

Shenzhen China Bicycle Company (Holdings) Limited

SEMI-ANNUAL REPORT 2018

August 2018

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 2018 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.

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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
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, Shenzhen	Room 1201, Wantong Building, No.3002, Sungang East Road, 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 2017.

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 2017.

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)	67,734,899.35	48,929,676.27	38.43%
Net profit attributable to shareholders of the listed company (RMB)	554,162.06	-1,691,378.44	-132.76%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	521,366.39	-1,902,819.26	-127.40%
Net cash flow arising from operating activities (RMB)	-3,362,971.19	-8,806,042.23	-61.81%
Basic earnings per share (RMB/Share)	0.0010	-0.0031	-132.26%
Diluted earnings per share (RMB/Share)	0.0010	-0.0031	-132.26%
Weighted average ROE	3.43%	-12.51%	15.94%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	70,833,599.30	73,559,961.28	-3.71%
Net assets attributable to shareholder of listed company (RMB)	16,452,432.91	15,898,270.85	3.49%

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	41,986.28	
Less: impact on income tax	17,026.35	
Impact on minority shareholders' equity (post-tax)	-7,835.74	
Total	32,795.67	--

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
Equity assets	No major change
Fixed assets	No major change
Intangible assets	No major change
Construction in process	No major change
Monetary Fund	Decreased 43.49% over that of period-begin, mainly because the bank acceptance was paid on expiration in the period and the inventory increased
Notes receivable	Decreased 100.00% over that of period-begin, mainly because the note receivables in the period are endorsed for goods payment
Advance payment	Increased 144.81% over that of period-begin, mainly because the advance payment for purchasing lithium battery materials in the period increased
Inventory	Increased 73.21% over that of period-begin, mainly because inventory are increased from subsidiary for peak season

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 Resolution Relating to Adjustment of the Non-public Offer of A Shares Plan and the Resolution Relating to the Plan of Non-public Offer of A Shares (the 3rd Amendment) were considered and approved by the Company at the 4th extraordinary meeting of the 10th session of the board of directors and the 1st extraordinary general meeting for 2018 held in January and February, respectively. The specific works are underway.

Section IV. Discussion and Analysis of the Business

I. Introduction

In first half of 2018, the international political and economical situation was complex and severe, structural problems and deep-seated contradictions in the domestic economic development were highlighted, economic downturn pressure continued to increase, many unstable and uncertain factors still existed, which affected and impacted the traditional manufacturing industries and the social consumption structure demand. 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. Due to the low entry barriers of the industry and the large number of manufacturers, the market competition was fierce and the industry reshuffle intensified. The shared bicycle brands like Mobike were quickly promoted with financial advantages, further met the users' needs, and squeezed the market space of traditional bicycle enterprises. 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, 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.

Under this background, in first half 2018, the company combined with its actual situation of weak economic foundation after restructuring, on the one hand, adhered to taking the traditional business model development as the principle, strengthened the product research and development efforts, and constantly optimized and adjusted the product structure and sales model transformation, according to the e-commerce transformation of business team and the cost control way of internal introduction and external connection, and actively expanded the e-commerce business model; 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, strived to expand the lithium battery materials business based on the extensive business consultation and business opportunity sifting, and took it as an opportunity to gradually expand its main business; on the other hand, strived 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 10th 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, 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 67,734,900 Yuan and net profit of 491,900 Yuan in first half of 2018, of which, the net profit attributable to shareholders of listed companies was 554,200 Yuan. The company's operations remained stable and have injected new development potential.

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	67,734,899.35	48,929,676.27	38.43%	New business of lithium battery increased in the period
Operating costs	61,164,206.33	45,686,272.83	33.88%	New business of lithium battery increased in the period
Sales expenses	2,755,927.53	2,468,701.87	11.63%	
Administration expenses	3,309,720.24	3,339,531.50	-0.89%	
Finance expenses	-260,975.81	-201,564.91	29.47%	Income from bank interest declined
Income tax expenses	233,133.98	11,629.41	1,904.69%	Total profit in the period growth
Net cash flow arising from operating activities	-3,362,971.19	-8,806,042.23	-61.81%	Current liability were paid in last period and inventory increased
Net cash flow arising from investment activities		-31,940.00	-100.00%	
Net increase of cash and cash equivalent	-3,362,971.19	-8,837,982.23	-61.95%	Current liability were paid in last period and inventory increased

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	43,534,007.87	39,127,940.50	10.12%	-11.03%	-14.36%	3.49%
Lithium battery materials	24,200,891.48	22,036,265.83	8.94%	100.00%	100.00%	8.94%
According to products						
Sales of bicycles and accessories and fittings	43,534,007.87	39,127,940.50	10.12%	-11.03%	-14.36%	3.49%

Lithium battery materials	24,200,891.48	22,036,265.83	8.94%	100.00%	100.00%	8.94%
According to region						
Domestic	67,734,899.35	61,164,206.33	9.70%	38.43%	33.88%	3.07%

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	15,814,304.99	22.33%	15,177,305.48	31.00%	-8.67%	
Account receivable	34,951,941.66	49.34%	10,621,799.74	21.70%	27.64%	Receivable from clients increased
Inventory	4,810,375.32	6.79%	6,085,173.94	12.43%	-5.64%	
Fix assets	3,756,571.22	5.30%	3,615,758.14	7.39%	-2.09%	
Advance payment	6,076,785.42	8.58%	1,496,894.88	3.06%	5.52%	Advance payment for purchasing lithium battery materials increased

2. Assets and liability measured by fair value

Applicable Not applicable

3. Assets rights restricted till end of the period

Purchasing six properties of Lianxin Garden with original value of 2,959,824.00 Yuan in 2016; 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.

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	31,609,935.11	9,668,180.05	44,367,011.18	-181,366.39	-207,485.52

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 2900454.02 Yuan.

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prediction of business performance from January – September 2018

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 2018	Extraordinary shareholders general meeting	12.59%	2018-02-13	2018-02-13	Notice of Resolution of First Extraordinary shareholders general meeting 2018 (No.: 2018006)
Annual General Meeting 2017	Annual General Meeting	12.45%	2018-06-19	2018-06-19	Notice of Resolution of Annual General Meeting 2017 (No.: 2018013)

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 audit 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 Guocheng 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 12th, Oct., 2012, Shenzhen Municipal Intermediate People's Court ruled to accept the application proposed by Guocheng 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 25th, 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 continues 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 arbitrations 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 belongs 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 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. 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. The company convened the first extraordinary general meeting of 2018 on February 13, 2018 which reviewed and passed the Proposal on the Plan on Non-public Issue of A shares (Third Amended), etc. 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	4,707	0.00%				-750	-750	3,957	0.00%
1. State-owned shares	0	0.00%						0	0.00%
2. State-owned legal person's shares	0	0.00%						0	0.00%
3. Other domestic shares	4,707	0.00%				-750	-750	3,957	0.00%
Including: Domestic legal person's shares	0	0.00%						0	0.00%
Domestic natural person's shares	4,707	0.00%				-750	-750	3,957	0.00%
4. Foreign shares	0	0.00%						0	0.00%
Including: Foreign legal person's shares	0	0.00%						0	0.00%
Foreign natural person's shares	0	0.00%						0	0.00%
II. Unrestricted shares	551,343,240	100.00%				750	750	551,343,990	100.00%
1. RMB Ordinary shares	302,980,258	54.95%				750	750	302,981,008	54.95%
2. Domestically listed foreign shares	248,362,982	45.05%						248,362,982	45.05%
3. Overseas listed foreign shares	0	0.00%						0	0.00%
4. Others	0	0.00%						0	0.00%
III. Total shares	551,347,947	100.00%				0	0	551,347,947	100.00%

Reasons for share changed

Applicable Not applicable

In accordance with relevant laws and regulations, the shares held by supervisor of the Company are released for trading counted as 25%

Approval of share changed

Applicable Not applicable

Ownership transfer of share changes

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

In Share

Shareholders	Opening shares restricted	Shares released in Period	Restricted Shares Increased In the Period	Ending shares restricted	Restricted reasons	Date for released
Zheng Zhonghuan	4,707	750	0	3,957	Shares held by supervisor	-
Total	4,707	750	0	3,957	--	--

II. Securities issuance and listing

Applicable Not applicable

III. Number of shares and shares held

In Share

Total common shareholders at period-end	49,697	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (note8)	0
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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 Guocheng Energy Investment Development Co., Ltd.	Domestic non-State-owned legal person	11.52%	63,508,747	0	0	63,508,747		0
UOB Koy Hian (Hong Kong) Co., Ltd.	Foreign legal person	2.89%	15,907,850	0	0	15,907,850		0
Guosen Securities (Hong Kong) brokerage Co., Ltd.	Foreign legal person	2.52%	13,909,425	-79000	0	13,909,425		0
Huabao Trust Co., Ltd. – Huihuang No.33 single fund trust	Other	1.35%	7,435,165	-4103345	0	7,435,165		0
Huabao Trust Co., Ltd. – Huihuang No.15 single fund trust	Other	1.29%	7,114,435	-65200	0	7,114,435		0
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	Foreign legal person	1.22%	6,707,257	-130000	0	6,707,257		0
Huabao Trust Co., Ltd. – Huihuang No.22 single fund trust	Other	0.80%	4,387,288	2753888	0	4,387,288		0

Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.13 structured portfolio investment trust plan	Other	0.72%	3,958,923	-174900	0	3,958,923	0
Li Huili	Domestic nature person	0.71%	3,891,124	0	0	3,891,124	0
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.14 structured portfolio investment trust plan	Other	0.67%	3,684,497	-407600	0	3,684,497	0
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 shareholders	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 Shenzhen Guocheng 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 Guocheng Energy Investment Development Co., Ltd.	63,508,747		RMB ordinary 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			

Huabao Trust Co., Ltd. – Huihuang No.33 single fund trust	7,435,165	RMB ordinary shares	7,435,165
Huabao Trust Co., Ltd. – Huihuang No.15 single fund trust	7,114,435	RMB ordinary shares	7,114,435
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	6,707,257	Domestically listed foreign shares	6,707,257
Huabao Trust Co., Ltd. – Huihuang No.22 single fund trust	4,387,288	RMB ordinary shares	4,387,288
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.13 structured portfolio investment trust plan	3,958,923	RMB ordinary shares	3,958,923
Li Huili	3,891,124	Domestically listed foreign shares	3,891,124
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.14 structured portfolio investment trust plan	3,684,497	RMB ordinary shares	3,684,497
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	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 Shenzhen Guocheng 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 2017 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

Name	Title	Type	Date	Reason
Li Xiang	Supervisor	Be elected	2018-02-13	General election
Zheng Zhonghuan	Supervisor	Be elected	2018-02-13	General election
Li Jialin	Supervisor	Be elected	2018-02-13	General election
Li Hai	President	Appointment	2018-05-28	Re-engagement

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

2018-06-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	15,814,304.99	27,985,654.24
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		1,500,000.00
Accounts receivable	34,951,941.66	29,007,775.21
Accounts paid in advance	6,076,785.42	2,482,276.54
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	606,839.17	659,706.81
Purchase restituted finance asset		

Inventories	4,810,375.32	2,777,174.63
Assets held for sale		
Non-current asset due within one year		
Other current assets	1,792,452.81	1,805,427.17
Total current assets	64,052,699.37	66,218,014.60
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment property		
Fixed assets	3,756,571.22	3,941,117.97
Construction in progress		
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	1,882,500.00	2,259,000.00
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	741,828.71	741,828.71
Other non-current asset	400,000.00	400,000.00
Total non-current asset	6,780,899.93	7,341,946.68
Total assets	70,833,599.30	73,559,961.28
Current liabilities:		
Short-term loans		
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		

Derivative financial liability		
Notes payable		8,480,000.00
Accounts payable	10,827,725.61	3,928,197.27
Accounts received in advance	1,718,541.33	1,268,479.32
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	859,708.64	706,703.40
Taxes payable	2,733,356.50	3,807,286.87
Interest payable		
Dividend payable		
Other accounts payable	35,341,380.29	36,508,323.90
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	51,480,712.37	54,698,990.76
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	51,480,712.37	54,698,990.76

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	-1,195,403,038.95	-1,195,957,201.01
Total owner's equity attributable to parent company	16,452,432.91	15,898,270.85
Minority interests	2,900,454.02	2,962,699.67
Total owner's equity	19,352,886.93	18,860,970.52
Total liabilities and owner's equity	70,833,599.30	73,559,961.28

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	Closing balance	Opening balance
Current assets:		
Monetary funds	10,592,392.19	15,398,405.80
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		300,000.00
Accounts receivable	17,008,339.16	17,680,663.16
Account paid in advance	5,524,648.70	2,357,662.42
Interest receivable		

Dividends receivable		
Other receivables	255,580.95	280,576.37
Inventories		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,792,452.81	1,792,452.81
Total current assets	35,173,413.81	37,809,760.56
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	10,379.73	10,379.73
Investment property		
Fixed assets	3,189,645.44	3,309,465.26
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	1,882,500.00	2,259,000.00
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	5,482,525.17	5,978,844.99
Total assets	40,655,938.98	43,788,605.55
Current liabilities:		
Short-term borrowings		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		

Accounts payable		
Accounts received in advance	111,111.10	1,086,506.70
Wage payable	437,700.34	112,896.71
Taxes payable	1,773,220.21	2,806,928.48
Interest payable		
Dividend payable		
Other accounts payable	28,638,820.72	30,786,588.98
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	30,960,852.37	34,792,920.87
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	30,960,852.37	34,792,920.87
Owners' equity:		
Share capita	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 reserve	32,673,227.01	32,673,227.01
Retained profit	-1,202,160,385.25	-1,202,859,787.18
Total owner's equity	9,695,086.61	8,995,684.68
Total liabilities and owner's equity	40,655,938.98	43,788,605.55

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	67,734,899.35	48,929,676.27
Including: Operating income	67,734,899.35	48,929,676.27
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	67,051,835.24	51,337,023.25
Including: Operating cost	61,164,206.33	45,686,272.83
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		
Operating tax and extras	75,737.75	91,353.05
Sales expenses	2,755,927.53	2,468,701.87
Administration expenses	3,309,720.24	3,339,531.50
Financial expenses	-260,975.81	-201,564.91
Losses of devaluation of asset	7,219.20	-47,271.09
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")		

Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
Assets disposal income (Loss is listed with “-”)		
Other income		
III. Operating profit (Loss is listed with “-”)	683,064.11	-2,407,346.98
Add: Non-operating income	72,126.28	291,710.58
Less: Non-operating expense	30,140.00	
IV. Total Profit (Loss is listed with “-”)	725,050.39	-2,115,636.40
Less: Income tax expense	233,133.98	11,629.41
V. Net profit (Net loss is listed with “-”)	491,916.41	-2,127,265.81
(I) Continuous operation net profit (Net loss is listed with “-”)	491,916.41	-2,127,265.81
(II) Discontinued operation net profit (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	554,162.06	-1,691,378.44
Minority shareholders’ gains and losses	-62,245.65	-435,887.37
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 as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items		

which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	491,916.41	-2,127,265.81
Total comprehensive income attributable to owners of parent Company	554,162.06	-1,691,378.44
Total comprehensive income attributable to minority shareholders	-62,245.65	-435,887.37
VIII. Earnings per share:		
(i) Basic earnings per share	0.0010	-0.0031
(ii) Diluted earnings per share	0.0010	-0.0031

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	Current Period	Last Period
I. Operating income	24,023,518.68	3,228,905.96
Less: Operating cost	20,846,218.08	1,994,075.80
Operating tax and extras	13,741.20	
Sales expenses	276,827.75	
Administration expenses	2,107,312.50	2,165,755.45
Financial expenses	-83,003.31	2,461.63
Losses of devaluation of asset	-2,008.04	
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
Assets disposal income (Loss is listed with “-”)		
Other income		
II. Operating profit (Loss is listed with “-”)	864,430.50	-933,386.92
Add: Non-operating income	68,105.41	259,079.00
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	932,535.91	-674,307.92
Less: Income tax expense	233,133.98	
IV. Net profit (Net loss is listed with “-”)	699,401.93	-674,307.92
(I) Continuous operation net profit (Net loss is listed with “-”)	699,401.93	-674,307.92
(II) Discontinued operation net profit (Net loss is 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 as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	699,401.93	-674,307.92
VII. Earnings per share:		
(i) Basic earnings per share	0.0013	-0.0012
(ii) Diluted earnings per share	0.0013	-0.0012

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		

Cash received from selling commodities and providing labor services	15,792,549.13	23,451,451.79
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		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	5,306.26	
Other cash received concerning operating activities	2,529,012.36	2,324,298.02
Subtotal of cash inflow arising from operating activities	18,326,867.75	25,775,749.81
Cash paid for purchasing commodities and receiving labor service	12,448,466.83	23,835,363.39
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission		

charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	3,190,388.60	3,517,233.68
Taxes paid	1,336,400.97	1,649,135.49
Other cash paid concerning operating activities	4,714,582.54	5,580,059.48
Subtotal of cash outflow arising from operating activities	21,689,838.94	34,581,792.04
Net cash flows arising from operating activities	-3,362,971.19	-8,806,042.23
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		31,940.00
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		31,940.00
Net cash flows arising from investing activities		-31,940.00

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		
Subtotal of cash inflow from financing activities		
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		
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	-3,362,971.19	-8,837,982.23
Add: Balance of cash and cash equivalents at the period -begin	19,177,276.18	24,015,287.71
VI. Balance of cash and cash equivalents at the period -end	15,814,304.99	15,177,305.48

