

Shenzhen China Bicycle Company (Holdings) Limited
ANNUAL REPORT 2016

April 2017

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 2016 Annual Report is authentic, accurate and complete.

Other directors attending the Meeting for annual report deliberation except for the followed

Name of director absent	Title for absent director	Reasons for absent	Attorney
Cao Fang	Director	Work	Li Hai

Concerning the unqualified auditor's report with explanatory paragraph issued by Ruihua Certified Public Accountant (LLP) for the financial report 2016 of the Company, board of the directors and supervisory committee are well-explained for relevant events, investors are advice to pay attention on reading.

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

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Paraphrase

Items	Refers to	Contents
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Section II Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	Zhonghua – A, Zhonghua -B	Stock code	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)	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		
Registrations add.	No. 3008, Buxin Rd., Shenzhen		
Code for registrations add	518020		
Offices add.	Room 1201, Wantong Building, No.3002, Sungang East Road, Shenzhen		
Codes for office add.	518023		
Company's Internet Web Site	www.cbc.com.cn		
E-mail	dmc@szcbc.com		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Sun Longlong	Cui Hongxia
Contact add.	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. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times; Hong Kong Commercial Daily</i>
Website for annual report publish appointed by CSRC	Juchao Website (www.cninfo.com.cn)
Preparation place for annual report	Room 1201, Wantong Building, No.3002, Sungang East Road, Shenzhen

IV. Registration changes of the Company

Organization code	440361883045-2
Changes of main business since listing (if applicable)	N/A
Previous changes for controlling shareholders (if applicable)	<p>1. In March 1992, the Stock of the Company was listed in Shenzhen Stock Exchange, and 23.28% equity of the Company was held by Shenzhen Lionda Holding Co., Ltd. and Hong Kong Dahuan Bicycle Co., Ltd respectively. 2. In March 2002, legal shares 13.58% A-stock of the Company was obtained by China Huarong Asset Management Co., Ltd. through court auction, and became the first majority shareholder of the Company. 3. On 13 November 2006, the 65,098,412 legal shears of CBC held by Huarong Company was acquired by Shenzhen Guosheng Energy Investment Development Co., Ltd. via the “Equity Transfer Agreement” signed, and first majority of the Company comes to Guosheng Energy. Guosheng Energy is the wholly-owned subsidiary of National Investment, actual controller was Zhang Yanfeng. 4. In January 2011, controlling shareholder of Shenzhen Guosheng Energy Investment Development Co., Ltd.—Shenzhen National Investment Development Co., Ltd. entered into equity transfer agreement with Mr. Ji Hanfei, 100% equity of Guosheng Energy was transfer to Mr. Ji Hanfei with price of 70 million. Shenzhen Guocheng Energy Investment Development Co., Ltd. Shenzhen Guosheng Energy Investment Development Co., Ltd. holds 63,508,747 A-stock of the Company with 11.52% in total share capital of the Company.</p>

V. Other relevant information

CPA engaged by the Company

Name of CPA	Baker Tilly China CPA (LLP)
Offices add. for CPA	A-1 and A-5 of No.68 Building, No.19 Chegongzhuang West Road, Haidian District Beijing
Signing Accountants	Chen Zhigang, Zhang Lei

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

	2016	2015	Changes over last year	2014
Operating income (RMB)	141,970,520.80	170,990,030.10	-16.97%	212,070,585.77
Net profit attributable to shareholders of the listed company (RMB)	2,603,637.47	-138,355.58	-1,981.84%	4,885,678.56
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	2,029,248.99	-416,262.14	-587.49%	-6,073,439.70
Net cash flow arising from operating activities (RMB)	634,446.01	-3,029,023.82	-120.95%	3,921,048.18
Basic earnings per share (RMB/Share)	0.0047	-0.0003	-1,666.67%	0.0089
Diluted earnings per share (RMB/Share)	0.0047	-0.0003	-1,666.67%	0.0089
Return on Equity	19.93%	-1.17%	21.10%	51.72%
	End of 2016	End of 2015	Changes over end of last year	End of 2014
Total assets (RMB)	54,088,275.72	45,869,094.97	17.92%	51,489,647.55
Net assets attributable to shareholder of listed company (RMB)	14,368,683.58	11,765,046.11	22.13%	11,903,347.67

