-1 and Note IX-1

## **IV. Compilation Basis of Financial Statement**

### **1. Compilation Basis**

The financial statement is prepared based on continuing operation assumptions, and according to actual occurrence, in line with relevant accounting rules and follow important accounting policy and estimation.

### **2. Going concern**

On 11 May 2012, the largest shareholder and biggest creditor of the Company, Shenzhen Guosheng Energy Investment Development Co., Ltd. applied to Shenzhen Municipal Intermediate People's Court for reforming the Company as the Company couldn't pay off the matured debts and was seriously insolvent. On 12 October 2012, Shenzhen Municipal Intermediate People's Court ruled to accept the application proposed by Guosheng Energy according to (2012) Shenzhen Intermediate Court Po Zi No. 30 civil ruling. On the last ten-day of October 2012, Shenzhen Municipal Intermediate People's Court ruled to reform the Company since 25 October 2012 according to (2012) Shenzhen Intermediate Court Po Zi No. 30-1 civil ruling, appointed King & Wood (Shenzhen) Mallesons and Shenzhen ZhengYuan Liquidation Affairs Co., Ltd. as the custodians of the Company. On the same day, Shenzhen Municipal Intermediate People's Court made (2012) Shenzhen Intermediate Court Po Zi No. 30-1 written decision, and approved the Company to manage property and business affairs by itself under the supervision of custodians according to the law. On 5 November 2013, the Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-6 Civil Ruling Paper judged that approved the reorganization plan of the

Company. On 27 December 2013, the Civil Ruling Paper Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-10 ruled that the reorganization plan of CBC was completed and bankruptcy procedures of the Company closed down.

The Company has solved the debt problem by reforming, realized the net assets with positive value, the main business of bicycle is able to be maintained and realizes the stable development. The Company has set up the conditions for introducing the recombination party in the reforming plan, and expects to restore the abilities of sustainable operation and sustained profitability by reorganization. The conditions of introducing the recombination party includes: the assessed value of net assets should be no less than 2 billion Yuan, the net assets in the same year for implementing the major reorganization should be no less than 200 million Yuan. The Company doesn't have the recombination party at the moment.

## **V. Main accounting policy and Accounting Estimate**

Tips for specific accounting policy and estimate:

Nil

### **1. Declaration on compliance with accounting standards**

The financial statement prepared by the Company, based on follow compilation basis, is comply with the requirement of new accounting standards for business enterprise issued by Ministry of Finance and its application guide, commentate as well as other regulations (collectively referred to as Accounting Standards for Business Enterprise), which is reflect a real and truth financial status of the Company, as well as operation results and cash flow situations.

Furthermore, the statement has reference to the listing and disclosure requirement from "Rules Governing the Disclosure of Information for Enterprise with Stock Listed No.15-general regulation of financial report" (2014 Revised) and "Notice on Implementation of New Accounting Standards for Listed Companies" (KJBH (2018) No. 453)

### **2. Accounting period**

Calendar year is the accounting period for the Company, which is starting from 1 January to 31 December.

### **3. Business cycles**

The business period for the Company, which is the Gregorian calendar starting from 1 January to 31 December

#### 4. Recording currency

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

#### 5. Accounting treatment for business combinations under the same control and those not under the same control

##### (1) Accounting treatment for business combinations under the same control and those not under the same control

For a business merger that is under the same control and is achieved by the Company through one single transaction or multiple transactions, assets and liabilities obtained from that business combination shall be measured at their book value at the combination date as recorded by the party being absorbed in the consolidated financial statement of ultimate controlling party. Capital reserve shall be adjusted as per the difference between the book value of obtained net assets and the book value of paid consolidated consideration (or the nominal value of the issued shares) of the Company; retained earnings shall be adjusted if the capital reserve is not sufficient for offset.

##### (2) Accounting treatment for Enterprise combine not under the same control

The Company will validate the difference that the combined cost is more than the fair value of the net identifiable assets gained from the acquiree on the acquisition date as goodwill; where the combined cost is less than the fair value of net identifiable assets gained from the acquiree during business combination, the fair value and combined cost of various identifiable assets, liabilities and contingent liabilities from the acquiree must be rechecked. Where the combined cost is, after the recheck, still less than the fair value of net identifiable assets gained from the acquiree during business combination, the difference shall be charged to current profits and losses.

As for business combination not under common control and realized through multiple transactions and by steps, the Company shall make accounting treatment as follows:

1) Adjust the initial investment cost of long-term equity investments. As for stock equities held before the acquisition date accounted according to the equity method, re-measurement is carried out according to the fair value of the equity on the acquisition date. The balance between the fair value and the book value is included in the current investment income. If the acquiree's stock equities held before the acquisition date involves changes of other comprehensive incomes and other owner's equities under accounting with the equity method, the balance between the fair value and the book value is included in the current investment income on the acquisition date, excluding other comprehensive incomes incurred by changes due to re-measurement of net liabilities or net assets of the defined benefit plan.

2) Confirm the goodwill (or include the amount in the profits and losses). The initial investment cost of long-term equity investments adjusted in step 1 is compared with the fair value of net identifiable assets of the subsidiary shared on the acquisition date. If the former is greater than the latter, the balance is confirmed as goodwill; if the former is less than the latter, the balance is included in the current profits and losses.

Loss of control of a subsidiary in multiple transactions in which it disposes equity interests of its subsidiary in stages

(1) In determining whether to account for the multiple transactions as a single transaction

A parent shall consider all the terms and conditions of the transactions and their economic effects. One or more of the following may indicate that the parent should account for the multiple arrangements as a single transaction:

- 1) Arrangements are entered into at the same time or in contemplation of each other;
- 2) Arrangements work together to achieve an overall commercial effect;
- 3) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- 4) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

(2) Accounting treatment for each of the multiple transactions forming part of a bundled transactions which eventually results in loss of control the subsidiary during disposal of its subsidiary in stages

If each of the multiple transactions forms part of a bundled transactions which eventually results in loss of control the subsidiary, these multiple transactions should be accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding percentage of the subsidiary's net assets in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to the profit or loss when the parent eventually loses control of the subsidiary.

The remaining equity investment shall be re-measured at its fair value in the consolidated financial statements at the date when control is lost. The difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously from the acquisition date or combination date based on the previous shareholding proportion, shall be recognized as investment income for the current period when control is lost. The amount previously recognized in other comprehensive income in relation to the former subsidiary's equity investment should be transferred to investment income for the current period when control is lost

③ Accounting treatment for each of the multiple transactions NOT forming part of a bundled transactions which eventually results in loss of control the subsidiary during disposal of its subsidiary in stages

If the Company doesn't lose control of investee, the difference between the amount of the consideration received and the corresponding portion of net assets of the subsidiary shall be adjusted to the capital reserve (capital /equity premium) in the consolidated financial statements.

If the Company loses control of investee, the remaining equity investment shall be re-measured at its fair value in the consolidated financial statements at the date when control is lost. The difference between the total amount of

consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously from the acquisition date or combination date based on the previous shareholding percentage, shall be recognized as investment income for the current period when control is lost. The amount previously recognized in other comprehensive income in relation to the former subsidiary's equity investment should be transferred to investment income for the current period when control is lost.

## **6. Compilation method of consolidated financial statement**

Consolidated financial statements are prepared by the Company in accordance with Accounting Standard for Business Enterprise No. 33-Consolidated Financial Statements and based on financial statements of parent company and its subsidiaries and other related information.

When consolidating the financial statements, the following items are eliminated: internal equity investment and owners' equity of subsidiaries, proceeds on internal investments and profit distribution of subsidiaries, internal transactions, internal debts and claim. The accounting policies adopted by subsidiaries are the same as parent company.

## **7. Classification of joint venture arrangement and accounting treatment for joint control**

### **(1) Affirmation and classification of joint venture arrangement**

Joint arrangement refers to an arrangement controlled by two or more than two participants. Joint venture arrangement has the following characteristics: 1) Each participant is bound by the arrangement; 2) Two or more participants carry out joint control on implementation of the arrangement. Any participant cannot control the arrangement independently. Any participant for joint control can stop other participants or participant combinations to independently control the arrangement.

Joint control refers to the sharing of control over certain arrangement under related agreements, and related activities of the arrangement must be determined only when obtaining the unanimous consent of the parties sharing control.

Joint venture arrangement is classified in to joint operation and joint venture. Joint operation refers to an arrangement that a joint party enjoys assets related to the arrangement and bears liabilities related to the arrangement. Joint venture refers to an arrangement that a joint party only has the power governing net assets of the arrangement.

### **(2) Accounting treatment of joint venture arrangement**

Joint venture participants should confirm the following items related to interest shares in joint venture and carry out accounting settlement according to relevant provisions of the Accounting Standards for Business Enterprises: 1) confirm the assets held separately and confirm the assets held jointly based on shares; 2) confirm the liabilities borne separately and confirm the liabilities borne jointly based on shares; 3) confirm the income incurred after selling its shares in joint venture output; 4) confirm the income after selling the joint venture outputs based on shares; 5) confirm the expenses incurred separately and confirm the expenses incurred in joint venture based on shares.

Joint venture participants should carry out accounting settlement for investments of the joint venture according to provisions of Accounting Standards for Business Enterprises No.2–Long-term Equity Investments.

## **8. Recognition of cash and cash equivalents**

Cash in cash flow statement means the inventory cash and savings available for use anytime. Cash equivalents refer to the short-term (generally due within three months since the date of purchase) highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

## **9. Foreign currency transaction and financial statement conversion**

### **(1) Conversion for foreign currency transaction**

When initially recognized, the foreign currency for the transaction shall be converted into CNY amount according to the spot exchange rate on the date of transaction. For the foreign currency monetary items, conversion must be based on the spot exchange rate on the balance sheet date and the exchange difference incurred from different exchange rates, except for the exchange difference of principal and interest incurred due to foreign currency loan related to acquisition or construction of assets that qualify for capitalization, shall be charged to current profits and losses; foreign currency non-monetary items measured with historical cost are still converted as per the spot exchange rate on the transaction date and keep the RMB amount unchanged; foreign currency non-monetary items measured with fair value shall be converted as per the spot exchange rate on the date of determining the fair value and the difference shall be charged to current profits and losses or other comprehensive income.

### **(2) Conversion of financial statements presented in foreign currencies**

The asset and liability items in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; the owner's equity items, except for the items of "undistributed profit", shall be converted at the spot exchange rate on the transaction date; the income and expenditure items in the profit statement shall be converted at the spot exchange rate on the transaction date. The translation difference of foreign financial statements conducted as above is recognized as other comprehensive incomes.

## 10. Financial instruments

Financial instrument including the financial assets, financial liability and equity instrument

### (1) Classification of financial assets and financial liability

Financial assets can be divided into four types while initially recognized: financial assets at fair value through profit or loss (including transactional financial assets and those financial assets designated as at fair value through profit or loss), held-to-maturity investments; loans & receivables; available-for-sale financial assets.

Financial liability can be divided into two types while initially recognized: financial liability at fair value through profit or loss (including transactional financial liability and those financial liabilities designated as at fair value through profit or loss) and other financial liability

### (2) Recognition, measurement and derecognition of financial assets and financial liabilities

Financial assets or financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets or financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized to profit or loss. For other financial assets or financial liabilities, transaction costs are included in their initial recognized amounts.

Financial assets are subsequently measured at fair value without considering of the possible transaction costs upon the disposal thereof in the future, except that: (1) Held-to-maturity investments and loans and receivables are subsequently measured at amortised cost using the effective interest method; and (2) Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except that: (1) Financial liabilities at fair value through profit are subsequently measured at fair value without considering of the possible transaction costs upon the settlement thereof in the future; (2) Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument without a quoted price in an active market whose fair value cannot be reliably measured, they are subsequently measured at cost; and (3) Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, or loan commitments to provide a loan at a below-market interest rate, which are not designated at fair value through



profit or loss, subsequent to initial recognition, they are measured at the higher of: (1) the amount determined in accordance with ASBE No. 13 “Contingencies”; and (2) the amount initially recognized less cumulative amortisation recognized in accordance with the principles set out in ASBE No. 14 “Revenue”.

Any gains or losses arising from changes in the fair value on financial assets or financial liabilities, other than those hedging instrument, are accounted for as follows: (1) Gains or losses arising from the change in fair value on financial assets or financial liabilities at fair value through profit or loss are recorded as gains or losses from change in fair value; Any interest or dividend income earned during the holding on such financial assets are recognized to profit or loss. On disposal, the differences between the consideration received and initial recognized amount are recognized as investment income and adjust to the gains or losses from change in fair value accordingly; and (2) Changes in fair value of available-for-sale financial assets are recorded in the other comprehensive income. Interest calculated using the effective interest method for the periods, in which the assets are held, are recognized as investment income. Cash dividends from available-for-sale equity investments are recognized as investment income when the dividends are declared by the investee. On disposal, the differences between the considerations received and the carrying amounts of financial assets after deducting the accumulated fair values adjustments previously recorded in the other comprehensive income are recognized as investment income.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset terminate, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. A financial liability (or part of it) is derecognized only when the underlying present obligations (or part of it) are discharged.

### (3) Recognition and measurement on transfer of financial assets

If the Group has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset should be derecognized; If the Group retains substantially all the risks and rewards of ownership of a financial asset, the transferred financial asset should be recognized and the consideration received should be recognized as a financial liability; If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it shall be accounted for as follows: (1) the financial asset should be derecognized if the Group waives control over the asset; (2) it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability if the Group does not waives control over the asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference of the following is recognized to profit or loss: (1) The carrying amount of the financial asset transferred; and (2) The sum of the consideration received from the transfer and any cumulative change of fair value that has been previously recognized in other comprehensive income directly. If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The

difference of the following is recognized to profit or loss: (i) The carrying amount allocated to the part derecognized; and (ii) The sum of the consideration received for the part derecognized and any cumulative change of fair value allocated to the part derecognized which has been previously recognized in other comprehensive income directly.