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
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I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	6,974.00	
Write-back of tax received	5,306.26	
Other cash received concerning operating activities	1,963,467.24	4,981,778.23
Subtotal of cash inflow arising from operating activities	1,975,747.50	4,981,778.23
Cash paid for purchasing commodities and receiving labor service	17,278.04	
Cash paid to/for staff and workers	1,237,282.20	1,439,294.18
Taxes paid	733,058.03	186,158.39
Other cash paid concerning operating activities	4,794,142.84	3,108,206.34
Subtotal of cash outflow arising from operating activities	6,781,761.11	4,733,658.91
Net cash flows arising from operating activities	-4,806,013.61	248,119.32
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		

Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities		
Net cash flows arising from investing activities		
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	-4,806,013.61	248,119.32
Add: Balance of cash and cash equivalents at the period -begin	15,398,405.80	1,143,418.29
VI. Balance of cash and cash equivalents at the period -end	10,592,392.19	1,391,537.61

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

This Period

In RMB

Item	This Period												
	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	Surplus reserve	Provision of general risk	Retained profit		
		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	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	2,962,699.67	18,860,970.52
III. Increase/Decrease in this year (Decrease is listed with "-")											554,162.06	-62,245.65	491,916.41
(i) Total comprehensive income											554,162.06	-62,245.65	491,916.41
(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 converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. 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		-1,195,403,038.95	2,900,454.02	19,352,886.93

Last Period

In RMB

Item	Last Period											Minority interests	Total owners' equity
	Owners' equity attributable to parent company												
	Share	Other equity instrument	Capital reserve	Less: Invento	Other compre	Reason able	Surplus reserve	Provisio n of	Retaine d profit				

	capital	Prefer red stock	Perpet ual capita l securi ties	Other		ry shares	hensive income	reserve		general risk			
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01		-1,197,486,788.28	2,913,127.47	17,281,811.05
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		-1,197,486,788.28	2,913,127.47	17,281,811.05
III. Increase/Decrease in this year (Decrease is listed with "-")											1,529,587.27	49,572.20	1,579,159.47
(i) Total comprehensive income											1,529,587.27	49,572.20	1,579,159.47
(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 converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. 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		-1,195,957,201.01	2,962,699.67	18,860,970.52	

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

This Period

In RMB

Item	This Period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	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.	8,995,684.68

										18	
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 year (Decrease is listed with “-”)										699,401.93	699,401.93
(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 conversed to capital (share capital)											

2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. 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	

Last period

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	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	-1,204,273,705.98	7,581,765.88
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	-1,204,273,705.98	7,581,765.88
III. Increase/Decrease in this year (Decrease is										1,413,918.80	1,413,918.80

listed with “-”)											
(i) Total comprehensive income										1,413,918.80	1,413,918.80
(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. 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	-1,202,859,787.18	8,995,684.68

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 operation activities: The production and assembly of various bicycles and spare parts, components, parts, mechanical product, sport machinery, fine chemicals, carbon fiber composites material, household electrical appliance and affiliated components (products management by license excluded).

The majority of its products were previously exported, however, the sales volume sharply declined in recent years because of the antidumping litigation. Hence, the Company commences on the debt reorganization and the reorganization plan was completed on 27 December 2013 with bankruptcy proceedings terminated. Meanwhile, makes greater efforts to develop and research the new products, and creates a range of electrical bicycles to occupy the domestic market.

Main products and services provided so far: EMMELLE bicycles, electrical bicycles and lithium battery material

3. Release of the financial report

The Financial Report released on 21 August 2018 after approved by 8th session of 10th BOD of the Company

One subsidiary included in consolidate scope in the period, and no changes in the period, found more in Note VIII and IX

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) (hereinafter referred to as NO. 15 (2014 Revised) document)

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

①The business combination 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.

The asset or liability items of consolidated party are measured at their carrying value in the consolidated balance sheet as of the consolidation date. Consolidated Profit and Loss include all items of income, expenditures and profit from beginning till end of the period of the consolidated party(ies). Net profit made by the consolidated company should be listed exclusively in the consolidated Profit and Loss. Cash flows from beginning till end of the period of all consolidated parties are taken into the consolidated Cash Flow.

②The business combinations not involving enterprises under common 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:

- A. 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.
- B. 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.

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

①In 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:

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

②Accounting 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 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

(1) Classification of financial instruments

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 amortized 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 amortized 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 amortization 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 recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes 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. Account receivable

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

Account with single significant amount	Over RMB 5 million
Withdrawal method for bad debt provision of account receivable with single significant amount	Conducted impairment testing separately, balance between the present value of future cash flow and its carrying value, bad debt provision withdrawal and reckoned into current gains/losses. For those without impairment being found after test, collected into relevant combination for accrual.

(2) Accounts receivable whose bad debts provision was accrued by combination based on credit risk characteristics portfolio

Combination	Bad debt provision accrual
Bad debt provision of receivables	Age analysis method

Accrual bad debt provision by age analysis in combination:

Applicable Not applicable

Age	Accrual ratio	Accrual ratio for other receivable
Within one year (one year included)	0.30%	0.30%
1—2 years	0.30%	0.30%

2—3 years	0.30%	0.30%
Over 3 years	100.00%	100.00%

In combination, withdrawal proportion of bad debt provision based on balance proportion

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods:

Applicable Not applicable

(3) Account receivable with minor single amount but with withdrawal bad debt provision for single item

Reasons for provision of bad debt reserve	If any objective evidence shows that it may has impaired, such as the debtor revoke, bankruptcy or death, and after liquidate with bankrupt's estates or heritage, the money still un-collectable, and in sufficient of cash flow
Provision method of bad debt reserve	As for the receivable with objective evidence shows that it might be impaired, an independent impairment test may be carried out for impairment losses recognized

12. 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.

13. 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.

14. Long-term equity investments

(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.

15. Investment property

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.

16. 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.

(2) Depreciation methods

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

17. Construction in process

(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.

18. Borrowing expenses

19. Biological assets

Nil

20. Oil-and-gas assets

Nil

21. Intangible assets

(1) Valuation method, service life and impairment test

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

b. 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.

c. 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) Accounting policies for expenditures for internal research and development activities

Expenditures for internal research and development activities are expensed in the period as incurred. The expenses of internal research and development projects during the development stage are recognized as intangible assets when all of the following conditions are satisfied: (1) The completion of such intangible assets for use or sale is technically feasible; (2) The Company has the intention to use or sell the intangible assets upon completion; (3) The way in which the intangible assets bring economic benefits shows that there exists consumption market for the products with use of these intangible assets or the intangible assets themselves, or that they are useful in case of internal utilization; (4) The Company has sufficient technological, financial and other resources to complete the development of the intangible assets and the ability to make them available for use or sale; (5) The expenses attributable to such intangible assets can be measured reliably at the development stage.

22. Impairment of long-term assets

23. Long-term deferred expenses

23. Long-term prepaid expenses

Long-term prepaid expenses are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepaid expenses fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

24. 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

(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

25. Accrued liabilities

26. 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.

27. Other financial instruments including senior shares and perpetual bonds

28. Revenue

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

No

(1) Goods sales

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.

29. Government Grants

(1) Determination basis and accounting for government grants related to assets

(1)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.

(2)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.

(3)Net method for government grants

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

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

(5)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.

(6)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.

(7)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.

(2)Judgment criteria and accounting treatment for government grants related to income

(1)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.

(2)Aggregate method for government grants:

1) 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.

(3)Net method for government grants

1) 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.

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

(5)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.

(6)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.

(7)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.

30. Deferred 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.

31. Lease**(1) Accounting for operating lease****(2) Accounting for financing lease****32. Other important accounting policy and estimation****33. Major accounting policy and changes****(1) Main accounting policy changes**

Applicable Not applicable

(2) Changes of important accounting estimate

Applicable Not applicable

34. Other**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	17%, 16%, 6%, 5%
Tax for maintaining and building cities	Turnover tax payable	7%
Business 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%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate

2. Tax preference

Nil

3. Other

Nil

VII. Notes to Items in Consolidated Financial Statements**1. Monetary fund**

In RMB

Item	Ending balance	Opening balance
Cash on hand	55,753.64	100,034.87
Cash in bank	15,758,551.35	18,837,402.11
Other monetary fund		9,048,217.26
Total	15,814,304.99	27,985,654.24

Other explanation

There were no restricted monetary fund at end of the period. No deposited overseas and of potential recovery risks at period-end

2. Financial assets measured by fair value and reckoned into current gains/losses with its variation

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

3. Derivative financial assets
 Applicable Not applicable
4. Note receivables**(1) Classification of notes receivable**

In RMB

Item	Ending balance	Opening balance
Bank acceptance bill		1,500,000.00
Total		1,500,000.00

(2) Pledge at period-end

In RMB

Item	Amount pledge at period-end
Bank acceptance bill	0.00
Trade acceptance	0.00
Total	0.00

(3) Notes endorsement or discount and undue on balance sheet date

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance bill	48,320,333.38	0.00
Trade acceptance	0.00	0.00
Total	48,320,333.38	0.00

(4) 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
Trade acceptance	0.00
Total	0.00

Other explanation

There was no notes that converted to receivables due to the inability of the drawer to performance the contrat .