VII. 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.

VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	21,999,259.18	43,774,754.15	54,175,577.57	22,020,929.90
Net profit attributable to shareholders of the listed company	146,355.64	302,000.65	1,632,211.91	523,069.27
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	764.61	193,162.90	1,467,114.11	368,207.37
Net cash flow arising from operating activities	-2,231,998.61	-2,516,616.17	-959,260.69	6,342,321.48

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

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

Applicable Not applicable

In RMB

Item	2016	2015	2014	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-11,450.00		33,851.46	
Other non-operating income and expenditure except for the aforementioned items	595,720.77	369,201.08		
Other loss/profit qualified definition of extraordinary profit and loss			14,622,462.77	
Less: Impact on income tax	5,201.21	92,300.27	3,664,078.56	
Impact on minority shareholders'	4,681.08	-1,005.75	33,117.41	

equity (post-tax)				
Total	574,388.48	277,906.56	10,959,118.26	--

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

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

No

The company is engaged in the main business for the bicycle 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 progress	No major change

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

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

Section IV. Discussion and Analysis of the Business

I. Introduction

In 2016, the international political and economic situation was complicated and severe, the domestic economic development faced many difficulties and challenges the deep-seated problems were still prominent, and there were many unstable and uncertain factors, which affected and impacted the traditional manufacturing industry and social consumption structure demand. Under the leadership of the central government and the governments at all levels, people of the whole country made great efforts to overcome difficulties, forged ahead and realized the steady progress of economic and social development, and constantly made new achievements.

As a sector in the traditional manufacturing field, the bicycle industry continued the dilemma of rise in labor costs, manufacturing costs, capital costs, and material costs. The rather low threshold for entering the industry and many manufacturers resulted in the fierce market competition and intensifying industry reshuffle. The bicycle sharing brands such as Mobike and ofo 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. At the same time, as a sector in the traditional manufacturing field, the bicycle industry has also ushered in the "Made in China 2025" strategy, under the guidance of the basic principles of "driven by innovation, quality first, green development, structural optimization, based on talents", accelerate the important opportunity challenges of transformation and upgrading, faced the important opportunity challenges of e-commerce development to channel impact, channel integration and internet +, along with the development of cycling culture in China, China's bicycle market shall form a new space for development. In this context, in 2016, the company combined with the 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 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, actively expanded the e-commerce business model, and achieved the good development and rapid growth of e-commerce retail business; on the one 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.

As for the planning of non-public offering of shares, in July 2016, the company started planning the non-public offering of shares, and raised funds for the purchase of major assets, the company's Board of Directors considered and approved the Plan for Non-public Offering of A Shares in 2016. On the basis of the due diligence, audit evaluation and commercial negotiation of the intermediary institution, and combined with the actual situation of the capital market and the company, in February 2017, the Board of Directors of the company considered and approved the Proposal on Adjusting the Company's Non-public Offering of A Shares, the Plan for Non-public Offering of A Shares in 2016 (Revision) and so on. According to the revision of the plan, the total amount of this private placement was no more than 1.2 billion Yuan, after deducting the issue costs, the company planned to invest 800 million Yuan of funds for the "intelligent community building talk-back equipment and system platform construction project", and invest 400 million Yuan of funds for the "sports experience online and offline sales platform and R & D center construction project". At present, the plan has not yet passed the approval of the shareholders' meeting. The company has timely issued notices of the Board of Directors about related conditions.