#### (4) Determination of fair value of financial assets and financial liabilities

For a financial asset or financial liability which has an active market, the Group considers the quoted price in the active market to determine its fair value. For a financial assets or financial liability which has no active market, the Group uses a valuation technique (valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models) to determine its fair value. For a financial asset acquired or a financial liability assumed initially, its fair value is based on the price of market transactions.

#### (5) Provision for impairment on financial assets other than account receivables

At each balance sheet date, the Group assesses the carrying amounts of its financial assets other than those financial assets at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. For a financial asset that is not individually significant, the Company assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment.

At the end of the reporting period, if there is objective evidence that an impairment loss on a financial asset carried at amortized cost has occurred, an impairment loss is recognized as the excess of the carrying amount of the financial asset over its present value of estimated future cash flows to profit or loss. If an impairment loss has been incurred on an investment in unquoted equity instrument without a quoted price in an active market whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such equity instrument, an impairment loss is recognized as the excess of the carrying amount of the unquoted equity investment or a derivative financial asset over its present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset to profit or loss.

An impairment is recognized where there is a significant decrease in the fair value of available for sale financial assets, or taken into account all factors, the decrease trend is not temporary to profit or loss. The cumulative loss

arising from decline in fair value previously recognized directly in the other comprehensive income is reclassified from the capital reserve to profit or loss.

(6) There is no reclassification of held-to-maturity investment which is not due into financial assets available for sale during the period.

## 11. Note receivable

## 12. Account receivable

(1) Account receivable with single significant amount and withdrawal bad debt provision on single basis

Single significant account: the single receivable has over 5 million yuan at end of the period

At the end of the period, the receivables with significant single amount are tested separately for impairment. If there is objective evidence that they have been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value.

(2) Provision for bad debts of accounts receivables by portfolio

Receivables with non-significant single amount at the end of the period are divided into several portfolios together with the receivables that have not been impaired after the separate test by regarding aging as the credit risk characteristics, and a certain ratio of the closing balance of these receivables portfolios is calculated to determine the impairment loss and the provision for bad debts

Except for the receivables with separate provision for impairment, the company determines the proportion of following bad debt provisions according to the same or similar in previous years, based on the actual loss rate of the portfolio by regarding receivables aging as the credit risk characteristics, and combined with the current situation:

(2) Aging analysis

Account age	Accrual ratio for account receivable
Within one year(one year included)	0.3%
1~2 years(2 years included)	0.3%
2~3 years(3 years included)	0.3%
Over 3 years	100%

Including: unrecoverable

Charge off

Note: the account receivable and other account receivable between the enterprises in consolidate scope are not have bad debt provision accrual

(3) Account receivable with minor single amount but with bad debt provision accrual on single basis

Reasons for provision of bad debt reserve: The Company conducts impairment test separately for receivables that are not significant in single amount but have the following characteristics, if there is objective evidence that they

have been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value; receivables that are in dispute with the other party or involving litigation or arbitration; there are clear signs indicating that the debtor is likely to be unable to fulfill the repayment obligations of the receivables.

Provision method of bad debt reserve: If the impairment test is carried out separately and there is objective evidence that it has been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value.

### 13. Account receivable financing

### 14. Other account receivable

Determining method and accounting treatment on the expected credit loss of other account receivable

(1) Account receivable with single significant amount and withdrawal bad debt provision on single basis:

Single significant account: the single receivable has over 5 million yuan at end of the period

At the end of the period, the receivables with significant single amount are tested separately for impairment. If there is objective evidence that they have been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value.

(2) Provision for bad debts of accounts receivables by portfolio

Receivables with non-significant single amount at the end of the period are divided into several portfolios together with the receivables that have not been impaired after the separate test by regarding aging as the credit risk characteristics, and a certain ratio of the closing balance of these receivables portfolios is calculated to determine the impairment loss and the provision for bad debts

Except for the receivables with separate provision for impairment, the company determines the proportion of following bad debt provisions according to the same or similar in previous years, based on the actual loss rate of the portfolio by regarding receivables aging as the credit risk characteristics, and combined with the current situation:

(2) Aging analysis

Account age	Accrual ratio for other account receivable
Within one year(one year included)	0.3%
1~2 years(2 years included)	0.3%
2~3 years(3 years included)	0.3%
Over 3 years	100%

Including: unrecoverable

Charge off

Note: the account receivable and other account receivable between the enterprises in consolidate scope are not have bad debt provision accrual

(3) Account receivable with minor single amount but with bad debt provision accrual on single basis

Reasons for provision of bad debt reserve: The Company conducts impairment test separately for receivables that are not significant in single amount but have the following characteristics, if there is objective evidence that they have been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value; receivables that are in dispute with the other party or involving litigation or arbitration; there are clear signs indicating that the debtor is likely to be unable to fulfill the repayment obligations of the receivables.

Provision method of bad debt reserve: If the impairment test is carried out separately and there is objective evidence that it has been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value.

## 15. Inventory

Whether the company needs to comply with the disclosure requirements of the particular industry

No

### (1) Classification of inventory

The inventory of the Company refers to such seven classifications as the raw materials, product in process, goods on hand, wrap page, low value consumables, materials for consigned processing and goods sold.

### (2) Valuation of inventories

Inventories are initially measured at cost upon acquisition, which includes procurement costs, processing costs and other costs. The prices of inventories are calculated using weighted average method when they are delivered.

### (3) Provision for inventory impairment

When a comprehensive count of inventories is done at the end of the period, provision for inventory impairment is allocated or adjusted using the lower of the cost of inventory and the net realizable value. The net realizable value of stock in inventory (including finished products, inventory merchandize and materials for sale) that can be sold directly is determined using the estimated saleable price of such inventory deducted by the cost of sales and relevant taxation over the course of ordinary production and operation. The net realizable value of material in inventory that requires processing is determined using the estimated saleable price of the finished product deducted by the cost to completion, estimated cost of sales and relevant taxation over the course of ordinary production and operation. The net realizable value of inventory held for performance of sales contract or labor service contract is determined based on the contractual price; in case the amount of inventory held exceeds the contractual amount, the net realizable value of the excess portion of inventory is calculated using the normal saleable price.

Provision for impairment is made according to individual items of inventories at the end of the period; however, for inventories with large quantity and low unit price, the provision is made by categories; inventories of products that are produced and sold in the same region or with the same or similar purpose or usage and are difficult to be measured separately are combined for provision for impairment.

If the factors causing a previous write-off of inventory value has disappeared, the amount written-off is reversed and the amount provided for inventory impairment is reversed and recognized in profit or loss for the period.

#### (4) Inventory system

Perpetual inventory system is adopted.

### **16. Contract assets**

### **17. Contract cost**

### **18. Assets held for sale**

The Company classifies such corporate components (or non-current assets) that meet the following criteria as held-for-sale: (1) Disposable immediately under current conditions based on similar transactions for disposals of such assets or practices for the disposal group; (2) Probable disposal; that is, a decision has been made on a plan for disposal and an undertaking to purchase has been obtained (the undertaking to purchase means a binding purchase agreement entered into by the Company and other parties, which contains transaction price, time and adequately strict punishments for breach of contract provisions, which renders the possibility of material adjustment or revocation of the agreement is extremely minor), and the disposal is expected to be completed within a year. Besides, approval from relevant competent authorities or regulatory authorities has been obtained as required by relevant rules.

The expected net residual value of asset held for sale is adjusted by the Company to reflect its fair value less selling expense, provided that the net amount shall not exceed the original carrying value of the asset. In case that the original value is higher than the adjusted expected net residual value, the difference shall be recorded in profit or loss for the period as asset impairment loss, and allowance of impairment for the asset shall be provided. Impairment loss recognized in respect of the disposal group held for sale shall be used to offset the carrying value of the goodwill in the disposal group, and then offset the carrying value of the non-current assets within the disposal group based on their respective proportion of their carrying value.

In respect of the non-current assets held for sale, if the net amount after their fair value less the selling expenses increased as at the subsequent balance date, the reduced amount before will be recovered and reversed in the

assets impairment loss amount recognized after being classified as held for sale, and the reversed amount will be recorded in the current profits or loss. The impairment loss on assets recognized before being classified as held for sale will not be reversed. In respect of the disposal group held for sale, if the net amount after their fair value less the selling expenses increased as at the subsequent balance date, the reduced amount before will be recovered and reversed in the assets impairment loss amount recognized in non-current assets after being classified as held for sale, and the reversed amount will be recorded in the current profits or loss. The reduced book value of the goodwill as well as the impairment loss on assets recognized before the non-current assets are classified as held for sale will not be reversed. The subsequent reversed amount in respect of the impairment loss on assets recognized in the disposal group held for sale will increase the book value in proportion of the book value of each non-current assets (other than goodwill) in the disposal group.

In respect of loss of control in a subsidiary arising from disposal of the investment in such subsidiary, the investment in a subsidiary shall be classified as held for sale in its entirety in the individual financial statement of the parent company, and all the assets and liabilities of the subsidiary shall be classified as held for sale in the consolidated financial statement subject to that the proposed disposal of investment in the subsidiary satisfies such conditions as required for being classified as held for sale notwithstanding part equity investment will be retained by the Company after such disposal.

#### **19. Creditors' investment**

#### **20. Other creditors' investment**

#### **21. Long-term account receivable**

#### **22. Long-term equity investment**

##### **(1) Determination of investment costs**

1) If it is formed by the business combination under the common control, and that the combining party takes cash payment, transfer of non-cash assets, assumption of debts or issuance of equity securities as the consolidation consideration, the shares of the book value of the owner's equity obtained from the combined party on the date of combination in the ultimate controlling party's consolidated financial statements shall be recognized as its initial investment cost. Capital reserves shall be adjusted according to the balance between the initial investment cost for long-term equity investment and the book value of paid consolidation consideration or the total face value of issued shares (capital premium or equity premium). If capital reserves are insufficient for offset, retained earnings shall be adjusted.

As for business combination under the common control realized by the Company through several transactions, the initial investment cost of the investment shall be determined based on the share of the carrying value of the

owners' equity of the consolidated party as calculated according to the shareholding proportion on the consolidation date. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust capital reserve (capital premium or equity premium). If the balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

2) As for long-term equity investment formed from business combination not under common control, the fair value of the consolidated consideration paid shall be deemed as the initial investment cost on the acquisition date.

3) Except those ones formed by the business combination, for all items obtained by means of cash payment, actually paid acquisition costs shall be taken as the initial investment cost. For those ones obtained by the issuance of equity securities, the fair value of the issued equity securities shall be taken as the initial investment cost. For those ones invested by investors, the value agreed in the investment contract or agreement shall be taken as the initial investment cost, provided that the value agreed in the contract or agreement shall be fair.

## (2) Subsequent measurement and profit or loss recognition

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's financial statements. The equity method is adopted when the Group has joint control, or exercises significant influence on the investee.

Under cost method, long term equity investment is measured at initial investment cost. Except for the price actually paid for obtaining the investment or the cash dividends or profits declared but not yet distributed which is included in the consideration, the Company recognizes cash dividends or profits declared by the investee as current investment gains, and determine whether there is impairment on long term investment according to relevant assets impairment policies.

Under equity method, when the initial investment cost of the long-term equity investment exceeds the share of fair value in the net identifiable assets in the investee, the difference shall be included in initial investment cost of the long-term equity investment. When the initial investment cost is lower than the share of fair value in the net identifiable asset in the investee, such difference is recognized in profit or loss for the period with adjustment of cost of the long-term equity investment.

Under equity method, after the Company acquires a long-term equity investment, it shall, in accordance with its attributable share of the net profit or loss realized by the investee, recognize the investment profit or loss and adjust carrying value of the investment. The Group recognizes its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits and losses based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its joint ventures and associates, attributable to the investing entity according to its shareholding proportion (but impairment losses for assets arising from internal transactions shall be recognized in full). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net



losses of the investee is recognized to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in owners' equity of the investee (other than net profits or losses) and includes the corresponding adjustments in the owners' equity of the Group.

(3) Determination of control and significant influence on investee

Control is the power over an investee. An investor must have exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control with other parties over those policies

(4) Disposal of long-term equity investment

1) Partial disposal of long term investment in which control is retained

When long term investment is been partially disposed but control is retained by the company, the difference between disposal proceeds and carrying amount of the proportion being disposed is accounted for through profit or loss.

2) Partial disposal of long term investment in which control is lost

When long term investment is partially disposed and control is lost as a result, the carrying value of the long term invest on the stock right, the difference between carrying amount of the part being disposed and disposal proceeds should be recognized as profit or loss. The residual part should be treated as long term investment or other financial assets according to their carrying amount. After partial disposal, if the company is able to exert significant influence or common control over the investee, the investment should be measured according to cost method or equity method, in compliance with relevant accounting standards and regulations.

(5) Impairment test and provision for impairment

If there is objective evidence on the balance sheet date showing investment in subsidiaries, associates and joint ventures is impaired, provision of impairment shall be made against the difference between the carrying amount and the recoverable amount of the investment.

## 23. Investment real estate

Measurement mode

Measured by cost method

Depreciation or amortization method

(1) Investment property including land use right which has been rented out, land use right which is held for

transfer upon appreciation and buildings which has been rented out.

(2) Investment properties are initially measured at cost and subsequently measured as per the cost pattern, and relevant withdrawal of provision for depreciation or amortization is carried out by the same method for fixed assets and intangible assets. As of the balance sheet date, where there is any indication that an investment property experiences impairment, the relevant impairment provision shall be provided for based on the difference between the carrying value and the recoverable amount.

## 24. Fixed assets

### (1) Confirmation conditions

Fixed assets refer to the tangible assets for production of products, provision of labor, lease or operation, and with a service life in excess of 1 financial year. Fixed assets may be recognized unless it simultaneously meets the conditions as follows: ①The economic benefits pertinent to the fixed asset are likely to flow into the enterprise; and ②The cost of the fixed assets can be measured reliably.