5. Accounts receivable**(1) Accounts receivable by category**

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Receivables with bad debt provision accrual by credit portfolio	36,199,374.5	96.59%	1,247,395.79	3.45%	34,951,941.66	30,247,962.05	95.95%	1,240,186.84	4.10%	29,007,775.21
Accounts with single significant amount and bad debts provision accrued individually	1,278,283.50	3.41%	1,278,283.50	100.00%		1,278,283.50	4.05%	1,278,283.50	100.00%	

Total	37,477,620.95	100.00%	2,525,679.29	6.74%	34,951,941.66	31,526,245.55	100.00%	2,518,470.34	7.99%	29,007,775.21
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Receivable with single significant amount and withdrawal bad debt provision separately at end of period:

Applicable Not applicable

In combination, accounts receivable whose bad debts provision was accrued by age analysis:

Applicable Not applicable

In RMB

Age	Ending balance		
	Account receivable	Bad debt provision	Accrual ratio
Within one year			
Within 1 year	34,155,123.80	102,465.37	0.30%
Subtotal within one year	34,155,123.80	102,465.37	0.30%
1-2 years	901,989.20	2,705.97	0.30%
2-3 years			0.30%
Over 3 years	1,142,224.45	1,142,224.45	100.00%
Total	36,199,337.45	1,247,395.79	3.45%

Explanation on combination determines:

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.

In combination, withdrawal proportion of bad debt provision based on balance proportion for account receivable:

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for account receivable:

Nil

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 9,231.99 Yuan; the amount collected or switches back amounting to 2,023.04 Yuan

Important bad debt provision collected or switch back:

In RMB

Company	Collected or switch back amount	Collection way
Total	0.00	--

(3) Account receivable actual charge off in the Period

In RMB

Item	Amount written off
------	--------------------

Written-off for the major receivable:

In RMB

Company	Nature	Amount written off	Reason for write-off	Verification procedures	Arising from related transaction (Y/N)
Total	--	0.00	--	--	--

Explanation for write-off of receivables:

Nil

(4) Top 5 receivables at ending balance by arrears party

Item	Relationship with the company	Amount	Account age	Bad debt provision	Ratio in total receivables (%)	Nature
Jinan Yuxintai Sales Co., Ltd.	Unrelated party	9,043,566.55	Within 1 year	27,130.70	24.13	Payment for goods
Shenzhen WTR New Energy Technology Co., Ltd.	Unrelated party	7,923,335.39	Within 1 year	23,770.00	21.14	Payment for goods
Shenzhen BoYiN Technology Co., Ltd.	Unrelated party	5,217,743.51	Within 1 year	15,653.23	13.92	Payment for goods
Shenzhen Jiahaosong Technology Co., Ltd.	Unrelated party	3,918,438.81	Within 1 year	11,755.32	10.46	Payment for goods
Fu Qi	Unrelated party	2,933,729.40	Within 1 year	8,801.19	7.83	Payment for goods
Total		29,036,813.66		87,110.44	77.48	

(5) De-recognition for financial assets transfer

Nil

(6) Receivable transferred and the assets and liability resulted for continue to engagement

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. Advance payment

(1) Listed by account age

In RMB

Age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	6,076,785.42	100.00%	2,482,276.54	100.00%
Total	6,076,785.42	--	2,482,276.54	--

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

Item	Relationship with the company	Amount	Account age	Nature	Ratio in total advance e payment (%)
Zhaoqing Kaisite Battery Co., Ltd.	Material Unrelated party	5,064,187.12	Within 1 year	Prepayments for materials	83.34
Sichuan Xingsheng Lithium Co., Ltd.	Industry Unrelated party	660,000.00	Within 1 year	Prepayments for materials	10.86
Guangshui Qilin New Mateiral Ltd.	Co., Unrelated party	290,598.30	Within 1 year	Prepayments for materials	4.78
Xinjiang Tebian Engineering Co., Ltd.	Electrical Unrelated party	62,000.00	Within 1 year	Project bid	1.02
Total		6,076,785.42			100.00

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

7. Interest receivable

(1) interest receivable

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

(2) Important overdue interest

Borrower	Ending balance	Overdue time Overdue time	Overdue reason	Impairment (Y/N) and judgment basis
Total	0.00	--	--	--

Other explanation

Nil

8. Dividend receivables**(1) Dividend receivables**

In RMB

Item (or the invested entity)	Ending balance	Opening balance
-------------------------------	----------------	-----------------

(2) Major dividend receivables with over one year age

In RMB

Item or the invested entity)	Ending balance	Age	Reasons	Impairment (Y/N) and judgment basis
Total	0.00	--	--	--

Other explanation

Nil

9. Other accounts receivable**(1) Other accounts receivable by category**

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other receivables with bad debt provision accrual by credit portfolio	1,077,734.01	100.00%	470,894.84	43.69%	606,839.17	1,130,591.40	100.00%	470,884.59	41.65%	659,706.81
Total	1,077,734.01	100.00%	470,894.84	43.69%	606,839.17	1,130,591.40	100.00%	470,884.59	41.65%	659,706.81

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

 Applicable Not applicable

In combination, other accounts receivable whose bad debts provision was accrued by age analysis

Applicable Not applicable

In RMB

Age	Ending balance		
	Other accounts receivable	Bad debt provision	Accrual ratio
Within 1 year			
Within 1 year	251,572.17	754.72	0.30%
Subtotal within one year	251,572.17	754.72	0.30%
1-2 years	148,388.00	445.16	0.30%
2-3 years	208,705.00	626.12	0.30%
Over 3 years	469,068.84	469,068.84	100.00%
Total	1,077,734.01	470,894.84	43.69%

Explanations on combination determine:

Other receivable with single significant amount refers to the amount with over 5 million Yuan

In combination, withdrawal proportion of bad debt provision based on balance proportion for other account receivable:

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for other account receivable:

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 15.00 Yuan; the amount collected or switches back amounting to 4.75Yuan

Important bad debt provision collected or switch back:

In RMB

Company	Amount reversal or collected	Collection way
Total	0.00	--

Nil

(3) Other receivables actually written-off during the reporting period

In RMB

Item	Amount written off
------	--------------------

Written-off for the major other receivable:

In RMB

Company	Nature of other receivables	Amount written off	Reason for write-off	Verification procedures	Arising from related transaction (Y/N)
Total	--	0.00	--	--	--

Explanation for write-off of other receivables:

Nil

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin or deposit	496,750.00	628,997.24
Equipment money	311,400.00	311,400.00
Staff personal loans	113,701.00	49,098.50
Other	155,883.01	141,095.66
Total	1,077,734.01	1,130,591.40

(5) Top 5 other receivables at ending balance by arrears party

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Shenzhen Luwei Mechatronic Equipment Co., Ltd.	Equipment money	300,000.00	Over 5 years	27.84%	300,000.00
Shenzhen Anjinheng Industrial Co., Ltd.	Margin or deposit	150,900.00	Within 3 years	14.00%	452.70
Shenzhen Material Group Co., Ltd.	Margin or deposit	135,723.00	Within 3 years	12.59%	407.17
Alipay (China) Network Technology Co., Ltd.	Margin or deposit	110,000.00	Within 2 years	10.21%	330.00
Zhao Zhuqing	Margin or deposit	36,000.00	Over 3 years	3.34%	36,000.00
Total	--	732,623.00	--	67.98%	337,189.87

(6) Account receivable with government grants involved

In RMB

Company	Item	Ending balance	Ending age	Time, amount and basis of amount collection estimated
Total	--	0.00	--	--

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

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

10. Inventory**(1) Inventory classification**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	442,413.52	27,465.37	414,948.15	566,193.56	27,465.37	538,728.19
Finished goods	4,399,877.37	4,450.20	4,395,427.17	2,233,386.81	4,450.20	2,228,936.61
Goods shipped in transit				9,509.83		9,509.83
Total	4,842,290.89	31,915.57	4,810,375.32	2,809,090.20	31,915.57	2,777,174.63

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	Opening balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual	Other	Switch back or write-off	Other	
Raw materials	27,465.37					27,465.37
Finished goods	4,450.20					4,450.20
Total	31,915.57	0.00	0.00	0.00	0.00	31,915.57