As for the business operation and management, in 2016, the company focused on the following aspects: First is to make every endeavor to maintain the company's existing traditional business operation mode, constantly optimize and adjust the product structure and sales model transformation, and promote and maintain the business operation efficiency under the circumstances that the

business environment of traditional manufacturing was very complex and severe. Second is to promote the development of e-commerce business model on the basis of traditional model, combine with the actual situation of the company, learn from the experience of the successful e-commerce examples, and follow the principle of efficiency and benefits to design and implement the company's team e-commerce transformation and the e-commerce business development ideas of internal introduction, external connection and controllable costs. On the basis of completing the initial e-commerce development layout of bicycle business and the team training construction, EMMELLE flagship store has achieved good brand propaganda effect and e-commerce retail business development momentum and business efficiency with the help of Tmall, Jingdong, VIP, Suning, Gome, official website, official wechat, HHLME and other e-commerce platforms, the sustainable development ideas of e-commerce business have been verified and implemented. Third is to continue to increase the promotion and the research and development efforts to the medium- and high-end products, continue to introduce new products according to market changes, actively apply new technologies, closely track the cutting-edge innovative technology and exploration applications like the intelligentization of smart helmet electric car with super-capacitor battery, and constantly improve and extend the product lines. Fourth is to start the business upgrades and convergence work at the earlier stage of sports experience online and offline sales platform and R & D center construction project, and strive to upgrade the sales and research and development capabilities. Fifth is to improve the support level of background departments to front desk business by strengthening the background management and office automation. Sixth is to actively carry out the business while the company seriously cooperates with the manager to carry out the unaccomplished matter related to reorganization procedures.

While the domestic traditional manufacturing industry was still in depressed, the company insisted on following the guidelines of “Made in China 2025” to accelerate its own professionalization transformation, e-commerce transformation, manufacturing miniaturization transformation and others, strengthen the adjustment of product structure, enhance the quality management, strengthen the cost control, and strive to enhance the traditional enterprises’ abilities to adapt to the economy new normal and participate in the market competition. Through the implementation of various work, in 2016, the company achieved operating income of 141.97 million Yuan, net profit of 3,891,000 Yuan, and the net profit attributable to the shareholders of listed company of 2,603,600 Yuan.

II. Main business analysis

1. Introduction

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

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2016		2015		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	141,970,520.80	100%	170,990,030.10	100%	-16.97%

According to industries					
Sales of bicycles and accessories and fittings	141,970,520.80	100.00%	170,990,030.10	100.00%	-16.97%
According to products					
Sales of bicycles and accessories and fittings	141,970,520.80	100.00%	170,990,030.10	100.00%	-16.97%
According to region					
Domestic	141,970,520.80	100.00%	170,990,030.10	100.00%	-16.97%

(2) About the industries, products, or regions accounting for over 10% of the company’s operating income or operating profit

Applicable Not applicable

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

No

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Sales of bicycles and accessories and fittings	141,970,520.80	126,243,374.59	11.08%	-16.97%	-20.80%	4.30%
According to products						
Sales of bicycles and accessories and fittings	141,970,520.80	126,243,374.59	11.08%	-16.97%	-20.80%	4.30%
According to region						
Domestic	141,970,520.80	126,243,374.59	11.08%	-16.97%	-20.80%	4.30%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year’s scope of period-end

Applicable Not applicable

(3) Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2016	2015	Increase/decrease y-o-y
Bicycles	Sales volume	In 10 thousand	18.40	21.19	-13.17%

	Output	In 10 thousand	18.06	20.99	-13.96%
	Storage	In 10 thousand	0.26	0.6	-56.67%

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

Inventory has 56.67% reduce on a y-o-y basis.