### (2) Depreciation methods

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
Housing and buildings	Straight-line depreciation	20-year	10%	4.5%
Machinery equipment	Straight-line depreciation	10-year	10%	9%
Office equipment	Straight-line depreciation	5-year	10%	18%
Electronic equipment	Straight-line depreciation	5-year	10%	18%
Means of transportation	Straight-line depreciation	5-year	10%	18%
Other equipment	Straight-line depreciation	5-year	10%	18%

### (3) Recognition basis, valuation and depreciation method for financial lease assets

Finance lease is determined when one or a combination of the following conditions are satisfied: (1) the ownership has been transferred to the lessee when the leasing term is due; (2) the lessee has the option to purchase the leasing asset at a price that is much lower than its fair value, so it can be reasonably determined that the lessee will take the option at the very beginning of the lease; (3) the leasing term accounts for most time of the useful life (ordinarily accounting for 75% or higher) even if the ownership does not transfer to the lessee; (4) the present value of the minimum amount of rent that the lessee has to pay at the first day of the lease amounts to 90% or higher of its fair value at the same date; or the present value of the minimum amount of rent that the lessor collects at the first day of the lease amounts to 90% or higher of its fair value at the same date; and/or (5) the leased assets are of such a specialized nature that only the lessee can use them without major modifications. Fixed assets

rented-in under finance lease are recorded at the lower of fair value and the present value of the minimum lease payment at the inception of the lease, and are depreciated following the depreciation policy for self-owned fixed assets.

## **25. Construction in progress**

(1) When the construction in progress has reached the intended condition for use, it will be treated as fixed assets as per the actual construction cost. If the construction in progress has reached the intended condition for use but completion accounting is not carried out, the construction in progress should be first treated as fixed assets as per the estimated value. After completion accounting is carried out, the original estimated value should be adjusted as per the actual cost, but the provision for depreciation withdrawn should not be adjusted.

(2) As of the balance sheet date, where there is any indication that a construction in process experiences impairment, the relevant impairment provision shall be provided for based on the difference between the carrying value and the recoverable amount.

## **26. Borrowing expenses**

## **27. Biological assets**

## **28. Oil and gas assets**

## **29. Right-of-use assets**

## **30. Intangible assets**

### **(1) Valuation method, service life and impairment test**

(1) Intangible assets include land use right, patent right and non-patent technology, which should be initially measured at cost.

(2) Intangible assets with limited service life should be amortized systematically and reasonably in their service lives as per the expected form of realization economic benefits relating to the said intangible assets. If the form of realization cannot be reliably determined, the intangible assets should be amortized on a straight-line basis.

(3) At the balance sheet date, when there is any indication that the intangible assets with finite useful lives may be impaired, a provision for impairment loss is recognized on the excess of the carrying amounts of the assets over their recoverable amounts. Intangible assets with infinite useful lives and intangible assets not satisfying the condition for use yet are subject to impairment test each year notwithstanding whether the assets are impaired.

## **(2) Internal accounting policies relating to research and development expenditures**

Expenditure incurred in the research phase of internal R&D shall be included in current gain/loss at the time of occurrence.

Intangible assets recognized for expenditure in exploitation stage by satisfying the followed at same time:

- ①it is technically feasible that the intangible asset can be used or sold upon completion;
- ②there is intention to complete the intangible asset for use or sale;
- ③the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset;
- ④there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- ⑤the expenses attributable to the development phase of the intangible asset can be measured reliably.

## **31. Impairment of long-term assets**

## **32. Long-term expenses to be apportioned**

Long-term expenses to be apportioned are booked by actual amount occurred, and apportioned evenly during the benefit period or regulated period. In case that the long-term deferred expenses are not likely to benefit the subsequent accounting periods, the outstanding value of the item to be amortized shall be included in current profit or loss in full.

## **33. Contract liability**

## **34. Employee compensation**

### **(1) Accounting treatment for short-term compensation**

During the accounting period when staff providing service to the Company, the actual short-term compensation occurred shall recognized as liabilities and reckoned into current gains/losses or relevant assets costs. The non-monetary welfare is measured by fair value.

## **(2) Accounting treatment for post-employment benefit**

The post-employment benefit including the defined contribution plans. And defined contribution plans including basic endowment insurance, unemployment insurance and annuity, corresponding payable amount will reckoned into relevant assets costs or current gains/losses while occurred.

## **(3) Accounting for retirement benefits**

When the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, the Company shall recognize employee compensation liabilities arising from compensation for staff dismissal and included in profit or loss for the current period, when the Company cannot revoke unilaterally compensation for dismissal due to the cancellation of labor relationship plans and employee redundant proposals; and the Company recognize cost and expenses related to payment of compensation for dismissal and restructuring, whichever is earlier.

## **(4) Accounting for other long-term employee benefits**

The employees of the Company have participated in the basic social endowment insurance organized and implemented by the local labor and social security department. The Company pays the endowment insurance premium to the local basic social endowment insurance agency on a monthly basis based on the base and ratio of the local basic social endowment insurance payment. After the retirement of employees, the local labor and social security department has the responsibility to pay the social basic pension to the retired employees. During the accounting period in which employees provide services, the Company recognizes the amount payable calculated according to the above social security insurance regulations as the liabilities and includes them in the current profit and loss or related asset costs.

## **35. Lease liability**

## **36. Accrual liability**

(1)When the obligations arising from provision of external guarantee, lawsuits, product quality guarantee and contract loss and other contingent issues become the present obligations of the company, the performance of which is likely to result in outflow of benefit from the company and the amount of which can be measured reliably, the company shall recognize such obligations as projected liabilities.

(2)Projected liabilities are initially measured at the best estimate on the expenses required to perform the relevant present obligation by the Company, and the carrying value of project liabilities are reviewed on each balance sheet

date.

### 37. Share-based payment

#### (1)Types of share-based payment

Share-based payment comprises of equity-settled share-based payment and cash-settled share-based payment.

#### (2)Determination of fair value of equity instruments

1)determined based on the price quoted in an active market if there exists active market for the instrument.

2)determined by adoption of valuation technology if there exists no active market, including by reference to the recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

#### (3)Basis for determination of the best estimate of exercisable equity instruments

To be determined based on the subsequent information relating to latest change of exercisable employees.

#### (4)Accounting relating to implementation, amendment and termination of share-based payment schemes

##### 1)Equity-settled share-based payment

For equity instruments that may be exercised immediately after the grant, the fair value of such instrument shall, on the date of the grant, be recognized in relevant costs or expenses with the increase in the capital reserve accordingly. For equity-settled share-based payment made in return for the rendering of employee services that cannot be exercised until the services are fully rendered during vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of exercisable instruments, be recognized in relevant costs or expenses and the capital reserves at the fair value of such instruments on the date of the grant.

For equity-settled share-based payment made in exchange for service from other parties, such payment shall be measured at the fair value of the service as of the acquisition date is the fair value can be measured reliably. And if the fair value of the service cannot be measured reliably while the fair value of the equity instrument can be measured reliably, it shall be measure at the fair value of the instrument as of the date on which the service is acquired, which shall be recorded in relevant cost or expense with increase in owners' equity accordingly.

##### 2)Cash-settled share-based payment

For the cash-settled share-based payment that may be exercised immediately after the grant in exchange for render of service by employees, the fair value of the liability incurred by the Company shall, on the date of the grant, be recognized in relevant costs or expenses and the liabilities shall be increased accordingly. For cash-settled share-based payment made in return for the rendering of employee services that cannot be exercised until the services are fully provided during vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of exercisable instruments, be recognized in relevant costs or expenses and the corresponding liabilities at the fair value of the liability incurred by the Company.

### 3) Revision and termination of share-based payment schemes

If the revision results in an increase in the fair value of the equity instruments granted, the Company shall recognize the increase in the services rendered accordingly at the increased fair value of the equity instruments. If the revision results in an increase in the number of equity instruments granted, the Company will recognize the increase in the services rendered accordingly at the fair value of the increased number of equity instruments. If the Company revises the vesting conditions on terms favorable to the employees, the Company will take into consideration of the revised vesting conditions when dealing with the vesting conditions.

If the revision results in a decrease in the fair value of the equity instruments granted, the Company shall continue recognize the amount of services rendered accordingly at the fair value of the equity instruments on the date of grant without considering the decrease in the fair value of the equity instruments. If the revision results in a decrease in the number of equity instruments granted, the Company will account for such decrease by reducing part of the cancellation of equity instruments granted. If the Company revises the vesting conditions on terms not favorable to the employees, the Company will not take into consideration of the revised vesting conditions when dealing with the vesting conditions.

If the Company cancels the equity instruments granted or settles the equity instruments granted during the vesting period (other than cancellation as a result of failure to satisfy the vesting conditions), such cancellation or settlement will be treated as accelerated exercisable rights and the original amount in the remaining vesting period will be recognized immediately.

## 38. Other financial instruments including senior shares and perpetual bonds

### (1) Distinguish of senior shares and perpetual bonds

The perpetual bonds and senior shares issued by the Company are treated as equity instruments subject to satisfaction of all the below conditions:

- ① the financial instrument excludes delivery of cash or other financial assets to others, or exchange for contractual obligations on financial assets or financial liabilities with others under potential negative conditions;
- ② if its own equity instruments are required or may be used to settle the financial instruments, it excludes the contractual obligation to deliver varied numbers of own equity instruments for settlement provided that the financial instruments are non-derivatives; if the financial instruments are derivatives, the Company can only settle the financial instruments by fixed number of own equity instruments for exchange for fixed amount of cash or other financial assets.

Other than the financial instruments which can be classified as equity instruments under the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

In case that financial instruments issued by the Company are compound financial instruments, they shall be recognized as liabilities at the fair value of liabilities portion. The actual amount received less fair value of the liabilities portion shall be recognized as other equity instrument. Transaction expenses occurred in issuance of compound financial instruments are allocated to the portions of liabilities and equities according to their respective proportion to the total issuance price.

(2) Accounting for perpetual bonds and senior shares

For perpetual bonds and senior shares classified into financial liabilities, their relevant interest, dividends, gains or losses and gains or losses arising from redemption or refinancing are all included in current profit or loss other than those borrowing expenses which meet condition for capitalization (please refer to Note V-18 “borrowing expenses”).

For perpetual bonds and senior shares classified into equity instruments, their issuance (including refinancing), repurchase, sale or cancel are treated as change of equity, and relevant transaction fees are also deducted from equity. The Company accounts for allocation of holders of equity instruments as profit distribution.

The Company dose not recognizes change of fair value of equity instruments.

### 39. Revenue

Whether the company needs to comply with the disclosure requirements of the particular industry

No

Whether implemented the new revenue standards

Yes No

(1) Sales of goods

Income from sale of goods is recognized when the following conditions are met: 1)the Company has transferred the key risks and return on the ownership of the merchandize to the buyer; 2)the Company has not retained continued management rights associated with ownership and no longer exercises effective control on the merchandize sold; 3)the amount of income can be reliably measured; 4)the relevant economic benefits are very likely to flow to the enterprise; 5)the costs incurred or to be incurred can be reliably measured.

Timing for recognition of revenue of the Company from products sales: revenue is recognized upon delivery of products to and confirmed by purchaser with signature.

(2)Rendering of services

When the outcome of the transaction can be estimated reliably, revenue from rendering of services is recognized using the percentage of completion method. When the outcome of the transaction cannot be estimated reliably at the balance sheet date, revenue is recognized based on the amount of the costs incurred and the costs incurred are charged off at the same amount when the costs incurred are expected to be recoverable; and no revenue is recognized and the costs incurred are charged off as an expense of the period when the costs incurred are not



expected to be recovered.

(3) Transfer of asset use right revenue

When the economic benefits related to the transaction is likely to flow to the Company and the income amount can be reliably calculated, the Company shall recognize income arising from transfer of asset use right. The income of interests is determined on basis of the time and real interest rate of the Company's cash funds which is utilized by other persons. The income of royalties is determined on basis of the chargeable time and method fixed under relevant agreement or contract.

#### 40. Government Grants

(1) Government grants including those relating to assets and relating to income

(2) government grant, if granted as monetary assets, are measured at the amount received or receivable, and measured at fair value if granted as non-monetary assets. If the fair value can not be determined reliably, they shall be measured at nominal value.

(3) Aggregate method for government grants:

1) government grants relating to assets are recognized as deferred income, which shall be recorded in profit or loss by installment reasonably and systematically within the useful life of the assets. If assets are sold, transferred, discarded as useless or damaged prior to expiration of the useful life, the remaining deferred income undistributed shall be transferred to profit or loss for the period in which the assets are disposed.

2) If government grants relating to income are used to compensate for relevant costs or loss for the subsequent periods, they shall be recognized as deferred income, and recorded in profit or loss for the period in which the relevant costs are recognized. If government grants relating to income are used to compensate for the relevant costs or loss occurred, they shall be recorded in profit or loss for the period directly.

(4) Net method for government grants

1) Government grants relating to assets are used to write off the carrying value of the relevant assets;

2) If government grants relating to income are used to compensate for relevant costs or loss for the subsequent periods, they shall be recognized as deferred income, and recorded in profit or loss for the period in which offset against the relevant costs. If government grants relating to income are used to compensate for the relevant costs or loss occurred, they shall be offset against the relevant costs for the period directly.

(5) The Company adopts aggregated accounting method for the government grants received.

(6) As for the government grants comprising both portions relating to assets and income, separate accounting shall be made for different portion; in case it is hard to differentiate the portions, the grants will be recorded as related to income in general.

(7)The Company realizes government grants relating to its normal activities as other income based on the substance of economic business, and if not related to its normal activities, realized as non-operating income and expenditure.

(8)Subsidized loans from preferential policy obtained by the Company are classified based on whether subsidy funds are paid to the loaning bank or directly to the Company by the competent financial authorities and are treated based on the following principles:

1)Where subsidy funds are paid to the loaning bank by the competent financial authorities and the bank then provides loans to the Company at a preferential policy rate, accounting shall be made by the Company as follows:

a. Recognizes the actual borrowing amount received as the carrying value of the loan, and calculates the relevant borrowing costs based on the principal and the preferential policy rate.

b.Recognizes the fair value of the loan as the carrying value and calculates the borrowing cost under effective interest method, and recognizes the difference between the actual amount received and the fair value of the loan as deferred income. Deferred income is amortized over the term of the loan under effective interest method and offset against the relevant borrowing costs.