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

Nil

11. Assets hold for sold

In RMB

Item	Ending book value	Fair value	Expected disposal expenses	Expected disposal time
Total	0.00	0.00	0.00	--

Other explanation

Nil

12. Non-current assets due within one year

In RMB

Item	Ending balance	Opening balance
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Other explanation

Nil

13. Other current assets

In RMB

Item	Ending balance	Opening balance
Prepaid intermediary fee	1,792,452.81	1,792,452.81
Prepaid tax		12,974.36
Total	1,792,452.81	1,805,427.17

Other explanation

Nil

14. Financial assets available for sale**(1) Financial assets available for sale**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Total	0.00	0.00		0.00	0.00	

(2) Financial assets available for sale measured by fair value at period-end

In RMB

Type	Equity instrument available for sale	Debt instrument available for sale		Total
Cost /liability of equity instrument/ amortization cost of debt instrument				0.00
Fair value				0.00
Amount of fair value changes that accumulatively reckoned in other comprehensive gains				0.00
Amount with impairment accrual				0.00

(3) Financial assets available for sale measured by cost at period-end

In RMB

The invested entity	Book balance				Depreciation reserves				Ratio of share-holding in invested entity	Cash dividend
	Period-beg inning	Increased	Decreased	Period-end	Period-beg inning	Increased	Decreased	Period-end		
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--	0.00

(4) Changes of impairment in Period

In RMB

Type	Equity instrument	Debt instrument		Total

	available for sale	available for sale		
Balance of impairment accrual at period-begin				0.00
Current accrual				0.00
Including: transfer-in from other comprehensive income				0.00
Current decrease				0.00
Including: switch back due to fair value rebound at period-end				0.00
Balance of impairment accrual at period-end				0.00

(5) Fair value of equity instrument available for sale sharply declined or other-than-temporary declined at period-end without depreciation reserves accrual

In RMB

Item	Investment cost	Ending fair value	Fair value declined relative to cost	Time of drops persistently (month)	Amount with impairment accrual	Reasons for un-accrual
Total	0.00	0.00	--	--	0.00	--

Other explanation

Nil

15. Held-to-maturity investment

(1) Held-to-maturity investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Total	0.00	0.00		0.00	0.00	

(2) Important held-to-maturity investment at period-end

In RMB

Bond	Face value	Coupon value	Actual rate	Maturity date
Total	0.00	--	--	--

(3) Held-to-maturity investment reclassify in the Period

Nil

Other explanation

Nil

16. Long-term account receivable**(1) Long-term account receivable**

In RMB

Item	Ending balance			Opening balance			Discount rate section
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Total	0.00	0.00		0.00	0.00		--

(2) Long-term account receivable derecognition due to transfer of financial assets

Nil

(3) Assets and liability resulted by long-term account receivable transfer and continuous involvement

Nil

Other explanation

Nil

17. Long-term equity investment

In RMB

The invested entity	Opening balance	v								Ending balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Associated enterprise											
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	0.00	0.00	0.00

Other explanation

Nil

18. 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) Certificate of title un-completed**

In RMB

Item	Book value	Reasons for un-completed
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Other explanation

Nil

19. Fixed assets**(1) Fixed assets**

In RMB

Item	Housing buildings	Machinery equipment	Means of transportation	Electronic equipment and other	Total
I. Original book value:					
1. Opening balance	2,959,824.00	416,629.06	958,593.21	684,394.50	5,019,440.77
2. Increase in the current period					
(1) Purchase					
(2) construction in process transfer-in					
(3) the increase in business combination					
3. Decrease in the current period					

(1) Disposal or scrap					
4.Ending balance	2,959,824.00	416,629.06	958,593.21	684,394.50	5,019,440.77
II. accumulated depreciation					
1.Opening balance	199,788.12	109,246.12	269,780.13	499,508.43	1,078,322.80
2.Increase in the current period	66,596.04	18,748.32	86,273.40	12,928.99	184,546.75
(1) provision	66,596.04	18,748.32	86,273.40	12,928.99	184,546.75
3.Decrease in the current period					
(1) Disposal or scrap					
4.Ending balance	266,384.16	127,994.44	356,053.53	512,437.42	1,262,869.55
III. impairment of preparation					
1.Opening balance	0.00	0.00	0.00	0.00	0.00
2.Increase in the current period	0.00	0.00	0.00	0.00	0.00
(1) provision	0.00	0.00	0.00	0.00	0.00
3.Decrease in the current period	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	0.00	0.00	0.00	0.00
4.Ending balance	0.00	0.00	0.00	0.00	0.00
IV. book value					
1.Ending book value	2,693,439.84	288,634.62	602,539.68	171,957.08	3,756,571.22
2. Opening book value	2,760,035.88	307,382.94	688,813.08	184,886.07	3,941,117.97

(2) Fixed assets temporary idle

In RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Note

(3) Fixed assets leased through operating lease

In RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value

(4) Fixed assets leased through operating lease

In RMB

Item	Ending book value

(5) Certificate of title un-completed

In RMB

Item	Book value	Reasons
Six properties in Lianxin Garden	2,693,439.84	Other explanation

Other explanation

The six properties of Lianxin Garden have 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.

20. Construction in progress**(1) Construction in progress**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Total	0.00	0.00		0.00	0.00	

(2) Changes in significant construction in progress

In RMB

Item	Budget	Opening balance	Increase in the current 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
Total	0.00	0.00	0.00	0.00	0.00	0.00	--	--	0.00	0.00	0.00%	--

(3) Depreciation reserves accrual

In RMB

Item	Accrual Amount	Reasons
Total	0.00	--

Other explanation

Nil

21. Engineering materials

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

22. Disposal of fixed assets

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

23. Productive biological assets

(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 assets

□ Applicable √ Not applicable

25. Intangible assets**(1) Intangible assets**

In RMB

Item	Land use right	Patent	Non-patent technology	Trademark	Total
I. original book value:					
1. Opening balance				5,271,000.00	5,271,000.00
2. Increase in the current period					
(1) Purchase					
(2) internal R & D					
(3) the increase in business combination					
3. Decrease in the current period					
(1) Disposal					
4. Ending balance				5,271,000.00	5,271,000.00
II. accumulated depreciation					
1. Opening balance				3,012,000.00	3,012,000.00
2. Increase in the current period				376,500.00	376,500.00
(1) provision				376,500.00	376,500.00
3. Decrease in					

the current period					
(1) Disposal					
4.Ending balance				3,388,500.00	3,388,500.00
III. impairment of preparation					
1.Opening balance					
2.Increase in the current period					
(1) provision					
3.Decrease in the current period					
(1) Disposal					
4.Ending balance					
IV. book value					
1.Ending book value				1,882,500.00	1,882,500.00
2. Opening book value				2,259,000.00	2,259,000.00

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
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Other explanation

Nil

26. Development expense

In RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
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Total	0.00	0.00	0.00		0.00	0.00		0.00
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Other explanation

Nil

27. Goodwill

(1) Original book value of goodwill

In RMB

The invested entity or matters of goodwill	Opening balance	Increase during the year		Decreased during the year		Ending balance
Total	0.00	0.00		0.00		0.00

(2) Depreciation reserves of goodwill

In RMB

The invested entity or matters of goodwill	Opening balance	Increase during the year		Decreased during the year		Ending balance
Total	0.00	0.00		0.00		0.00

Process of impairment testing, parameter and recognition method for impairment losses:

Nil

Other explanation

Nil

28. Long-term unamortized expenses

In RMB

Item	Opening balance	Increase in the current period	Amortized in the Period	Other decrease	Ending balance
Total		0.00	0.00	0.00	

Other explanation

Nil

29. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets un-offset

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment	2,967,314.86	741,828.71	2,967,314.86	741,828.71
Total	2,967,314.86	741,828.71	2,967,314.86	741,828.71

(2) Deferred income tax liabilities un-offset

In RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Total	0.00	0.00	0.00	0.00

(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 off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets	0.00	741,828.71	0.00	741,828.71
Deferred income tax liability	0.00		0.00	

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Total	0.00	0.00

(5) Deductible losses of un-recognized deferred income tax assets expired on the followed year

In RMB

Year	Ending amount	Opening amount	Note
Total	0.00	0.00	--

Other explanation

Nil

30. Other non-current assets

In RMB

Item	Ending balance	Opening balance
Advance payment for house	400,000.00	400,000.00
Total	400,000.00	400,000.00

Other explanation

Ended as 30 June 2018, the four houses for enterprise talent, located in Yinhu Lanshan, have not yet delivered by Shenzhen Housing and Construction Bureau of Luohu District

31. Short-term loans**(1) Types of short-term loans**

In RMB

Item	Ending balance	Opening balance
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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