(4) Fulfillment of the company's signed significant sales contracts up to this reporting period

Applicable Not applicable

(5) Constitute of operation cost

Classification of industries

Classification of industries

In RMB

Industries	Item	2016		2015		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Sales of bicycles and accessories and fittings		126,243,374.59	100.00%	159,399,271.88	100.00%	-20.80%

Note

Nil

(6) Whether the changes in the scope of consolidation in Reporting Period

Yes No

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales client of the Company

Total top five clients in sales (RMB)	128,603,269.38
Proportion in total annual sales volume for top five clients	90.58%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client 1	67,487,893.68	47.54%
2	Client 2	39,334,357.57	27.71%
3	Client 3	13,467,804.65	9.49%
4	Client 4	5,602,062.90	3.95%
5	Client 5	2,711,150.58	1.91%
Total	--	128,603,269.38	90.58%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	115,870,429.47
Proportion in total annual purchase amount for top five suppliers	91.78%
Ratio of related parties in annual total sales among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Name	Purchase (RMB)	Proportion in total annual purchase
1	Supplier 1	50,549,087.06	40.04%
2	Supplier 2	32,223,686.37	25.53%
3	Supplier 3	16,271,948.81	12.89%
4	Supplier 4	8,850,354.79	7.01%
5	Supplier 5	7,975,352.44	6.32%
Total	--	115,870,429.47	91.78%

Other notes of main suppliers

Applicable Not applicable

3. Expenses

In RMB

	2016	2015	Increase/decrease y-o-y	Note of major changes
Sales expense	5,547,948.66	6,515,605.90	-14.85%	
Management expense	5,705,338.80	5,391,566.14	5.82%	
Financial expense	-577,245.96	-675,198.21	-14.51%	

4. R&D investment√ Applicable Not applicable**5. Cash flow**

In RMB

Item	2016	2015	Y-o-y changes
Subtotal of cash in-flow from operation activity	75,590,409.09	100,041,540.65	-24.44%
Subtotal of cash out-flow from operation activity	74,955,963.08	103,070,564.47	-27.28%
Net cash flow from operation activity	634,446.01	-3,029,023.82	-120.95%
Subtotal of cash out-flow from investment activity	3,371,224.00	382,777.30	780.73%
Net cash flow from investment activity	-3,371,224.00	-382,777.30	780.73%
Net increased amount of cash and cash equivalent	-2,736,777.95	-3,411,801.12	-19.78%

Main reasons for y-o-y major changes in aspect of relevant data

√ Applicable Not applicable

Cash out-flow from investment activity increased 780.73% from a year earlier, mainly because purchasing 7-20F and other six properties of Lianxin Garden with original value of 2,959,824.00 Yuan. The property refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

 Applicable Not applicable**III. Analysis of the non-main business**√ Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Asset impairment	512,089.34	10.67%	Impairment provision	No
Non-operating income	4,421,353.01	92.15%	Revenue of the assets management ready for proposed in reorganization case	No
Non-operating expense	3,837,082.24	79.97%	Expenditure of the assets management ready for proposed	No

			in reorganization case	
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IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of 2016		End of 2015		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	24,015,287.71	44.40%	26,752,065.66	58.32%	-13.92%	
Account receivable	12,371,386.82	22.87%	9,195,296.32	20.05%	2.82%	
Inventory	3,118,440.26	5.77%	4,057,247.68	8.85%	-3.08%	
Fix assets	3,728,955.11	6.89%	1,007,906.43	2.20%	4.69%	
Note receivable	2,220,000.00	4.10%	0.00	0.00%	4.10%	
Advance payment	1,867,424.89	3.45%	397,833.20	0.87%	2.58%	
Other receivables	658,754.09	1.22%	395,523.78	0.86%	0.36%	
Other current assets	2,050,830.55	3.79%	209,155.59	0.46%	3.33%	
Intangible assets	3,012,000.00	5.57%	3,765,000.00	8.21%	-2.64%	
Deferred tax assets	645,196.29	1.19%	89,066.31	0.19%	1.00%	
Other current assets	400,000.00	0.74%	0.00	0.00%	0.74%	

2. Assets and liability measured by fair value

Applicable Not applicable

3. Limited assets rights till end of the period

Purchasing 7-20F and other six properties of Lianxin Garden with original value of 2,959,824.00 Yuan; The property purchasing refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District. According to the agreement, the enterprise shall not carrying any kind of property trading with any units or individuals except the government, and the company has no property certification on the above mentioned properties.