2)Where subsidy funds are paid directly to the Company, the Company will offset the corresponding subsidy against the relevant borrowing expenses.

#### **41. Deferred income tax assets/Deferred income tax liabilities**

(1) Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

(2)A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

(3)At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

(4)The income tax and deferred tax for the period are treated as income tax expenses or income through profit or

loss, excluding those arising from the following circumstances: ① business combination; and ② the transactions or items directly recognized in equity.

## 42. Lease

### (1) Accounting for operating lease

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged into profit or loss in the periods in which they are incurred.

### (2) Accounting for financing lease

When the company acts as lessee, at the inception of lease, the lower of fair value of leased assets at the inception of lease and the present value of minimum lease payment is recognized as the value of leased assets. The minimum lease payment is recognized as the value of long-term payable. Their difference is recorded as unrecognized finance costs with any initial direct expense incurred recorded in the value of leased assets. For each period of the lease term, current finance cost is calculated using effective interest method.

When the company acts as lessor, at the inception of lease, the sum of minimum lease income at the inception of lease and the initial direct expense is recognized as the value of finance lease payment receivable, with unsecured balance also recorded. The difference between the sum of minimum lease income, initial direct expense and unsecured balance and the sum of their present values is recognized as unrealized finance income. For each period of the lease term, current finance income is calculated using effective interest method.

## 43. Other important accounting policy and estimation

Discontinued operation refers to the operation disposed or classified as held-for-sale by the Company and presented separately under operation segments and financial statements, which has fulfilled one of the following criteria:

- (1) it represents an independent key operation or key operating region;
- (2) it is part of the proposed disposal plan on an independent key operation or proposed disposal in key operating region; or

(3) it only establishes for acquisition of subsidiary through disposal.

Accounting for discontinued operation is set out in note V-13 “Assets held for sale”.

#### 44. Major accounting policy and changes

##### (1) Main accounting policy changes

Applicable  Not applicable

##### (2) Changes of important accounting estimate

Applicable  Not applicable

##### (3) Adjustment the financial statements at the beginning of the first year of implementation of new financial instrument standards, new revenue standards and new leasing standards

Applicable  Not applicable

##### (4) Retrospective adjustment of early comparison data description when initially implemented the new financial instrument standards and new leasing standards

Applicable  Not applicable

#### 45. Other

Nil

## VI. Taxes

### 1. Main tax category and tax rate

Tax category	Tax calculation evidence	Tax rate
Value added tax	Sales of goods, taxable labor service revenue, taxable income, intangible assets income and income from property leasing	5%, 6%, 13%, 16%
Tax for maintaining and building cities	Turnover tax payable	7%
Enterprise income tax	Taxable income	25%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

Property tax	Turnover tax payable	1.2%
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Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
The Company	25.00%
Shenzhen Emmelle Industrial Co., Ltd.	25.00%

## 2. Tax preference

Nil

## 3. Other

According to the “Notice on Deepening the Policies Related to Value-Added Tax Reform” issued by Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on March 21, 2019, from April 1, 2019, for taxpayers’ taxable sales behaviors or imported goods of VAT, if the original tax rate is 16% and 10%, the tax rate shall be adjusted to 13% and 9% respectively. The VAT rate of the Company and its subsidiaries has been adjusted to 13% from April 1, 2019.

## VII. Notes to Items in Consolidated Financial Statements

### 1. Monetary fund

In RMB

Item	Balance at period-end	Balance at period-begin
Cash on hand	67,591.16	126,486.63
Cash in bank	7,519,825.02	16,305,989.07
Other monetary fund	2,000,000.00	2,056,410.56
Total	9,587,416.18	18,488,886.26

Other explanation

(1) Other monetary fund with restricted application purposes at period-end amounted as 2,000,000.00 Yuan, refers to the cash deposit for bank acceptance.

(2) there is no money deposited abroad at end of the period or potentially at risk of recovery.

### 2. Trading financial assets

In RMB

Item	Balance at period-end	Balance at period-begin
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Including:		
Including:		

Other explanation:

Nil

### 3. Derivative financial assets

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation:

Nil

### 4. Notes receivable

#### (1) Category

In RMB

Item	Balance at period-end	Balance at period-begin
Bank acceptance	180,000.00	0.00
Total	180,000.00	0.00

In RMB

Category	Balance at period-end					Balance at period-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Including:										
Total	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00%	0.00

Bad debt provision accrual on single basis:

In RMB

Name	Balance at period-end			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Total	0.00	0.00	--	--

Bad debt provision accrual on single basis:

In RMB

Name	Balance at period-end			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Total	0.00	0.00	--	--
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Bad debt provision accrual on single basis:

In RMB

Name	Balance at period-end			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio

In RMB

Name	Balance at period-end		
	Book balance	Bad debt provision	Accrual ratio
Total	0.00	0.00	--

Explanation on portfolio basis:

Bad debt provision accrual on portfolio

In RMB

Name	Balance at period-end		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of notes receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

## (2) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

In RMB

Category	Balance at period-begin	Current changes			Balance at period-end
		Accrual	Collected or reversal	Charge-off	
Total	0.00	0.00	0.00	0.00	0.00

Including important amount of bad debt provision collected or reversal in the period:

Applicable Not applicable

## (3) Note receivable pledged at period-end

In RMB

Item	Amount pledged at period-end
Total	0.00

**(4) Note receivable which have endorsed and discount at period-end and has not expired on balance sheet date**

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance	24,200,000.00	
Total	24,200,000.00	

**(5) Notes transfer to account receivable due for failure implementation by drawer at period-end**

In RMB

Item	Amount transfer to account receivable at period-end
Total	0.00

Other explanation

Nil

**(6) Note receivable actually charge-off in the period**

In RMB

Item	Amount charge-off

Including important note receivable charge-off:

In RMB

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Explanation on note receivable change-off:

Nil

**5. Account receivable****(1) Category**

In RMB

Category	Balance at period-end					Balance at period-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt	2,477,48	6.37%	2,099,36	84.74%	378,124.1	2,477,485	7.66%	2,099,361	84.74%	378,124.19



provision accrual by single basis	5.20		1.01		9	.20		.01		
Including:										
Account receivable with bad debt provision accrual by portfolio	36,432,635.12	93.63%	1,250,554.75	3.43%	35,182,080.37	29,860,222.34	92.34%	1,230,837.51	4.12%	28,629,384.83
Including:										
Total	38,910,120.32	100.00%	3,349,915.76	8.61%	35,560,204.56	32,337,707.54	100.00%	3,330,198.52	10.30%	29,007,509.02

Bad debt provision accrual on single basis: Account receivable with minor single amount period-end but withdrawal bad debt provision on single basis

In RMB

Name	Balance at period-end			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Shijiazhuang Dasong Tech. Co., Ltd	1,059,165.50	1,059,165.50	100.00%	Business terminated, and the money recovery is uncertain
Sichuan Wanling Electric Technology Co., Ltd.	1,103,452.20	882,761.76	80.00%	Difficult to recover
Shanghai Swen Electric Vehicle Co., Ltd.	314,867.50	157,433.75	50.00%	Difficult to recover
Total	2,477,485.20	2,099,361.01	--	--

Bad debt provision accrual on single basis:

In RMB

Name	Balance at period-end			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio: Account receivable with bad debt provision accrual on aging analysis

In RMB

Name	Balance at period-end		
	Book balance	Bad debt provision	Accrual ratio
Within one year(one year included)	34,798,417.31	104,395.25	0.30%
1-2 years (2 years included)	488,301.90	1,464.91	0.30%
2-3 years (3 years included)	1,225.00	3.68	0.30%
3-4 years (4 years included)			

Over 5 years	1,144,690.91	1,144,690.91	100.00%
Total	36,432,635.12	1,250,554.75	--

Explanation on portfolio basis:

According to the business scale, business nature, and customers' settlement, etc., the account receivable with single significant amount is determined to be RMB 5 million. The account receivable with single significant amount has no depreciation reserve, and the reserve for bad debt provision is withdrawn with age analysis method.

Bad debt provision accrual on portfolio

In RMB

Name	Balance at period-end		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB

Account age	Balance at period-end
Within one year(one year included)	34,798,417.31
1-2 years	488,301.90
2-3 years	1,225.00
Over 3 years	1,144,690.91
Over 5 years	1,144,690.91
Total	36,432,635.12

## (2) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

In RMB

Category	Balance at period-begin	Current changes			Balance at period-end
		Accrual	Collected or reversal	Charge-off	
Aging analysis and accrual on single basis	3,330,198.52	39,523.02	19,805.78		3,349,915.76
Total	3,330,198.52	39,523.02	19,805.78		3,349,915.76

Including important amount of bad debt provision collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way
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**(3) Account receivables actually charge-off during the reporting period**

In RMB

Item	Amount charge-off
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Including major account receivables charge-off:

In RMB

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
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Explanation on account receivable charge-off

Nil

**(4) Top five account receivables collected by arrears party at ending balance**

Enterprise	Relationship with the Company	Amount	Account age	Bad debt provision	Ratio in total account receivable (%)	Account nature
Shenzhen Weiterui Technology Co., Ltd.	New Energy Non-related party	8,822,791.17	Within one year	26,468.37	22.68	Payment for goods
Jinan Yuxintai Sales Co., Ltd.	Non-related party	7,556,575.55	Within one year	22,669.73	19.42	Payment for goods
Shenzhen Jiahaosong Technology Co., Ltd.	Non-related party	6,816,303.75	Within one year	20,448.91	17.52	Payment for goods
Zhengzhou Guiguan Tech. Trade. Co., Ltd	Non-related party	2,458,418.00	Within one year	7,375.25	6.32	Payment for goods
Fu Qi	Non-related party	2,285,670.40	Within two years	6,857.01	5.87	Payment for goods
<b>Total</b>		<b>27,939,758.87</b>		<b>83,819.27</b>	<b>71.81</b>	

**(5) Account receivable derecognition due to transfer of financial assets**

Nil

**(6) Assets and liability resulted by account receivable transfer and continuous involvement**

Nil

Other explanation:

At end of the period, there was no account receivable from shareholder unit and other related parties that holds 5% (included) voting rights of the Company among Account Receivables

**6. Receivables financing**

In RMB

Item	Balance at period-end	Balance at period-begin
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Change of receivables financing and fair value in the period

Applicable Not applicable

If the provision for bad debts of receivable financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

Other explanation:

Nil

**7. Account paid in advance****(1) By account age**

In RMB

Account age	Balance at period-end		Balance at period-begin	
	Amount	Ratio	Amount	Ratio
Within one year	5,139,379.30	100.00%	13,799,753.60	100.00%
Total	5,139,379.30	--	13,799,753.60	--

Explanation on un-settlement in time for advance payment with over one year account age and major amounts:

Nil

**(2) Top 5 advance payment at ending balance by prepayment object**

Enterprise	Relationship with the Company	Amount	Account age	Nature	Ratio in total advance e payment (%)
Zhaoqing Kaisite Battery Co., Ltd.	Material Non-related party	4,502,078.18	Within one year	Prepayments for raw materials	87.60
Shenzhen OZM Decoration Engineering Co., Ltd.	Design Non-related party	636,000.00	Within one year	Prepayments for decoration	12.38
Shenzhen JFM Package Material Co.,	Non-related	1,301.12	Within one year	Prepayments for	0.02

Ltd.	party	year	raw materials
<b>Total</b>		<b>5,139,379.30</b>	<b>100.00</b>

Other explanation:

At end of the period, there was no advance payment from shareholder unit and other related parties that holds 5% (included) voting rights of the Company among Advance Payment

## 8. Other account receivable

In RMB

Item	Balance at period-end	Balance at period-begin
Other account receivable	765,634.71	844,537.19
<b>Total</b>	<b>765,634.71</b>	<b>844,537.19</b>

### (1) Interest receivable

1) Category

In RMB

Item	Balance at period-end	Balance at period-begin

2) Important overdue interest

In RMB

Borrower	Balance at period-end	Overdue time	Overdue reason	Impairment (Y/N) and judgment basis
<b>Total</b>	<b>0.00</b>	<b>--</b>	<b>--</b>	<b>--</b>

Other explanation:

Nil

3) Accrual of bad debt provision

Applicable Not applicable

### (2) Dividend receivable

1) Category

In RMB

Item(or invested company)	Balance at period-end	Balance at period-begin

2) Important dividend receivable with over one year aged

In RMB

Item(or invested)	Balance at period-end	Account age	Causes of failure for	Impairment (Y/N) and

company)			collection	judgment basis
Total	0.00	--	--	--

## 3) Accrual of bad debt provision

Applicable Not applicable

Other explanation:

Nil

**(3) Other account receivable**

## 1) By nature

In RMB

Account nature	Book balance at period-end	Book balance at period-begin
Deposit or margin	721,672.00	783,672.00
Payment for equipment	311,400.00	311,400.00
Personal loan of employees	88,098.50	31,098.50
Other	129,610.55	205,750.45
Total	1,250,781.05	1,331,920.95

## 2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2019 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB

Account age	Balance at period-end
Within one year(one year included)	545,238.53
1-2 years	181,000.00
2-3 years	41,700.00
Over 3 years	482,842.52
3-4 years	13,943.00
4-5 years	20,164.00
Over 5 years	448,735.52

Total	1,250,781.05
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## 3) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

In RMB

Category	Balance at period-begin	Current changes		Balance at period-end
		Accrual	Collected or reversal	
Aging analysis	487,383.76		2,237.42	485,146.34
Total	487,383.76		2,237.42	485,146.34

Nil

## Important amount of bad debt provision switch-back or collection in the period:

In RMB

Enterprise	Amount switch-back or collection	Collection way
Total	0.00	--

Nil

## 4) Other account receivables actually charge-off during the reporting period

In RMB

Item	Amount charge-off
------	-------------------

Including major other account receivables charge-off:

In RMB

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Other Explanation on account receivable charge-off