Unit	Ending balance	Lending rate	Overdue time	Overdue rate
Total	0.00	--	--	--

Other explanation

Nil

32. Financial liability measured by fair value and with its variation reckoned into current gains/losses

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

Other explanation

Nil

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

In RMB

Type	Ending balance	Opening balance
Trade acceptance		8,480,000.00
Total		8,480,000.00

Notes expired at year-end without paid was 0.00 Yuan

35. Account payable

(1) Account payable

In RMB

Item	Ending balance	Opening balance
Within one year (one year included)	10,599,255.82	3,638,705.30
1-2 year (2 years included)	76,401.23	137,423.41
2-3 years (3years included)	3,084.95	3,084.95
4-5 years (5years included)		
Over 5 years	148,983.61	148,983.61
Total	10,827,725.61	3,928,197.27

(2) Account payable with over one year book age

In RMB

Item	Ending balance	Reasons of un-paid or carry-over
Total	0.00	--

Other explanation

Top 5 payables at Period-end

Item	Relationship with the company	Amount	Account age	Ratio in total payables in advance (%)	Nature
Baodao Car Industry Group Co., Ltd	Unrelated party	5,790,643.76	Within 1 year	53.48	Payment for goods
Jinda Intelligence Technology Co., Ltd.	Unrelated party	2,660,755.70	Within 1 year	24.57	Payment for goods
Tianjin Luying Car Industry Co., Ltd.	Unrelated party	1,196,170.33	Within 1 year	11.05	Payment for goods
Tianjin Jianya Electronic Tech.Co., Ltd.	Unrelated party	359,431.18	Within 1 year	3.32	Payment for goods

		goods		
Tianjin Tianrui Weisheng Sports Equipment Co., Ltd.	Unrelated party	244,729.18	Within 1 year	2.26 Payment for goods
Total		10,251,730.15		94.68

36. Account received in advance

(1) Account received in advance

In RMB

Item	Ending balance	Opening balance
Within one year (one year included)	1,661,866.45	1,211,804.44
1-2 years (2 years included)	19,777.88	19,777.88
2-3 years (3 years included)	36,897.00	36,897.00
Total	1,718,541.33	1,268,479.32

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

In RMB

Item	Ending balance	Reasons of un-paid or carry-over
Total	0.00	--

(3) Projects that settle without completed from construction contract at period-end

In RMB

Item	Amount
------	--------

Other explanation

Nil

37. Wages payable

(1) Wages payable

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
I. Short-term compensation	706,703.40	3,033,554.78	2,880,549.54	859,708.64
II. Post-employment		160,367.77	160,367.77	

benefit – defined contribution plan				
Total	706,703.40	3,193,922.55	3,040,917.31	859,708.64

(2) Short-term compensation

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
1. Wages, bonuses, allowances and subsidies	699,994.68	2,524,848.21	2,372,089.72	852,753.17
2. Welfare for workers and staff		141,100.00	141,100.00	
3. Social insurance		137,430.26	137,430.26	
Including: Medical insurance		124,611.52	124,611.52	
Work injury insurance		5,932.78	5,932.78	
Maternity insurance		6,885.96	6,885.96	
4. Housing accumulation fund		189,464.40	189,464.40	
5. Labor union expenditure and personnel education expense	6,708.72	40,711.91	40,465.16	6,955.47
Total	706,703.40	3,033,554.78	2,880,549.54	859,708.64

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
1. Basic endowment insurance		154,517.09	154,517.09	
2. Unemployment insurance		5,850.68	5,850.68	
Total		160,367.77	160,367.77	

Other explanation

No defaulted wages payable at end of the period

38. Tax payable

In RMB

Item	Ending balance	Opening balance
Value-added tax	2,345,559.33	3,391,621.62
Enterprise income tax	129,074.09	339,193.85
Individual income tax	139,291.45	23,164.05
Urban maintenance and construction tax	7,238.49	7,615.81
House property tax	90,141.20	45,070.60
Educational surtax & local educational surcharge	351.36	620.94
Land holding tax	7,959.38	
Stamp tax	13,741.20	
Total	2,733,356.50	3,807,286.87

Other explanation

Nil

39. Interest payable

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

Interest overdue without paid:

In RMB

Borrower	Amount overdue	Reasons
Total	0.00	--

Other explanation

Nil

40. Dividends payable

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

Other explanation, including dividends payable with over one year age and disclosure un-payment reasons:

Nil

41. Other payable**(1) Classification of other payable according to nature of account**

In RMB

Item	Ending balance	Opening balance
Custodian and common benefit debts	18,639,499.20	18,919,942.85
Current money	6,500,000.00	6,500,000.00
Warranty and guarantee money	9,773,515.24	9,615,020.00
Other payable service charge (intermediary services included)	305,554.80	707,252.91
Other	122,811.05	766,108.14
Total	35,341,380.29	36,508,323.90

(2) Significant other payable with over one year age

In RMB

Item	Ending balance	Reasons of un-paid or carry-over
Custodian and common benefit debts	9,194,762.20	
Shenzhen Guosheng Energy Investment Development Co., Ltd.	6,500,000.00	Interest-free loans
Total	15,694,762.20	--

Other explanation

Nil

42. Liabilities hold for sale

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

43. Non-current liability due within one year

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

44. Other current liability

In RMB

Item	Ending balance	Opening balance

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		Ending balance
Total	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00		0.00

Other explanation

Nil

45. Long-term loans

(1) Classification of long-term loans

In RMB

Item	Ending balance	Opening balance
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Explanation:

Nil

Other explanation, including interest rate section:

Nil

46. Bonds payable

(1) Bonds payable

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

(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

Total	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00		0.00
-------	----	----	----	------	------	------	------	------	------	--	------

(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		Increase during the year		Decrease during the year		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Total	0	0.00	0	0.00	0	0.00	0	0.00

Basis for financial liability classification for other financial instrument

Nil

Other explanation

Nil

47. Long-term account payable**(1) Listed by nature**

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

48. Long-term employee payable**(1) Long-term employee payable**

In RMB

Item	Ending balance	Opening balance

(2) Changes of defined benefit plans

Present value of the defined benefit plans:

In RMB

Item	Current amount	Last amount

Scheme assets:

In RMB

Item	Current amount	Last amount

Net liability (assts) of the defined benefit plans

In RMB

Item	Current amount	Last amount

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

49. Special payable

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance	Causes
Total		0.00	0.00		--

Other explanation

Nil

50. Accrued liability

In RMB

Item	Ending balance	Opening balance	Causes

Other explanation, including relevant important assumptions and estimation:

Nil

51. Deferred income

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance	Causes
Total		0.00	0.00		--

Item with government grants involved:

In RMB

Item	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets-related/income related
Total		0.00	0.00	0.00	0.00	0.00		--

Other explanation

Nil

52. Other non-current liability

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

53. Share capital

In RMB

	Opening balance	Change during the year(+,-)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	551,347,947.00					0.00	551,347,947.00

Other explanation

No changes in the period

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		Increase during the year		Decrease during the year		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Total	0		0	0.00	0	0.00	0	

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

Nil

Other explanation

Nil

55. Capital reserve

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
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	Opening balance	Increase during the year	Decrease during the year	Ending balance
Total		0.00	0.00	

Other explanation, including changes and reasons for changes:

Nil

57. Other comprehensive income

In RMB

Item	Opening balance	Current amount					Ending balance
		Account before income tax in the year	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
Total other comprehensive income		0.00	0.00	0.00			

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. Special reserves

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
Total		0.00	0.00	

Other explanation, including changes and reasons for changes:

Nil

59. Surplus reserves

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
Statutory surplus reserve	32,673,227.01			32,673,227.01
Total	32,673,227.01	0.00	0.00	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	-1,195,957,201.01	-1,197,486,788.28
Retained profit at period-begin after adjustment	-1,195,957,201.01	-1,197,486,788.28
Add: net profit attributable to shareholders of parent company for this year	554,162.06	1,529,587.27
Retained profit at period-end	-1,195,403,038.95	-1,195,957,201.01

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. Operating income and operating cost

In RMB

Item	Current amount		Last amount	
	Income	Cost	Income	Cost
Main business	63,664,151.78	59,106,390.80	45,537,967.15	43,692,197.03
Other business	4,070,747.57	2,057,815.53	3,391,709.12	1,994,075.80
Total	67,734,899.35	61,164,206.33	48,929,676.27	45,686,272.83

62. Business tax and surcharge

In RMB

Item	Current amount	Last amount
Urban maintenance and construction tax	29,269.66	45,604.48
Educational surtax	20,906.89	32,574.63
Stamp tax	25,561.20	13,173.94
Total	75,737.75	91,353.05

Other explanation

Nil

63. Sales expense

In RMB

Item	Current amount	Last amount
Remuneration & social public reserves	1,532,803.51	1,126,682.80
Business travel expenses	192,454.31	218,695.40
Leasing and property fee	188,033.90	180,047.47
Net sales fee	535,515.52	476,089.26
Other	307,120.29	467,186.94
Total	2,755,927.53	2,468,701.87