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 the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

Applicable Not applicable

The company had no application of raised proceeds in the reporting period.

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting 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	43,686,945.74	9,710,424.90	141,970,520.80	5,178,944.49	4,293,140.88

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 year-end amounting to 2913127.47 Yuan.

VIII. Structured vehicle controlled by the Company

 Applicable Not applicable

IX. Future Development Prospects

1. Development trend of the industry the Company operates in and market competition pattern it deals with:

The Company has been engaging in the electric bicycle business since 2002. After going through the rapid development in the past few years, the electric bicycle industry has witnessed obvious stagnation since 2007. The short supply of batteries as the main component of electrical machine caused by the enhanced management of rare earth industry and battery industry in 2011 has constrained, to some extent, the manufacturing of electric bicycle industry. The new standard of electric bicycle industry and the uncertainty of its launch time have also caused a negative impact on the selling of electric bicycles. As a sector in the traditional manufacturing field, the bicycle industry continued the dilemma of rise in labor costs, manufacturing costs, capital costs, and material costs. The rather low threshold for entering the industry and many manufacturers resulted in the fierce market competition and intensifying industry reshuffle. The bicycle sharing brands such as Mobike and ofo 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. At the same time, as a sector in the traditional manufacturing field, the bicycle industry has also ushered in the "Made in China 2025" strategy, under the guidance of the basic principles of "driven by innovation, quality first, green development, structural optimization, based on talents", accelerate the important opportunity challenges of transformation and upgrading, faced the important opportunity challenges of e-commerce development to channel impact, channel integration and internet +, along with the development of cycling culture in China, China's bicycle market shall form a new space for development.

2. Future development opportunity and new yearly business plan of the Company:

The fierce market competition creates structural development opportunity for the industry. At the end of 2013, the Company completed the implementation of its restructuring plan and concluded its bankruptcy procedure, thereby improving the legal environment its business faces with. The business plan of the Company for 2017 is:

(1) Continue to actively cooperate with shareholders and the board of directors to promote the reorganization of the company and promote the planning of non-public offering of shares.

(2) Reform and improve the internal management mechanism, decompose and implement the company's annual task to each Distribution Company and regional manager, take the manager responsibility system, follow p month by month, and roll the assessment. Strive to maintain the traditional business, keep a close watch on the first echelon big customers, focus on expanding the second echelon customers, actively promote its distribution network terminal construction to extend downward, further expand new markets, and support new customer business.

(3) Comprehensively build the e-commerce business model and promote the informatization management, based on the e-commerce work of last year, further train the company's e-commerce team, strive to improve the EMMELLE flagship store sales capabilities on all e-commerce platforms and the brand publicity coverage effects, improve the company's official website mall and WeChat mall, expand the brand influence, promote the faster growth of network sales business, and improve the ability of enterprises to participate in market competition and the profitability.

(4) Improve the supporting work of offline business, bring the traditional network dealers, physical stores and OEM plants into the offline supporting system of e-commerce business by reforming the mechanisms and sharing the benefits, utilize Qinghu base to create effective support services of small manufacturing for market demand and e-commerce business, and achieve win-win and common development.

(5) Increase the follow-up work to group purchase orders through the cooperation with government procurement information center.

(6) Combine the e-commerce means with the traditional business means for brand and product publicity, utilize the clubs to organize some special competitions and cycling races around Qinghai Lake and Hainan Island to publicize and promote the brand.

(7) Adjust rebate policy, take the month-by-month activities, assessment and rebate to promote sales.