Nil

## 5) Top 5 other account receivable collected by arrears party at ending balance

In RMB

Enterprise	Nature	Balance at period-end	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
Shenzhen Luwei Mechatronic Equipment Co., Ltd	Payment for equipment	300,000.00	Over 5 years	23.95%	300,000.00
Shenzhen Anjingheng Industrial Co., Ltd.	Deposit and margin	266,000.00	Within one year	21.23%	798.00
Shenzhen Material	Deposit and margin	181,918.00	Within one year	14.52%	545.75

Group Co., Ltd.					
Alipay (China) Network Technology Co., Ltd.	Deposit and margin	110,000.00	Within two years	8.78%	330.00
Guangzhou Vipshop E-Business Co., Ltd.	Deposit and margin	50,000.00	Within two years	3.99%	150.00
Total	--	907,918.00	--	72.47%	301,823.75

6) Account receivable with government grants involved

In RMB

Enterprise	Government grants	Balance at period-end	Ending account age	Time, amount and basis of amount collection estimated

Nil

7) Other account receivable derecognition due to financial assets transfer

Nil

8) Assets and liability resulted by other account receivable transfer and continuous involvement

Nil

Other explanation:

Nil

## 9. Inventory

Whether implemented the new revenue standards

Yes No

### (1) Category

In RMB

Item	Balance at period-end			Balance at period-begin		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	329,937.29	23,015.17	306,922.12	388,818.51	23,015.17	365,803.34
Finished goods	3,094,478.81	321,016.86	2,773,461.95	2,382,433.75	361,633.15	2,020,800.60
Total	3,424,416.10	344,032.03	3,080,384.07	2,771,252.26	384,648.32	2,386,603.94

Does the Company comply with the disclosure requirement of “Information Disclosure Guidelines of Shenzhen Stock Exchange No.4 – Listed Companies Engaged in Seed Industry and Planting Business” or not

No



**(2) Inventory depreciation reserve**

In RMB

Item	Balance at period-begin	Current increased		Current decreased		Balance at period-end
		Accrual	Other	Switch back or charge-off	Other	
Raw materials	23,015.17					23,015.17
Finished goods	361,633.15			40,616.29		321,016.86
Total	384,648.32			40,616.29		344,032.03

Nil

**(3) Explanation on capitalization of borrowing costs at ending balance of inventory**

Nil

**(4) Assets that completed without settlement from construction contract**

In RMB

Item	Amount
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Other explanation:

**10. Contract assets**

In RMB

Item	Balance at period-end			Balance at period-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Book value of contract assets have major changes and causes:

In RMB

Item	Amount changes	Causes
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If the provision for bad debts of contract asset is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

Accrual of impairment provision in the period

In RMB

Item	Accrual in the period	Switch-back in the period	Reversal/Charge-off in the period	Causes
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Other explanation:

Nil

**11. Assets held for sale**

In RMB

Item	Book balance at period-end	Impairment provision	Ending book value	Fair value	Expected disposal expenses	Expected disposal time
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Other explanation:

Nil

**12. Non-current asset due within one year**

In RMB

Item	Balance at period-end	Balance at period-begin
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Important creditors' investment/Other creditors' investment

In RMB

Creditor's rights	Balance at period-end				Balance at period-begin			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date

Other explanation:

Nil

**13. Other current assets**

Whether implemented the new revenue standards

Yes No

In RMB

Item	Balance at period-end	Balance at period-begin
Prepaid intermediary fee	1,792,452.81	1,792,452.81
Prepaid tax	2,817,406.12	473,788.85
Total	4,609,858.93	2,266,241.66

Other explanation:

Prepaid intermediary fee refers to the prepaid, which paid to the intermediary organ as securities, auditing and evaluation (according to the service contract), for preparation of privately placement, and the money is not included in current gains/losses yet.

**14. Creditors' investment**

In RMB

Item	Balance at period-end			Balance at period-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Important creditors' investment

In RMB

Creditor's rights	Balance at period-end				Balance at period-begin			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date

Accrual of impairment provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2019 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other explanation:

Nil

**15. Other creditors' investment**

In RMB

Item	Balance at period-begin	Accrued interest	Change of fair value in the period	Balance at period-end	Cost	Cumulative changes of fair value	Cumulative loss impairment recognized in other comprehensive income	Note
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Important other creditors' investment

In RMB

Other creditors' investment	Balance at period-end				Balance at period-begin			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date

Accrual of impairment provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2019 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other explanation:

Nil

## 16. Long-term account receivable

### (1) Long-term account receivable

In RMB

Item	Balance at period-end			Balance at period-begin			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

Impairment of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2019 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Nil

### (2) Long-term account receivable derecognized due to financial assets transfer

Nil

### (3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement

Nil

Other explanation

Nil

## 17. Long-term equity investments

In RMB

The invested entity	Balance at period-be	Changes in the period (+,-)								Balance at period-en	Ending balance of
		Additiona l	Capital reduction	Investme nt gains	Other comprehe	Other equity	Cash dividend	Accrual of	Other		

	gain(Book value)	investment		recognized under equity	dividend income adjustment	change	or profit announced to issued	impairment provision		d(Book value)	impairment provision
I. Joint venture											
II. Associated enterprise											

Other explanation

Nil

## 18. Other equity instrument investment

In RMB

Item	Balance at period-end	Balance at period-begin
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Itemized the non-tradable equity instrument investment in the period

In RMB

Item	Dividend income recognized	Cumulative gains	Cumulative losses	Retained earnings transfer from other comprehensive income	Causes of those that designated measured by fair value and with its variation reckoned into other comprehensive income	Cause of retained earnings transfer from other comprehensive income
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Other explanation:

Nil

## 19. Other non-current financial assets

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation:

Nil

## 20. Investment real estate

### (1) Investment real estate measured at cost

Applicable Not applicable

**(2) Investment real estate measured at fair value**

□Applicable √Not applicable

**(3) Investment real estate without property rights certificate**

In RMB

Item	Book value	Reasons for failing to complete the property rights certificate
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Other explanation

Nil

**21. Fixed assets**

In RMB

Item	Balance at period-end	Balance at period-begin
Fixed assets	3,333,489.56	3,502,807.32
Total	3,333,489.56	3,502,807.32

**(1) Fixed assets**

In RMB

Item	Housing and buildings	Machinery equipment	Means of transportation	Electronic equipment 及 Other	Total
I. original book value:					
1. Balance at period-begin	2,959,824.00	416,629.06	958,593.21	225,888.32	4,560,934.59
2. Current increased					
(1) Purchase		16,814.16			
(2) construction in process transfer-in					
(3) the increase in business combination					
3. Current decreased					
(1) Disposal or					

scrap					
4.Balance at period-end	2,959,824.00	433,443.22	958,593.21	225,888.32	4,577,748.75
II. accumulated depreciation					
1.Balance at period-begin	332,980.20	146,742.76	442,326.93	136,077.38	1,058,127.27
2.Current increased	66,596.04	19,000.54	86,273.40	14,261.94	186,131.92
(1) Accrual	66,596.04	19,000.54	86,273.40	14,261.94	186,131.92
3.Current decreased					
(1) Disposal or scrap					
4.Balance at period-end	399,576.24	165,743.30	528,600.33	150,339.32	1,244,259.19
III. Impairment provision					
1.Balance at period-begin					
2.Current increased					
(1) Accrual					
3.Current decreased					
(1) Disposal or scrap					
4.Balance at period-end					
IV. Book value					
1. Ending book value	2,560,247.76	267,699.92	429,992.88	75,549.00	3,333,489.56

2. Opening book value	2,626,843.80	269,886.30	516,266.28	89,810.94	3,502,807.32
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**(2) Fixed assets temporary idle**

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
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**(3) Fixed assets leasing-in by financing lease**

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
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**(4) Fixed assets leasing-out by operational lease**

In RMB

Item	Ending book value
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**(5) Fixed assets without property rights certificate**

In RMB

Item	Book value	Reasons for failing to complete the property rights certificate
Six properties in Lianxin Garden	2,560,247.76	The six properties (7-20F) of Lianxin Garden with original value of 2,959,824.00 Yuan. The property purchasing refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District. According to the agreement, the enterprise shall not carrying any kind of property trading with any units or individuals except the government, and the company has no property certification on the above mentioned properties.

Other explanation

Nil



**(6) Fixed assets disposal**

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation

Nil

**22. Construction in progress**

In RMB

Item	Balance at period-end	Balance at period-begin
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**(1) Construction in progress**

In RMB

Item	Balance at period-end			Balance at period-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

**(2) Changes in significant construction in progress**

In RMB

Item	Budget	Opening balance	increased in the Period	Fixed assets transfer-in in the Period	Other decrease in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including interest capitalized amount of the year	Interest capitalization rate of the year	Source of funds
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**(3) Depreciation reserves accrual**

In RMB

Item	Accrual in the period	Reasons for accrual
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Other explanation

Nil

**(4) Engineering materials**

In RMB

Item	Balance at period-end	Balance at period-begin
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	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
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Other explanation:

Nil

### 23. Productive biological asset

#### (1) Productive biological assets measured by cost

Applicable Not applicable

#### (2) Productive biological assets measured by fair value

Applicable Not applicable

### 24. Oil and gas asset

Applicable Not applicable

### 25. Right-of-use asset

In RMB

Item	Total
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Other explanation:

Nil

### 26. Intangible assets

#### (1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology	Trademark	Total
I. Original book value					
1. Balance at period-begin				5,271,000.00	5,271,000.00
2. Current increased					
(1) Purchase					
(2) internal R					

& D					
(3) the increase in business combination					
3.Current decreased					
(1) Disposal					
4.Balance at period-end				5,271,000.00	5,271,000.00
II. accumulated depreciation					
1.Balance at period-begin				3,765,000.00	3,765,000.00
2.Current increased				376,500.00	376,500.00
(1) Accrual				376,500.00	376,500.00
3.Current decreased					
(1) Disposal					
4.Balance at period-end				4,141,500.00	4,141,500.00
III. Impairment provision					
1.Balance at period-begin					
2.Current increased					
(1) Accrual					
3.Current decreased					
(1) Disposal					

4. Balance at period-end					
IV. Book value					
1. Ending book value				1,129,500.00	1,129,500.00
2. Opening book value				1,506,000.00	1,506,000.00

Ratio of intangible assets resulted from internal R&D in balance of intangible assets at period-end

## (2) Land use right without certificate of title completed

In RMB

Item	Book value	Reasons for failing to complete the property rights certificate
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Other explanation:

Nil

## 27. Expense on Research and Development

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end
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Other explanation

Nil

## 28. Goodwill

### (1) Original book value of goodwill

In RMB

The invested entity or items	Balance at period-begin	Current increased	Current decreased	Balance at period-end
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### (2) Impairment provision of goodwill

In RMB

The invested entity or items	Balance at period-begin	Current increased	Current decreased	Balance at period-end
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Information about the asset group or asset group combination in which the goodwill is located

Nil

Explain the method of confirming the goodwill impairment test process, key parameters (such as the forecast period growth rate,

stable period growth rate, profit rate, discount rate, forecast period, etc. when estimating the present value of future cash flow), and the impairment loss of goodwill :

Nil

Impact of impairment test for goodwill

Nil

Other explanation

Nil

## 29. Long-term expenses to be apportioned

In RMB

Item	Balance at period-begin	Current increased	Amortized in the Period	Other decrease	Balance at period-end
Other explanation					
Nil					

Other explanation

Nil

## 30. Deferred income tax assets/Deferred income tax liabilities

### (1) Deferred income tax assets without offset

In RMB

Item	Balance at period-end		Balance at period-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment provision of assets	4,179,094.13	1,044,773.54	4,162,484.72	1,040,621.18
Total	4,179,094.13	1,044,773.54	4,162,484.72	1,040,621.18

### (2) Deferred income tax liabilities without offset

In RMB

Item	Balance at period-end		Balance at period-begin	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities

### (3) Deferred income tax assets and deferred income tax liabilities listed after off-set

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after	Trade-off between the deferred income tax assets and liabilities at	Opening balance of deferred income tax assets or liabilities after

		off-set	period-begin	off-set
Deferred income tax assets		1,044,773.54		

#### (4) Details of unrecognized deferred income tax assets

In RMB

Item	Balance at period-end	Balance at period-begin
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#### (5) Deductible losses of un-recognized deferred income tax assets expired on the followed year

In RMB

Year	Ending amount	Opening amount	Note
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Other explanation:

As stated under article 17 of the Enterprise Accounting Standards No.18-Income Tax, deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable in the period in which the assets are expected to be recovered or liabilities are expected to be settled according to relevant tax laws on the balance sheet date. The tax rate adopted by the Company in calculating deferred income tax assets is 25% for both parent company and subsidiaries.

### 31. Other non-current assets

Whether implemented the new revenue standards

Yes No

In RMB

Item	Balance at period-end	Balance at period-begin
Advance payment for house	400,000.00	400,000.00
Total	400,000.00	400,000.00

Other explanation:

Up to 30<sup>th</sup> June 2019, the houses for enterprise talent located in Luohu District has not yet been delivered by Shenzhen Housing and Construction Bureau of Luohu District.

### 32. Short-term loans

#### (1) Category

In RMB

Item	Balance at period-end	Balance at period-begin
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Explanation on short-term loans category:

Nil

**(2) Overdue outstanding short-term loans**

Total 0.00 Yuan overdue outstanding short-term loans at period-end, including the followed significant amount:

In RMB

Borrower	Balance at period-end	Lending rate	Overdue time	Overdue rate
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Other explanation:

Nil

**33. Trading financial liability**

In RMB

Item	Balance at period-end	Balance at period-begin
Including:		
Including:		

Other explanation:

Nil

**34. Derivative financial liability**

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation:

Nil

**35. Notes payable**

In RMB

Category	Balance at period-end	Balance at period-begin
Bank acceptance	2,000,000.00	2,000,000.00
Total	2,000,000.00	2,000,000.00

Notes expired at period-end without paid was 0.00 Yuan.