Other explanation

Nil

64. Administration expense

In RMB

Item	Current amount	Last amount
Remuneration & social public reserves	1,828,693.52	2,079,149.94
Leasing and property fee	709,919.19	702,602.38
Other	771,107.53	557,779.18
Total	3,309,720.24	3,339,531.50

Other explanation

Nil

65. Financial expense

In RMB

Item	Current amount	Last amount
Interest income	-272,686.20	-213,713.97
Commission charge etc.	11,710.39	12,149.06
Total	-260,975.81	-201,564.91

Other explanation

Nil

66. Loss from Assets depreciation

In RMB

Item	Current amount	Last amount
------	----------------	-------------

I. Bad debt losses	7,219.20	-47,271.09
Total	7,219.20	-47,271.09

Other explanation

Nil

67. Changes in fair value gains

In RMB

Changes resources	Current amount	Last amount
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Other explanation

Nil

68. Investment income

In RMB

Item	Current amount	Last amount
------	----------------	-------------

Other explanation

Nil

69. Gains from assets disposal

In RMB

Sources	Current amount	Last amount
---------	----------------	-------------

70. Other income

In RMB

Sources	Current amount	Last amount
---------	----------------	-------------

71. Non-operating revenue

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the Year
Other	72,126.28	291,710.58	72,126.28
Total	72,126.28	291,710.58	72,126.28

Government grants reckoned into current gains/losses:

In RMB

Item	Granting	Cause of	Nature	Impact	Special	Amount in	Amount last	Assets
------	----------	----------	--------	--------	---------	-----------	-------------	--------

	subject	distribution		current profit (Y/N)	benefit (Y/N)	the period	period	related/incom e related
Total	--	--	--	--	--	0.00	0.00	--

Other explanation

Nil

72. Non-operating expenditure

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the Year
Other	30,140.00		30,140.00
Total	30,140.00		30,140.00

Other explanation

Nil

73. Income tax expense

(1) Income tax expense

In RMB

Item	Current amount	Last amount
Current income tax	233,133.98	
Deferred income tax		11,629.41
Total	233,133.98	11,629.41

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current amount
Total profit	725,050.39
Income tax measured by statutory/applicable tax rate	233,133.98
Income tax expenses	233,133.98

Other explanation

Total profit of the subsidiaries in consolidate statement was losses

74. Other comprehensive income

Found more in Note 57.

75. Items of cash flow statement**(1) Other cash received in relation to operation activities**

In RMB

Item	Current amount	Last amount
Interest and Rent and utilities etc.	1,673,601.27	1,603,116.82
Other Current money	855,411.09	721,181.20
Total	2,529,012.36	2,324,298.02

Explanation on other cash received in relation to operation activities:

Nil

(2) Other cash paid in relation to operation activities

In RMB

Item	Current amount	Last amount
Payment of the period fee, operation expenditure & common debt	4,714,582.54	5,580,059.48
Total	4,714,582.54	5,580,059.48

Explanation on other cash paid in relation to operation activities:

Nil

(3) Cash received from other investment activities

In RMB

Item	Current amount	Last amount
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Explanation on cash received from other investment activities:

Nil

(4) Cash paid related with investment activities

In RMB

Item	Current amount	Last amount
------	----------------	-------------

Explanation on cash paid related with investment activities

Nil

(5) Other cash received in relation to financing activities

In RMB

Item	Current amount	Last amount
------	----------------	-------------

Explanation on other cash received in relation to financing activities:

Nil

(6) Cash paid related with financing activities

In RMB

Item	Current amount	Last amount
------	----------------	-------------

Explanation on cash paid related with financing activities:

Nil

76. 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	491,916.41	-2,127,265.81
Add: Assets impairment provision	7,219.20	-47,271.09
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	184,546.75	145,136.97
Amortization of intangible assets	376,500.00	376,500.00
Financial expense(gain listed with “-”)		-201,564.91
Decrease of deferred income tax asset(increase is listed with “-”)		11,629.41
Decrease of inventory (increase is listed with “-”)	-2,033,200.69	-2,966,733.68
Decrease of operating receivable accounts (increase is listed with “-”)	-5,809,570.61	1,556,935.35
Increase of operating payable accounts (decrease is listed with “-”)	3,419,617.75	-5,553,408.47
Net cash flow arising from operating activities	-3,362,971.19	-8,806,042.23
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	15,814,304.99	15,177,305.48

Less: Balance of cash at year-begin	19,177,276.18	24,015,287.71
Net increasing of cash and cash equivalents	-3,362,971.19	-8,837,982.23

(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	Ending balance	Opening balance
I . Cash	15,814,304.99	19,177,276.18
Including: Cash on hand	55,753.64	100,034.87
Bank deposit available for payment at any time	15,758,551.35	18,837,402.11
Other monetary fund available for payment at any time		239,839.20
III. Balance of cash and cash equivalent at period-end	15,814,304.99	19,177,276.18

Other explanation

Nil

77. Notes of changes of owners' equity

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

Nil

78. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Total	0.00	--

Other explanation

Nil

79. Foreign currency monetary items**(1) Foreign currency monetary items**

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
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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

80. Hedging

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

Nil

81. 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 combined under the same control

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

In RMB

Acquiree	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

	On purchasing 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	Bicycle and spare parts distribution	70.00%		Investment establishment

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 consignor:

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%	-62,245.65	0.00	2,900,454.02

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	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Shenzhen Emmelle Industrial Co., Ltd.	30,301,180.62	1,308,754.49	31,609,935.11	21,941,755.06	0.00	21,941,755.06	31,672,252.96	1,373,481.42	33,045,734.38	23,170,068.81	0.00	23,170,068.81

In RMB

Subsidiary	Current amount				Last amount			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity

Shenzhen Emmelle Industrial Co., Ltd.	44,367,011.18	-207,485.52	-207,485.52	1,114,664.36	46,225,592.77	-1,452,957.89	-1,452,957.89	-9,054,161.55
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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 cooperative enterprise

(1) Important joint venture and cooperative enterprise

Name	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and cooperative enterprise
				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

	Ending balance /Current amount	Opening balance /Last amount

Other explanation

(3) Main financial information of the important cooperative enterprise

In RMB

	Ending balance /Current amount	Opening balance /Last amount

Other explanation

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

In RMB

	Ending balance /Current amount	Opening balance /Last amount
Joint venture	--	--
Total numbers measured by share-holding ratio	--	--
Cooperative enterprise	--	--
Total numbers measured by share-holding ratio	--	--

Other explanation

(5) Assets transfer ability has major restriction from joint venture or cooperative enterprise**(6) Excess losses from joint venture or cooperative enterprise**

In RMB

Name	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 cooperative 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 funds, trade receivables, other receivables, trade payables, other payables, 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 June 2018, the gearing ratio of the Company was 72.68% (31 December 2017: 74.36%)

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	--	--	--	--
(I) Financial assets measured at fair value and				0.00

changes accounted in the current profits and losses				
1. Transaction financial assets				0.00
(1) Investment in debt instruments				0.00
(2) Investment in equity instruments				0.00
(3) Derivative financial assets				0.00
2. Financial assets appointed to measure at fair value and changes accounted in the current profits and losses				0.00
(1) Investment in debt instruments				0.00
(2) Investment in equity instruments				0.00
(II) Financial assets available for sale				0.00
(1) Investment in debt instruments				0.00
(2) Investment in equity instruments				0.00
(3) Other				0.00
(III) Investment real estate				0.00
1. Rental land use rights				0.00
2. Rental buildings				0.00
3. Land use rights holding and preparing to transfer after add value				0.00
(IV) Biological assets				0.00
1. Consumption biological assets				0.00
2. Productive biological assets				0.00
Total assets continuously measured by fair value				0.00

(V) Transaction financial liabilities				0.00
Among them: issue of transaction bonds				0.00
Derivative financial liabilities				0.00
Other				0.00
(VI) Financial liabilities appointed to measure at fair value and changes accounted in the current profits and losses				0.00
Total liabilities continuously measured by fair value				0.00
II. Non-sustaining measured by fair value	--	--	--	--
(I) Assets held for sale				0.00
Total assets non-continuously measured by fair value				0.00
Total liabilities non-continuously measured by fair value				0.00

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	Registration 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

We do not have parent company presently

Ultimate controlling party: 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. Cooperative enterprise and joint venture

Found more in Note IX-3

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

Name	Relationship
------	--------------

Other explanation

Nil

4. Other related party

Other related party	Relationship with the Enterprise
Shenzhen Guosheng Energy Investment Development Co., Ltd.	The first majority shareholder

Other explanation

Shenzhen Guosheng Energy Investment Development Co., Ltd. holds 11.52% shares

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Content	Current amount	Approved transaction amount	Whether more than the transaction amount	Last amount
---------------	---------	----------------	-----------------------------	--	-------------