(8) To enhance the development of medium-to-high end bikes and lithium batteries electric bikes, and enhance the development and promotion of medium-to-high end auxiliary parts.

(9) To strictly implement the entry and exit mechanism of OEM factories and suppliers and perform strict quality management and control, and carry out staff supplement and training as planned.

(10) Strengthen the background management and office automation, and improve the support degree of background departments to front desk business.

3. Risk factors adverse to the Company's development:

The tough international economic situation has a deep impact on the domestic consumption market where significant amount of export-oriented manufacturing enterprises has shifted. The bicycle and electric bicycle market is facing a complex environment that price war is a major competition means. 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 parts 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.

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 to achieved a favorable and rapidly growth in retail business for the electricity supplier; 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.

X. Reception of research, communication and interview

1. In the report period, reception of research, communication and interview

√Applicable □ Not applicable

Time	Way	Type	Basic situation index of investigation
January – December 2016	Telephone communication	Individual	Consulting company restructuring problem
July – December 2016	Telephone communication	Individual	Inquiry progress of the private placement
Reception (times)			8
Number of hospitality			0
Number of individual reception			8
Number of other reception			0
Disclosed, released or let out major undisclosed information	No		

Section V. Important Events

I. Profit distribution plan of common stock and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable Not applicable

Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

Nil

Cash dividend of common stock in latest three years (including the reporting period)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Amount for cash bonus by other ways	Proportion for cash bonus by other ways
2016	0.00	2,603,637.47	0.00%	0.00	0.00%
2015	0.00	-138,355.58	0.00%	0.00	0.00%
2014	0.00	4,885,678.56	0.00%	0.00	0.00%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent company is positive but no plan of cash dividend proposed of common stock

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 year.

III. Implementation of commitment

1. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

Applicable Not applicable

The Company has no commitments completed in Period and those without completed till end of the Period from actual controller,

shareholders, related parties, purchaser and companies

2. Concerning assts or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

IV. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

Applicable Not applicable

On 11th, 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 12th, Oct., 2012, Shenzhen Municipal Intermediate People's Court ruled to accept the application proposed by Guosheng Energy according to (2012) Shenzhen Intermediate Court Po Zi No. 30 civil ruling. In late 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. At the same time, Shenzhen Municipal Intermediate People's Court made (2012) Shenzhen Intermediate Court Po Zi No. 30-1 written decision, and approved the Company to manage property and business affairs by itself under the supervision of custodians according to the law. On 5 November 2013, the Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-6 Civil Ruling Paper judged that approved the reorganization plan of the Company. On 27 December 2013, the Civil Ruling Paper Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-10 ruled that the reorganization plan of CBC was completed and bankruptcy procedures of CBC closed down.

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

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

On 3 December 2016, the Provision on Accounting Treatment of VAT (Cai Kuai [2016] No.22) was issued by Ministry of Finance, which is applicable for relevant tradings occurred since 1 May 2016. main impact on the Company while implemented the rules:

Content and reasons for accounting policy changes	Item and amount impacted
”Business tax and surcharge” in profit statement will adjusted to item of “taxes and surcharge ”	Taxes and surcharge, administrative expenses
The house duty, land holding tax and stamp tax occurred from operation activities since 1 May 2016 will re-classify to “taxes and surcharge” instead of “administrative expenses”. The taxes occurred before 1 May 2016 shall not be adjusted, comparative data either.	Taxes and surcharge in profit statement increase 14,206.07 Yuan for the year, administrative expenses decrease 14,206.07 Yuan for the year in profit statement

VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII. Compare with last year’s financial report; explain changes in consolidation statement’s scope

Applicable Not applicable

No changes in consolidation statement’s scope for the Company in the reporting.