**36. Account payable****(1) Account payable**

In RMB

Item	Balance at period-end	Balance at period-begin
Within one year(one year included)	6,810,356.07	9,713,137.52

1-2 years (2 years included)	7,099.50	7,099.50
2-3 years (3 years included)	137,423.41	137,423.41
3-4 years (4 years included)	2,366.00	2,366.00
Over 5 years	118,984.26	118,984.26
<b>Total</b>	<b>7,076,229.24</b>	<b>9,979,010.69</b>

**(2) Important account payable with account age over one year**

In RMB

Item	Balance at period-end	Reasons of un-paid or carry-over
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Other explanation:

Nil

**37. Account received in advance**

Whether implemented the new revenue standards

Yes No**(1) Account received in advance**

In RMB

Item	Balance at period-end	Balance at period-begin
Within one year(one year included)	1,585,651.60	371,039.28
1-2 years (2 years included)	3,469.60	3,469.60
2-3 years (3 years included)	2,080.00	2,080.00
Over 3 years	29,191.00	29,191.00
<b>Total</b>	<b>1,620,392.20</b>	<b>405,779.88</b>

**(2) Account received in advance with over one year book age**

In RMB

Item	Balance at period-end	Reasons of un-paid or carry-over
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**(3) Projects that settle without completed from construction contract at period-end**

In RMB

Item	Amount
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Other explanation:

Nil



**38. Contract liability**

In RMB

Item	Balance at period-end	Balance at period-begin
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Book value has major changes in the period and causes

In RMB

Item	Amount changes	Causes
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**39. Wage payable****(1) Wage payable**

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end
I. Short-term compensation	435,736.16	2,823,763.18	2,719,977.39	539,521.95
II. Post-employment benefit-Defined contribution plan		207,279.90	207,279.90	
Total	435,736.16	3,031,043.08	2,927,257.29	539,521.95

**(2) Short-term compensation**

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end
1. Wages, bonus, allowances and subsidy	428,742.32	2,475,459.98	2,371,459.98	532,742.32
3. Social insurance		94,453.52	94,453.52	
Including: Medical insurance		82,516.16	82,516.16	
Work injury insurance		5,386.86	5,386.86	
Maternity insurance		6,550.50	6,550.50	
4. Housing accumulation fund		207,218.72	207,218.72	
5. Labor union expenditure and personnel education expense	6,993.84	41,230.96	41,445.17	6,779.63

Other short-term compensation		5,400.00	5,400.00	
Total	435,736.16	2,823,763.18	2,719,977.39	539,521.95

**(3) Defined contribution plan**

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end
1. Basic endowment insurance		201,559.48	201,559.48	
2. Unemployment insurance		5,720.42	5,720.42	
Total		207,279.90	207,279.90	

Other explanation:

Nil

**40. Taxes payable**

In RMB

Item	Balance at period-end	Balance at period-begin
Value added tax		5,716,531.88
Individual income tax	20,597.95	25,288.27
Tax for maintaining and building cities	4,511.47	325,396.78
Property tax	90,141.20	
Educational surtax	3,184.85	227,569.65
Stamp tax	2,125.70	2,309.70
Total	120,561.17	6,297,096.28

Other explanation:

Nil

**41. Other account payable**

In RMB

Item	Balance at period-end	Balance at period-begin
Other account payable	37,583,929.90	37,144,872.42
Total	37,583,929.90	37,144,872.42

**(1) Interest payable**

In RMB

Item	Balance at period-end	Balance at period-begin
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Important interest overdue without paid:

In RMB

Borrower	Amount overdue	Overdue reason
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Other explanation:

Nil

**(2) Dividend payable**

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation, including dividends payable with over one year age and disclosure un-payment reasons:

Nil

**(3) Other account payable**

1) By nature

In RMB

Item	Balance at period-end	Balance at period-begin
Custodian and common benefit debts	18,691,592.20	18,853,692.84
Intercourse funds	6,500,000.00	6,500,000.00
Warranty and guarantee money	10,626,764.76	9,767,553.26
Other payable service charge(intermediary services included)	801,237.74	801,237.74
Other	964,335.20	1,222,388.58
<b>Total</b>	<b>37,583,929.90</b>	<b>37,144,872.42</b>

2) Significant other payable with over one year age

In RMB

Item	Balance at period-end	Reasons of un-paid or carry-over
Custodian and common benefit debts	18,691,592.20	-
Warranty and guarantee money	8,000,000.00	Performance bond
Shenzhen Guosheng Energy Investment Development Co., Ltd.	6,500,000.00	Interest-free loans
<b>Total</b>	<b>33,191,592.20</b>	<b>--</b>

Other explanation

Nil

**42. Liability held for sale**

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation:

Nil

**43. Non-current liabilities due within one year**

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation:

Nil

**44. Other current liabilities**

Whether implemented the new revenue standards

Yes No

In RMB

Item	Balance at period-end	Balance at period-begin
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Changes of short-term bond payable:

In RMB

Bond	Face value	Release date	Bond period	Issuing amount	Opening balance	Issued in the Period	Accrual interest by face value	Premium/discount amortization	Paid in the Period		Balance at period-end
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Other explanation:

Nil

**45. Long-term loans****(1) category**

In RMB

Item	Balance at period-end	Balance at period-begin
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Explanation on category of long-term loans:

Nil

Other explanation, including interest rate section:

Nil

#### 46. Bonds payable

##### (1) Bonds payable

In RMB

Item	Balance at period-end	Balance at period-begin
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##### (2) Changes of bonds payable (not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

In RMB

##### (3) Convertible conditions and time for shares transfer for the convertible bonds

Nil

##### (4) Other financial instruments classify as financial liability

Basic information of the outstanding preferred stock and perpetual capital securities at period-end

Nil

Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-begin		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Basis for financial liability classification for other financial instrument

Nil

Other explanation

Nil

#### 47. Lease liability

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation

Nil

#### 48. Long-term account payable

In RMB

Item	Balance at period-end	Balance at period-begin
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**(1) By nature**

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation:

Nil

**(2) Special payable**

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end	Causes of formation
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Other explanation:

Nil

**49. Long-term wages payable****(1) Long-term wages payable**

In RMB

Item	Balance at period-end	Balance at period-begin
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**(2) Changes of defined benefit plans**

Present value of the defined benefit plans:

In RMB

Item	Current Period	Last Period
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Scheme assets:

In RMB

Item	Current Period	Last Period
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Net liability (assets) of the defined benefit plans

In RMB

Item	Current Period	Last Period
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Content of defined benefit plans and relevant risks, impact on future cash flow of the Company as well as times and uncertainty:

Nil

Major actuarial assumption and sensitivity analysis:

Nil

Other explanation:

Nil

**50. Accrual liability**

Whether implemented the new revenue standards

Yes No

In RMB

Item	Balance at period-end	Balance at period-begin	Causes of formation
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Other explanation, including relevant important assumptions and estimation:

Nil

**51. Deferred income**

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end	Causes of formation
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Item with government grants involved:

In RMB

Liability	Balance at period-begin	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Balance at period-end	Assets-related/income related
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Other explanation:

Nil

**52. Other non-current liabilities**

Whether implemented the new revenue standards

Yes No

In RMB

Item	Balance at period-end	Balance at period-begin
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Other explanation:

Nil

**53. Share capital**

In RMB

	Balance at period-begin	Changes in the period (+,-)					Balance at period-end
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	

Total shares	551,347,947.00					0.00	551,347,947.00
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Other explanation:

Nil

## 54. Other equity instrument

### (1) Basic information of the outstanding preferred stock and perpetual capital securities at period-end

Nil

### (2) Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-begin		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes of other equity instrument, change reasons and relevant accounting treatment basis:

Nil

Other explanation:

Nil

## 55. Capital public reserve

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end
Other capital reserve	627,834,297.85			627,834,297.85
Total	627,834,297.85			627,834,297.85

Other explanation, including changes and reasons for changes:

Among the other capital reserves, 135,840,297.18 Yuan refers to the payment for creditor from shares assignment by whole shareholders; majority shareholder Guosheng Energy donated 5,390,399.74 Yuan.

## 56. Treasury stock

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end

Other explanation, including changes and reasons for changes:

Nil



**57. Other comprehensive income**

In RMB

Item	Balance at period-begin	Current Period						Balance at period-end
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial recognition adjustment for the arbitrated items:

Nil

**58. Reasonable reserve**

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end

Other explanation, including changes and reasons for changes:

Nil

**59. Surplus public reserve**

In RMB

Item	Balance at period-begin	Current increased	Current decreased	Balance at period-end
Statutory surplus reserves	32,673,227.01			32,673,227.01
Total	32,673,227.01			32,673,227.01

Other explanation, including changes and reasons for changes:

Nil

**60. Retained profit**

In RMB

Item	Current period	Last Period
Retained profit at period-end before adjustment	-1,197,549,169.92	-1,195,957,201.01
Retained profit at period-begin after adjustment	-1,197,549,169.92	-1,195,957,201.01
Add: net profit attributable to shareholders of parent company for this year	-798.946.17	-1,591,968.91
Retained profit at period-end	-1,198,348,116.09	-1,197,549,169.92

Adjustment for retained profit at period-begin:

- 1). Retroactive adjustment due to the Accounting Standards for Business Enterprise and relevant new regulations, retained profit at period-begin has 0.00 Yuan affected;
- 2) Due to the accounting policy changes, retained profit at period-begin has 0.00 Yuan affected;
- 3) Due to the major accounting errors correction, retained profit at period-begin has 0.00 Yuan affected;
- 4) Consolidation range changed due to the same control, retained profit at period-begin has 0.00 Yuan affected;
- 5) Total other adjustment impacts 0.00 Yuan retained profit at period-begin

## 61. Operation revenue and operation cost

In RMB

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	33,834,135.17	32,088,349.25	63,664,151.78	59,106,390.80
Other business	4,440,297.85	3,241,165.72	4,070,747.57	2,057,815.53
Total	38,274,433.02	35,329,514.97	67,734,899.35	61,164,206.33

Whether implemented the new revenue standards

Yes No

Other explanation

Nil

## 62. Tax and extras

In RMB

Item	Current Period	Last Period
Tax for maintaining and building cities	10,738.55	29,269.66
Educational surtax	8,298.22	20,906.89
Stamp tax	17,551.00	25,561.20
Total	36,587.77	75,737.75

Other explanation:

Nil

**63. Sales expenses**

In RMB

Item	Current Period	Last Period
Employee compensation	946,503.40	1,532,803.51
Business travel expenses	189,953.21	192,454.31
Lease fee	300,492.89	188,033.90
Sales expenses on internet	246,947.49	535,515.52
Other	191,826.62	307,120.29
<b>Total</b>	<b>1,875,723.61</b>	<b>2,755,927.53</b>

Other explanation:

Nil

**64. Administrative expenses**

In RMB

Item	Current Period	Last Period
Salary, social insurance	1,941,131.64	1,828,693.52
Other	418,252.20	1,481,026.72
<b>Total</b>	<b>2,359,383.84</b>	<b>3,309,720.24</b>

Other explanation:

Nil

**65. R&D expenses**

In RMB

Item	Current Period	Last Period
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Other explanation:

Nil

**66. Financial expenses**

In RMB

Item	Current Period	Last Period
Interest expenses		
Less: Interest income	71,134.40	272,686.20
Exchange loss		
Commission charge etc.	10,681.41	11,710.39

Total	-60,452.99	-260,975.81
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Other explanation:

Nil

## 67. Other income

In RMB

Sources	Current Period	Last Period
---------	----------------	-------------

## 68. Investment income

In RMB

Item	Current Period	Last Period
------	----------------	-------------

Other explanation:

Nil

## 69. Net exposure hedge gains

In RMB

Item	Current Period	Last Period
------	----------------	-------------

Other explanation:

Nil

## 70. Income from change of fair value

In RMB

Sources	Current Period	Last Period
---------	----------------	-------------

Other explanation:

Nil

## 71. Credit impairment loss

In RMB

Item	Current Period	Last Period
Bad debt loss of other account receivable	2,237.42	-10.25
Bad debt loss of long-term account receivable	-19,717.24	-7,208.95
Total	-17,479.82	-7,219.20

Other explanation:

Nil

**72. Losses of devaluation of asset**

Whether implemented the new revenue standards

Yes No

In RMB

Item	Current Period	Last Period
II. Inventory falling price loss	40,616.29	
Total	40,616.29	

Other explanation:

Nil

**73. Income from assets disposal**

In RMB

Sources	Current Period	Last Period

**74. Non-operating income**

In RMB

Item	Current Period	Last Period	Amount reckoned in current non-recurring gains/losses
Other	148,627.00	72,126.28	
Total	148,627.00	72,126.28	

Government grants reckoned into current gains/losses:

In RMB

Government grants	Issuing subject	Offering causes	Nature	Subsidy impact current gains/losses (Y/N)	The special subsidy (Y/N)	Amount in the Period	Amount in last period	Assets-related/income-related

Other explanation:

Nil

**75. Non-operating expenses**

In RMB

Item	Current Period	Last Period	Amount reckoned in current non-recurring gains/losses
Other	50.00	30,140.00	

Total	50.00	30,140.00	
-------	-------	-----------	--

Other explanation:

Nil

## 76. Income tax expenses

### (1) Income tax expenses

In RMB

Item	Current Period	Last Period
Current income tax expense		233,133.98
Deferred income tax expense	-4,152.36	
Total	-4,152.36	233,133.98

### (2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current Period
Total Profit	-1,094,610.71
Income tax measured by statutory/applicable tax rate	-273,652.68
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	269,500.32
Income tax expenses	-4,152.36

Other explanation

Nil

## 77. Other comprehensive income

Found more in Note 57

## 78. Items of cash flow statement

### (1) Other cash received in relation to operation activities

In RMB

Item	Current Period	Last Period
Interest and Rent and utilities etc.	2,583,334.70	1,673,601.27
Other intercourse funds	1,323,261.33	855,411.09
Total	3,906,596.03	2,529,012.36

Explanation on other cash received in relation to operation activities:

Nil

**(2) Other cash paid in relation to operation activities**

In RMB

Item	Current Period	Last Period
Period expenses, operation development and common benefit debts etc. paid	5,809,899.76	4,714,582.54
<b>Total</b>	<b>5,809,899.76</b>	<b>4,714,582.54</b>

Explanation on other cash paid in relation to operation activities:

Nil

**(3) Cash received from other investment activities**

In RMB

Item	Current Period	Last Period

Explanation on cash received from other investment activities:

Nil

**(4) Cash paid related with investment activities**

In RMB

Item	Current Period	Last Period

Explanation on cash paid related with investment activities

Nil

**(5) Other cash received in relation to financing activities**

In RMB

Item	Current Period	Last Period
Bill margin received	2,016,600.82	
<b>Total</b>	<b>2,016,600.82</b>	

Explanation on other cash received in relation to financing activities:

Nil

**(6) Cash paid related with financing activities**

In RMB

Item	Current Period	Last Period
Payment of bill margin	2,000,000.00	

Total	2,000,000.00
-------	--------------

Explanation on cash paid related with financing activities:

Nil

## 79. Supplementary information to statement of cash flow

### (1) Supplementary information to statement of cash flow

In RMB

Supplementary information	Current period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	-1,090,458.35	491,916.41
Add: Impairment provision of assets	-23,136.47	7,219.20
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	186,131.92	184,546.75
Depreciation of right-of-use asset	376,500.00	376,500.00
Decrease of deferred income tax asset (increase is listed with "-")	-4,152.36	
Decrease of inventory (increase is listed with "-")	-693,780.13	-2,033,200.69
Decrease of operating receivable accounts (increase is listed with "-")	-2,006,581.24	-5,809,570.61
Increase of operating payable accounts (decrease is listed with "-")	-5,645,780.11	3,419,617.75
Net cash flow from operation activities	-8,901,256.74	-3,362,971.19
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period-end	7,587,416.18	15,814,304.99
Less: Balance of cash at period-begin	16,488,886.26	19,177,276.18
Net increased amount of cash and cash equivalent	-8,901,470.08	-3,362,971.19

### (2) Net cash paid for obtaining subsidiary in the Period

In RMB

	Amount
--	--------



Including:	--
Including:	--
Including:	--

Other explanation:

Nil

### (3) Net cash received by disposing subsidiary in the Period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other explanation:

Nil

### (4) Constitution of cash and cash equivalent

In RMB

Item	Balance at period-end	Balance at period-begin
I. Cash	7,587,416.18	16,488,886.26
Including: Cash on hand	67,591.16	126,486.63
Bank deposit available for payment at any time	7,519,825.02	16,305,989.07
Other monetary fund available for payment at any time		56,410.56
III. Balance of cash and cash equivalent at period-end	7,587,416.18	16,488,886.26

Other explanation:

Nil

## 80. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" at end of last period:

Nil

## 81. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Monetary fund	2,000,000.00	Margin of 2,000,000.00 yuan for bank acceptance bill
Fixed asset	2,560,247.76	The six houses for talents in Lianxin Garden without the property certificate, and can no be traded with any party except the government
Total	4,560,247.76	--

Other explanation:

Nil

## 82. Foreign currency monetary items

### (1) Foreign currency monetary items

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary fund	--	--	
Including: USD			
EURO			
HKD			
Account receivable	--	--	
Including: USD			
EURO			
HKD			
Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

Nil

**(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons**

Applicable Not applicable

### 83. Hedging

Disclosed hedging items and relevant hedging instrument based on hedging's category, disclosed qualitative and quantitative information for the arbitrage risks:

Nil

### 84. Government grants

#### (1) Government grants

In RMB

Category	Amount	Item	Amount reckoned into current gains/losses

#### (2) Government grants rebate

Applicable Not applicable

Other explanation:

Nil

### 85. Other

Nil

## VIII. Changes of consolidation range

### 1. Enterprise combined under different control

#### (1) Enterprise combined under different control in the Period

In RMB

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end

Other explanation:

Nil

**(2) Combination cost and goodwill**

In RMB

Combination cost	
------------------	--

Determination method for fair value of the combination cost and contingent consideration and changes:

Nil

Main reasons for large goodwill resulted:

Nil

Other explanation:

Nil

**(3) Identifiable assets and liability on purchasing date under the acquiree**

In RMB

	Fair value on purchasing date	Book value on purchasing date

Determination method for fair value of the identifiable assets and liabilities:

Nil

Contingent liability of the acquiree bear during combination:

Nil

Other explanation:

Nil

**(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date**

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

Yes No

**(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are un-able to confirm rationally**

Nil

**(6) Other explanation**

Nil

## 2. Enterprise combine under the same control

### (1) Enterprise combined under the same control in the Period

In RMB

Combined party	Equity ratio obtained in combination	Basis of combined under the same control	Combination date	Standard to determine the combination date	Income of the combined party from period-begin of combination to the combination date	Net profit of the combined party from period-begin of combination to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other explanation:

Nil

### (2) Combination cost

In RMB

Combination cost

Explanation on contingent consideration and its changes:

Nil

Other explanation:

Nil

### (3) Assets and liability of the combined party on combination date

In RMB

	Combination date	At end of last period

Contingent liability of the combined party bear during combination:

Nil

Other explanation:

Nil

## 3. Counter purchase

Basic transaction information, basis of counter purchase, whether making up business due to the assets and liability reserved by listed company and basis, determination of combination cost, amount and calculation on adjusted equity by equity transaction

Nil

#### 4. Subsidiary disposal

Whether lost controlling rights while dispose subsidiary on one time or not

Yes  No

Whether lost controlling rights in the Period while dispose subsidiary on two or more steps or not

Yes  No

#### 5. Other reasons for consolidation range changed

Reasons for changed on consolidation range (such as new subsidiary established, subsidiary liquidated etc.)And relevant information

Nil

#### 6. Other

Nil

### IX. Equity in other entity

#### 1. Equity in subsidiary

##### (1) Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Emmelle Industrial Co., Ltd.	Shenzhen	Shenzhen	Sales of bicycles and spare parts	70.00%		Investment

Explanation on share-holding ratio in subsidiary different from ratio of voting right:

Nil

Basis for controlling the invested entity with half or below voting rights held and without controlling invested entity but with over half and over voting rights

Nil

Controlling basis for the structuring entity included in consolidated range

Nil

Basis on determining to be an agent or consignator:

Nil

Other explanation:

Nil

**(2) Important non-wholly-owned subsidiary**

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shenzhen Emmelle Industrial Co., Ltd.	30.00%	-291,512.18		2,382,650.62

Explanation on share-holding ratio of minority different from ratio of voting right:

Nil

Other explanation:

Nil

**(3) Main finance of the important non-wholly-owned subsidiary**

In RMB

Subsidiary	Balance at period-end						Balance at period-begin					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Shenzhen Emmelle Industrial Co., Ltd.	20,516,177.08	1,487,179.64	22,003,356.72	14,061,187.97		14,061,187.97	29,791,525.49	1,548,021.02	31,339,546.51	22,425,670.50		22,425,670.50

In RMB

Subsidiary	Current Period				Last Period			
	Operation revenue	Net profit	Total comprehensive income	Cash flow from operation activity	Operation revenue	Net profit	Total comprehensive income	Cash flow from operation activity
Shenzhen Emmelle Industrial Co., Ltd.	13,212,224.34	-971,707.26	-971,707.26	-4,193,347.24	44,367,011.18	-207,485.52	-207,485.52	1,114,664.36

Other explanation:

Nil

**(4) Major restriction on using corporate assets and liquidate corporate debts**

Nil

**(5) Financial or other supporting provided to structuring entity that included in consolidated financial statement**

Nil

Other explanation:

Nil

**2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights**

**(1) Owners equity shares changed in subsidiary**

**(2) Impact on minority's interest and owners' equity attributable to parent company**

In RMB

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Other explanation

**3. Equity in joint venture and associated enterprise**

**(1) Important joint venture or associated enterprise**

Joint venture or associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment
				Directly	Indirectly	

Share-holding ratio or shares enjoyed different from voting right ratio:

Basis of the voting rights with 20% below but with major influence, or without major influence but with over 20% (20% included) voting rights hold:

**(2) Main financial information of the important joint venture**

In RMB

	Balance at period-end/Current Period	Balance at period-begin/Last Period

Other explanation

**(3) Main financial information of the important associated enterprise**

In RMB



	Balance at period-end/Current Period	Balance at period-begin/Last Period

Other explanation

#### (4) Financial summary for un-important joint venture or associated enterprise

In RMB

	Balance at period-end/Current Period	Balance at period-begin/Last Period
Joint venture:	--	--
Total numbers measured by share-holding ratio	--	--
Associated enterprise:	--	--
Total numbers measured by share-holding ratio	--	--

Other explanation

#### (5) Assets transfer ability has major restriction from joint venture or associated enterprise

#### (6) Excess losses from joint venture or associated enterprise

In RMB

Joint venture or associated enterprise	Cumulative un-confirmed losses	Un-confirmed losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-confirmed losses at period-end

Other explanation

#### (7) Un-confirmed commitment with investment concerned with joint venture

#### (8) Contingent liability with investment concerned with joint venture or associated enterprise

### 4. Co-runs operation

Name	Main operation place	Registered place	Business nature	Share-holding ratio/share enjoyed	
				Directly	Indirectly

Share-holding ratio or shares enjoyed different from voting right ratio:

If the co-runs entity is the separate entity, basis of the co-runs classification

Other explanation

### 5. Equity in structuring entity that excluding in the consolidated financial statement

Relevant explanation

## 6. Other

### X. Risk related with financial instrument

The major financial instruments of the Company consist of monetary fund, account receivable, other account receivable, account payable and other account payable, etc. details of these financial instruments are disclosed in the relevant notes. Risks relating to these financial instruments and risk management policies adopted by the Company to minimize these risks are detailed as follows. Management of the Company manages and monitors the risk exposures, to make sure they are under control.

#### 1. Risk management targets and policies

The objectives of the Company's risk management is to balance the risk and income, reduce the negative risk impact of operating performance to the lowest level, maximize the interests of shareholders and other equity investors. Based on these objectives, the Company has established risk management policies to identify and analyze the risks faced by the Company, set adequate risk acceptable level and designed relevant internal control system to monitor the level of risks. The Company regularly reviews these policies and related internal control system to adapt to market development and change of operating activities of the Company. The major risks arising from the Company's financial instruments are credit risk and liquidity risk.

##### (1)Credit risk

Credit risk represents the risk of financial loss suffered by a party to a financial instrument due to failure of performance obligation of another party.

Credit risk of the Company is managed by category. Credit risk mainly arises from bank deposits and trade receivables. Since the bank deposits of the Company are mainly placed with those banks of high credit rating, the Company expects no significant credit risk on bank deposits.

As for trade receivables, the Company establishes relevant policies to control credit risk exposure. The Company, based on financial position of debtors, their credit records, market conditions and other factors, makes assessment on debtors' credit quality and sets relevant limit on amount of debt and credit term. The maximum credit risk exposure assumed by the Company equals to the sum of carrying value of every financial asset in the balance sheet. The Company provides no guarantee that may lead it to be exposed to credit risks.

##### (2)Liquidity risk

Liquidity risk refers to the risk of capital shortage of the Company when performing settlement obligation via delivery of cash or other financial assets.

When managing liquidity risk, the Company maintains and monitors such cash and cash equivalents as deemed adequate by the management, so as to satisfy its operation needs and minimize influence of fluctuation of cash flow. Management of the Company monitors application of bank borrowings to make sure it complies with

relevant borrowing agreements.

## 2. Capital management

The capital management policy of the Company is designed to ensure sustainable operation Of the Company so as to bring shareholders return and benefit other stakeholders, and to minimize capital cost by maintaining optimal capital structure.

In order to maintain and adjust capital structure, the Company may adjust share dividend paid to shareholders or issue new shares.

The Company monitors capital structure based on gearing ratio (total liabilities divided by total assets). As at 30<sup>th</sup> June 2019, the gearing ratio of the Company was 75.49% (31 December 2018: 76.82%)

## XI. Disclosure of fair value

### 1. Ending fair value of the assets and liabilities measured by fair value

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
II. Non-sustaining measured by fair value	--	--	--	--

### 2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

Nil

### 3. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on second-order

Nil

### 4. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on third-order

Nil

**5. Adjustment information and sensitivity analysis of unobservable parameters for the fair value measure sustaining and non-persistent on third-order**

Nil

**6. Sustaining items measured by fair value, as for the conversion between at all levels, reasons for conversion and policy for conversion time point**

Nil

**7. Changes of valuation technique in the Period**

Nil

**8. Financial assets and liability not measured by fair value**

Nil

**9. Other**

Nil

**XII. Related party and related transactions****1. Parent company of the enterprise**

Parent company	Registered place	Business nature	Registered capital	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise
----------------	------------------	-----------------	--------------------	--	--------------------------------------

Explanation on parent company of the enterprise

The Company has no parent company so far

Ultimate controller of the Company: nil

Other explanation:

Controlling shareholder and actual controller of the Company have changed on 20 February 2017. Before changed, the first majority shareholder of the Company was Shenzhen Guosheng Energy Investment Development Co., Ltd., actual controller was Mr. Ji Hanfei; the Company has no actual controller and controlling shareholder after changed. Found more in the Annual Report 2016 released on 27 April 2017 and “Reply on Surveillance Attention Letter on CBC from Shenzhen Stock Exchange” released on 26 May 2017

**2. Subsidiary of the Enterprise**

Found more in Note IX-1

### 3. Associated enterprise and joint venture

Found more in Note IX-3

Other associated enterprise and joint venture that have related transaction with the Company in the Period or occurred in previous period

Joint venture or associated enterprise	Relationship with the Company
--	-------------------------------

Other explanation

Nil

### 4. Other related party

Other related party	Relationship with the Company
Shenzhen Huahui Tongda Industrial Co., Ltd.	Supervisor of the Company Li Jialin is the legal person of the enterprise
Shenzhen Guosheng Energy Investment Development Co., Ltd.	The first majority shareholder

Other explanation

11.52 percent shares of the Company are held by Shenzhen Guosheng Energy Investment Development Co., Ltd.