Goods sold/labor service providing

In RMB

Related party	Content	Current amount	Last amount
---------------	---------	----------------	-------------

Explanation on goods purchasing, labor service providing and receiving

Nil

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

Trusteeship/contract

In RMB

Client/ contract-out party	Entrusting party/ contractor	Assets type	Starting date	Maturity date	Yield pricing basis	Income from trusteeship/contract
-------------------------------	---------------------------------	-------------	---------------	---------------	------------------------	-------------------------------------

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
----------------------------------	---------------------------------	-------------	---------------	---------------	---	---

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)
---------------	------------------	---------------	---------------	------------------------------

As a secured party for the Company

In RMB

Guarantor	Amount guarantee	Starting date	Maturity date	Guarantee completed (Y/N)
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Explanation on related guarantee

Nil

(5) Borrowed funds of related party

In RMB

Related party	Borrowed funds	Starting date	Maturity date	Note
Borrowing				
Lending				

(6) Assets transfer and debt restructuring of related party

In RMB

Related party	Transaction content	Current amount	Last amount

(7) Remuneration of key manager

In RMB

Item	Current amount	Last amount
Remuneration of key manager	1,258,900.00	1,091,420.00

(8) Other related transactions

Nil

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

In RMB

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
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

Nil

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

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

Accounting error correction	Approval procedures	Reasons for prospective application adopted
-----------------------------	---------------------	---

2. Debt restructuring**3. Assets replacement****(1) Non-monetary assets replacement****(2) Other assets replacement****4. Pension plan****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						

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

(4) Other explanation**7. Major transaction and events makes influence on investor's decision****8. Other****1. Instructions for continuing operations**

On 11 May 2012, the largest shareholder and biggest creditor of the Company, Shenzhen Guosheng Energy Investment and 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. In late 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. Subsequently, 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.

2. Non-public placement for year of 2016

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. 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 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.

The Company convened the first extraordinary general meeting of 2018 on February 13, 2018 which reviewed and passed the Proposal on Plan on Non-public Issue of A shares in 2016 (Third Amended), etc.

XVII. Principle notes of financial statements of parent company

1. Accounts receivable

(1) Category

In RMB

Types	Ending balance					Opening balance				
	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 withdrawal bad debt provision by group of credit risk characteristics	17,059,517.71	100.00%	51,178.55	0.30%	17,008,339.16	17,733,864.75	100.00%	53,201.59	0.30%	17,680,663.16
Total	17,059,517.71	100.00%	51,178.55	0.30%	17,008,339.16	17,733,864.75	100.00%	53,201.59	0.30%	17,680,663.16

Receivable with single significant amount and withdrawal bad debt provision separately at end of period:

Applicable Not applicable

In combination, accounts receivable whose bad debts provision was accrued by age analysis:

Applicable Not applicable

In RMB

Age	Ending balance		
	Account receivable	Bad debt provision	Accrual ratio
Within 1 year			
Within 1 year	17,059,517.71	51,178.55	0.30%
Subtotal within one year	17,059,517.71	51,178.55	0.30%
Total	17,059,517.71	51,178.55	0.30%

Explanation on combination determines:

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.

In combination, withdrawal proportion of bad debt provision based on balance proportion for account receivable:

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for account receivable:

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 53,201.59 Yuan; the amount collected or switches back amounting to 2,023.04 Yuan.

Important bad debt provision collected or switch back:

In RMB

Company	Collected or switch back amount	Collection way
Total	0.00	--

Nil

(3) Account receivable actual charge off in the Period

In RMB

Item	Amount written off
------	--------------------

Written-off for the major receivable:

In RMB

Company	Nature	Amount written off	Reason for write-off	Verification procedures	Arising from related transaction (Y/N)
Total	--	0.00	--	--	--

Explanation for write-off of receivables:

Nil

(4) Top 5 receivables at ending balance by arrears party

Top 5 account receivables at period-end

Item	Relationship with the company	Amount	Account age	Bad debt provision	Ratio in total receivables (%)	Nature
Shenzhen WTR New Energy Technology Co., Ltd.	Unrelated party	7,923,335.39	Within 1 year	23,770.00	46.44	Payment for goods
Shenzhen BoYiN Technology Co., Ltd.	Unrelated party	5,217,743.51	Within 1 year	15,653.23	30.59	Payment for goods
Shenzhen Jiahaosong Technology Co., Ltd.	Unrelated party	3,918,438.81	Within 1 year	11,755.32	22.97	Payment for goods
Total		17,059,517.71		51,178.55	100.00	

(5) Receivable derecognition due to transfer of financial assets

Nil

(6) Assets and liability resulted by 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

2. Other accounts receivable**(1) Other accounts receivable by category**

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other receivables with bad debt provision accrual by credit portfolio	256,350.00	100.00%	769.05	0.30%	255,580.95	251,350.00	89.34%	754.05	0.30%	250,595.95
Other account receivable with individual minor amount but withdrawal bad debt provision independently						29,980.42	10.66%			29,980.42
Total	256,350.00	100.00%	769.05	0.30%	255,580.95	281,330.42	100.00%	754.05	0.27%	280,576.37

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period

Applicable Not applicable

In combination, other accounts receivable whose bad debts provision was accrued by age analysis

Applicable Not applicable

In RMB

Age	Ending balance		
	Other receivable	bad debts provision	Accrual ratio
Within 1 year			

Within one year (one year included)	5,000.00	15.00	0.30%
Subtotal within one year	5,000.00	15.00	0.30%
1-2 years	200.00	0.60	0.30%
2-3 years	251,150.00	753.45	0.30%
Total	256,350.00	769.05	0.30%

Explanation on combination determines:

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.

In combination, withdrawal proportion of bad debt provision based on balance proportion for other account receivable:

Applicable Not applicable

In combination, withdrawal proportion of bad debt provision based on other methods for other account receivable:

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 15.00 Yuan; the amount collected or switches back amounting to 0.00 Yuan.

Important bad debt provision collected or switch back:

In RMB

Company	Amount reversal or collected	Collection way
Total	0.00	--

Nil

(3) Other receivables actually written-off during the reporting period

In RMB

Item	Amount written off

Written-off for the major other receivable:

In RMB

Company	Nature of other receivables	Amount written off	Reason for write-off	Verification procedures	Arising from related transaction (Y/N)
Total	--	0.00	--	--	--

Explanation for write-off of other receivables:

Nil

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds		29,980.42
Margin or deposit	239,950.00	239,950.00
Equipment money	11,400.00	11,400.00
Staff borrowing	5,000.00	
Total	256,350.00	281,330.42

(5) Top 5 other receivables at ending balance by arrears party

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Shenzhen Material Group Co., Ltd.	Deposit or margin	135,723.00	2-3 years	52.94%	407.17
Shenzhen Anjinheng Industrial Co., Ltd.	Deposit or margin	90,100.00	2-3 years	35.15%	270.30
Shenzhen Baifanghe Property Co., Ltd.	Deposit or margin	13,627.00	2-3 years	5.31%	40.88
Shenzhen Hongkang Instrument Technology Co., Ltd.	Equipment money	11,400.00	2-3 years	4.45%	34.20
Cui Hongxia	Staff borrowing	5,000.00	Within 1 year	1.95%	15.00
Total	--	255,850.00	--	99.80%	767.55

(6) Account receivable with government grants involved

In RMB

Company	Item	Ending balance	Ending age	Time, amount and basis of amount collection estimated
Total	--	0.00	--	--

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	Ending balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	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	Opening balance	Increase during the year	Decrease during the year	Ending balance	Impairment accrual	Ending balance of impairment provision
Shenzhen Emmelle Industrial Co., Ltd.	1,400,000.00	0.00	0.00	1,400,000.00	0.00	1,389,620.27
Total	1,400,000.00	0.00	0.00	1,400,000.00	0.00	1,389,620.27

(2) Investment for associates and joint venture

In RMB

Company	Opening balance	+,-								Ending balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Associated enterprise											
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		
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(3) Other explanation

Nil

4. Operating income and cost

In RMB

Item	Current amount		Last amount	
	Income	Cost	Income	Cost
Main business	20,600,065.94	18,788,402.55		
Other business	3,423,452.74	2,057,815.53	3,228,905.96	1,994,075.80
Total	24,023,518.68	20,846,218.08	3,228,905.96	1,994,075.80

Other explanation

Nil

5. Investment gains

In RMB

Item	Current amount	Last amount

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	41,986.28	
Less: Impact on income tax	17,026.35	
Impact on minority shareholders' equity	-7,835.74	
Total	32,795.67	--

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. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/Share)	Diluted EPS (RMB/Share)
Net profits belong to common stock stockholders of the Company	3.43%	0.0010	0.0010
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	3.22%	0.0009	0.0009

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 2018