### 5. Related transaction

#### (1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Transaction content	Current Period	Approved transaction amount	Whether more than the transaction amount	Last Period
---------------	---------------------	----------------	-----------------------------	--	-------------

Goods sold/labor service providing

In RMB

Related party	Transaction content	Current Period	Last Period
Shenzhen Huahui Tongda Industrial Co., Ltd.	Sales of goods	15,683.10	

Explanation on goods purchasing, labor service providing and receiving

Nil

#### (2) Related trusteeship/contract and delegated administration/outsourcing

Trusteeship/contract

In RMB

Client/	Entrusting party/	Assets type	Starting date	Maturity date	Yield pricing	Income from
---------	-------------------	-------------	---------------	---------------	---------------	-------------

contract-out party	contractor				basis	trusteeship/contract
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Explanation on related trusteeship/contract

Nil

Delegated administration/outsourcing

In RMB

Client/ contract-out party	Entrusting party/ contractor	Assets type	Starting date	Maturity date	Pricing basis of trustee fee/outsourcing fee	trustee fee/outsourcing fee recognized in the Period
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Explanation on related administration/outsourcing

Nil

### (3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
--------	-------------	---	---

As a lessee for the Company:

In RMB

Lessor	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
--------	-------------	---	---

Explanation on related lease

Nil

### (4) Related guarantee

As a guarantor for the Company

In RMB

Secured party	Amount guarantee	Starting date	Maturity date	Guarantee completed (Y/N)
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As a secured party for the Company

In RMB

Guarantor	Amount guarantee	Starting date	Maturity date	Guarantee completed (Y/N)
-----------	------------------	---------------	---------------	------------------------------

Explanation on related guarantee

Nil

**(5) Borrowed funds of related party**

In RMB

Related party	Borrowed funds	Starting date	Due date	Note
Borrowing				
Lending				

**(6) Assets transfer and debt restructuring of related party**

In RMB

Related party	Transaction content	Current Period	Last Period
---------------	---------------------	----------------	-------------

**(7) Remuneration of key manager**

In RMB

Item	Current Period	Last Period
Remuneration of key manager	818,870.00	1,258,900.00

**(8) Other related transactions**

Nil

**6. Receivable/payable items of related parties****(1) Receivable item**

In RMB

Item	Related party	Balance at period-end		Balance at period-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision

**(2) Payable item**

In RMB

Item	Related party	Book balance at period-end	Book balance at period-begin
Account received in advance	Shenzhen Huahui Tongda Industrial Co., Ltd.		5,439.00
Other account payable	Shenzhen Guosheng Energy Investment Development Co., Ltd.	6,500,000.00	6,500,000.00

## **7. Commitments of related party**

Nil

## **8. Other**

Nil

## **XIII. Share-based payment**

### **1. General share-based payment**

Applicable Not applicable

### **2. Share-based payment settled by equity**

Applicable Not applicable

### **3. Share-based payment settled by cash**

Applicable Not applicable

### **4. Revised and termination on share-based payment**

There is no share-based payment occurred in the reporting period

### **5. Other**

Nil

## **XIV. Commitment or contingency**

### **1. Important commitments**

Important commitments in balance sheet date

Nil

### **2. Contingency**

#### **(1) Contingency on balance sheet date**

Nil



**(2) For the important contingency not necessary to disclosed by the Company, explained reasons**

The Company has no important contingency that need to disclosed

**3. Other**

Nil

**XV. Events after balance sheet date**

**1. Important non-adjustment items**

In RMB

Item	Content	Impact on financial status and operation results	Reasons on un-able to estimated the impact number
------	---------	--	---

**2. Profit distribution**

In RMB

**3. Sales return**

Nil

**4. Other events after balance sheet date**

Nil

**XVI. Other important events**

**1. Previous accounting errors collection**

**(1) Retrospective restatement**

In RMB

Correction content	Treatment procedures	Impact items of statement during a comparison	Cumulative impacted number
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**(2) Prospective application**

Correction content	Approval procedures	Reasons for prospective application adopted
--------------------	---------------------	---

**2. Debt restructuring**

Nil

**3. Assets replacement****(1) Non-monetary assets change**

Nil

**(2) Other assets replacement**

Nil

**4. Pension plan**

Nil

**5. Discontinued operations**

In RMB

Item	Revenue	Expenses	Total Profit	Income tax expenses	Net profit	Discontinued operations profit attributable to owners of parent company

Other explanation

Nil

**6. Segment****(1) Recognition basis and accounting policy for reportable segment**

Nil

**(2) Financial information for reportable segment**

In RMB

Item	Offset between segments	Total

**(3) The Company has no reportable segments, or unable to disclose total assets and total liability for reportable segments, explain reasons**

Nil

**(4) Other explanation**

Nil

**7. Major transaction and events makes influence on investor's decision**

Nil

**8. Other**

Nil

**XVII. Principle notes of financial statements of parent company****1. Account receivable****(1) By category**

In RMB

Category	Balance at period-end					Balance at period-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Account receivable with bad debt provision accrual by portfolio	26,040,894.92	100.00%	78,122.68	0.30%	25,962,772.24	12,866,553.82	100.00%	38,599.66	0.30%	12,827,954.16
Including:										
Total	26,040,894.92	100.00%	78,122.68	0.30%	25,962,772.24	12,866,553.82	100.00%	38,599.66	0.30%	12,827,954.16

Bad debt provision accrual on single basis:

In RMB

Name	Balance at period-end			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio 39523.02 Yuan

In RMB

Name	Balance at period-end		
	Book balance	Bad debt provision	Accrual ratio
Within one year(one year)	26,040,894.92	78,122.68	0.30%

included)			
Total	26,040,894.92	78,122.68	--

Explanation on portfolio basis:

Nil

Bad debt provision accrual on portfolio

In RMB

Name	Balance at period-end		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

Nil

Bad debt provision accrual on portfolio

In RMB

Name	Balance at period-end		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB

Account age	Balance at period-end
Within one year(one year included)	26,040,894.92
Total	26,040,894.92

## (2) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

In RMB

Category	Balance at period-begin	Current changes			Balance at period-end
		Accrual	Collected or reversal	Charge-off	
Aging analysis	38,599.66	39,523.02			78,122.68
Total	38,599.66	39,523.02	0.00	0.00	78,122.68

Including important amount of bad debt provision collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way
Total	0.00	--

Nil

**(3) Account receivable actually charge-off in the period**

In RMB

Item	Amount charge-off
------	-------------------

Including major account receivables charge-off:

In RMB

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Explanation on account receivable charge-off

Nil

**(4) Top five account receivables collected by arrears party at ending balance**

Enterprise	Relationship with the Company	Amount	Account age	Bad debt provision	Ratio in total account receivable (%)	Account nature
Shenzhen Weiterui New Energy Technology Co., Ltd.	Non-related party	8,822,791.17	Within one year	26,468.37	33.88	Payment for goods
Shenzhen Jiahaosong Technology Co., Ltd.	Non-related party	6,816,303.75	Within one year	20,448.91	26.18	Payment for goods
Jinan Yuxintai Sales Co., Ltd.	Non-related party	3,306,982.00	Within one year	9,920.95	12.70	Payment for goods
Zhengzhou Guiguan Tech. Trade. Co., Ltd	Non-related party	2,458,418.00	Within one year	7,375.25	9.44	Payment for goods
Guangdong Xinlingjia New Energy Co., Ltd.	Non-related party	1,853,000.00	Within one year	5,559.00	7.12	Payment for goods
<b>Total</b>		<b>23,257,494.92</b>		<b>69,772.48</b>	<b>89.32</b>	

**(5) Account receivable derecognition due to transfer of financial assets**

Nil

**(6) Assets and liability resulted by account receivable transfer and continuous involvement**

Nil

Other explanation:

Nil

**2. Other account receivable**

In RMB

Item	Balance at period-end	Balance at period-begin
Interest receivable		0.00
Other account receivable	380,925.78	380,925.78
Total	380,925.78	380,925.78

**(1) Interest receivable**

1) Category

In RMB

Item	Balance at period-end	Balance at period-begin
Time deposit	0.00	0.00
Entrust loans	0.00	0.00
Bond investment	0.00	0.00
Total		0.00

2) Important overdue interest

Borrower	Balance at period-end	Overdue time	Overdue reason	Impairment (Y/N) and judgment basis
Total	0.00	--	--	--

Other explanation:

Nil

3) Accrual of bad debt provision

Applicable Not applicable**(2) Dividend receivable**

1) Category

In RMB

Item(or invested company)	Balance at period-end	Balance at period-begin
---------------------------	-----------------------	-------------------------

2) Important dividend receivable with over one year aged

In RMB

Item(or invested company)	Balance at period-end	Account age	Causes of failure for collection	Impairment (Y/N) and judgment basis
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3) Accrual of bad debt provision

Applicable Not applicable

Other explanation:

Nil

### (3) Other account receivable

1) By account nature

In RMB

Account nature	Book balance at period-end	Book balance at period-begin
Account receivable with bad debt provision accrual by portfolio according to credit risk characteristics (Aging analysis )	382,072.00	382,072.00
Total	382,072.00	382,072.00

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2019 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB

Account age	Balance at period-end
Within one year(one year included)	370,172.00
1-2 years	200.00
2-3 years	11,700.00
Total	382,072.00

3) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

In RMB

Category	Balance at period-begin	Current changes	Balance at period-end
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		Accrual	Collected or reversal	
--	--	---------	-----------------------	--

Nil

Important amount of bad debt provision switch-back or collection in the period:

In RMB

Enterprise	Amount switch-back or collection	Collection way
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Nil

4) Other account receivables actually charge-off during the reporting period

In RMB

Item	Amount charge-off
------	-------------------

Including major other account receivables charge-off:

In RMB

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Other Explanation on account receivable charge-off

Nil

5) Top 5 other account receivable collected by arrears party at ending balance

In RMB

Enterprise	Nature	Balance at period-end	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
Shenzhen Material Group Co., Ltd.	Deposit or margin	181,918.00	Within one year	47.61%	545.75
Shenzhen Anjingheng Industrial Co., Ltd.	Deposit or margin	161,000.00	Within one year	42.14%	483.00
Shenzhen Jintaiyuan Investment Management Co., Ltd.	Deposit or margin	27,254.00	Within one year	7.13%	81.76
Shenzhen Hongkang Instrument Technology Co., Ltd	Payment for equipment	11,400.00	2-3 years	2.98%	34.20
Shenzhen Color Life Property Management Co., Ltd. Lianxin Garden Branch	Deposit and margin	300.00	2-3 years	0.08%	0.90
Total	--	381,872.00	--	99.94%	1,145.61

6) Account receivable with government grants involved



In RMB

Enterprise	Government grants	Balance at period-end	Ending account age	Time, amount and basis of amount collection estimated
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Nil

7) Other account receivable derecognition due to financial assets transfer

Nil

8) Assets and liability resulted by other account receivable transfer and continuous involvement

Nil

Other explanation:

Nil

### 3. Long-term equity investment

In RMB

Item	Balance at period-end			Balance at period-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	1,400,000.00	1,389,620.27	10,379.73	1,400,000.00	1,389,620.27	10,379.73
Total	1,400,000.00	1,389,620.27	10,379.73	1,400,000.00	1,389,620.27	10,379.73

#### (1) Investment for subsidiary

In RMB

The invested entity	Balance at period-begin(Book value)	Changes in the period (+,-)				Balance at period-end(Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Accrual of impairment provision	Other		
Shenzhen Emmelle Industrial Co., Ltd.	10,379.73					10,379.73	1,389,620.27
Total	10,379.73	0.00	0.00	0.00	0.00	10,379.73	1,389,620.27

#### (2) Investment for associates and joint venture

In RMB

Funded enterprise	Balance at period-be	Changes in the period (+,-)								Balance at period-en	Ending balance of
		Additiona	Capital	Investme	Other	Other	Cash	Accrual	Other		

	gin(Book value)	l investment	reduction	nt gains recognize d under equity	comprehe nsive income adjustmen t	equity change	dividend or profit announce d to issued	of impaireme nt provision		d(Book value)	impairme nt provision
<b>I. Joint venture</b>											
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>II. Associated enterprise</b>											
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		

**(3) Other explanation**

Nil

**4. Operation revenue and operation cost**

In RMB

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	21,426,406.12	20,428,856.90	20,600,065.94	18,788,402.55
Other business	3,977,972.72	3,241,165.72	3,423,452.74	2,057,815.53
Total	25,404,378.84	23,670,022.62	24,023,518.68	20,846,218.08

Whether implemented the new revenue standards

Yes No

Other explanation:

Nil

**5. Investment income**

In RMB

Item	Current Period	Last Period

**6. Other**

Nil

**XVIII. Supplementary Information****1. Current non-recurring gains/losses**√Applicable Not applicable

In RMB

Item	Amount	Note
Other non-operating income and expenditure except for the aforementioned items	148,577.00	
Less: Impact on income tax	37,144.25	
Impact on minority shareholders' equity	-11.25	
Total	111,444.00	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable**2. ROE and EPS**

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share(RMB/Share)	Diluted earnings per share(RMB/Share)
Net profits belong to common stock stockholders of the Company	-5.74%	-0.0014	-0.0014
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-6.55%	-0.0017	-0.0017

**3. Difference of the accounting data under accounting rules in and out of China****(1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)**Applicable Not applicable**(2) Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)**Applicable Not applicable

**(3) Explain accounting difference over the accounting rules in and out of China; as for the difference adjustment for data audited by foreign auditing organ, noted the name of such foreign organ**

Nil

**4. Other**

Nil

## **Section XI. Documents available for reference**

1. Accounting statement carrying the signatures and seals of the legal representative, person in charge of accounting and person in charge of accounting organ.
2. Originals documents of the Company and manuscripts of public notices that disclosed in the newspaper designated by CSRC in the report period.
3. English version of the Semi-Annual Report 2019