IX. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	Baker Tilly China CPA (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	45
Continuous life of auditing service for domestic accounting firm	1
Name of domestic CPA	Chen Zhigang, Zhang Lei

Re-appointed accounting firms in this period

Yes No

Change the engagement of CPA in auditing period

Yes No

Implemented approval procedures for changing the CPA

Yes No

Detailed description of reappointing and changing the accounting firm

I Description of changing the accounting firm

Based on the business development needs of Shenzhen China Bicycle Company (Holdings) Limited (hereinafter referred to as the Company) and considering that the audit work team of Ruihua Certified Public Accountants (Special General Partnership), the company’s original audit institution, has continuously provided annual audit services for the company for many years, in order to ensure the independence and objectivity of the audit work of listed companies, the Company no longer engaged Ruihua Certified

Public Accountants (Special General Partnership) as the audit institution for the 2016 audit work. We would like to express our sincere and heartfelt thanks for the professional services and hard work provided by Ruihua Certified Public Accountants (Special General Partnership) in the Company's financial audit work.

The audit committee of the company's board of directors suggested to engage Baker Tilly China Certified Public Accountant (Special General Partnership) (hereinafter referred to as Baker Tilly China) as the audit institution for the company's 2016 annual financial report and internal control after the serious investigation. On February 28, 2017, the Company held the 22nd (provisional) meeting of the 9th Board of Directors, considered and approved the Proposal on Changing the Certified Public Accountants, and agreed to engage Baker Tilly China Certified Public Accountant (Special General Partnership) as the company's audit institution in 2016.

II Overview of the accounting firm planned to engage

Name: Baker Tilly China Certified Public Accountant (Special General Partnership)

Type: Special general partnership

Business operation location: A-1 and A-5 area, Building No. 68, Chegongzhuang
West Road No.19, Haidian District, Beijing

Executive Partner: Qiu Jingzhi

Date of establishment: March 05, 2012

Business license unified social credit code: 911101085923425568

Business scope: investigate the enterprise accounting statements, and issue audit reports; verify the business capital, and issue the capital verification report; manage the audit services in business merger, separation, and liquidation matters, and issue the relevant reports; audit of annual financial final cost of capital construction; agent accounting; accounting consultation, tax consultation, management consulting, and accounting training; other businesses specified by laws and regulations.

Qualification certificate: Permit for Business Related to Securities and Futures of Accounting Firms issued by Ministry of Finance of the People's Republic of China, and China Securities Regulatory Commission.

The registered capital of Baker Tilly China Certified Public Accountant (Special General Partnership) is 61.3 million Yuan. Registration place is Beijing, China. In the long-term development process, Baker Tilly China has continued to standardize and improve, gradually implemented the "standardization, collectivization, internationalization" development strategy, built the centralized management structure of "set department by division of labor, establish branch by regional distribution", and "completely unify the human resources, practice standards and benefit distribution", formed the service model and operating mechanism that are basically equal to the international professional standards and management level, professionally and elaborately divide the work in service field, and share the group resources. Baker Tilly China has 3984 employees, 972 certified public accountants, 93 foreign qualified employees, 31 leading talents in certified public accountants industry. Baker Tilly China has established more than 20 branches in 17 provinces and municipalities, including Shanghai, Guangdong, Hunan, Hubei, Jiangsu, Anhui, Shandong, Tianjin, Henan, Sichuan, Yunnan, Shaanxi, Liaoning, Xinjiang, Chongqing, Jiangxi and Zhejiang.

III Procedures performed for changing the accounting firm

1. The board of directors of the company has communicated with the original audit institution, Ruihua Certified Public Accountants (Special General Partnership), about changing the accounting firm in advance, and has obtained its understanding and supports;
2. The company's audit committee has reviewed the related qualifications of Baker Tilly China after communicating with the audit project leader of Baker Tilly China, and thought that Baker Tilly China has the qualifications for the serving the listed company and is competent for the job, and has proposed to the Board of Directors to engage Baker Tilly China as the audit institution for the

company's 2016 annual financial report.

3. On February 28, 2017, the 22nd (provisional) meeting of the 9th Board of Directors of the Company considered and approved the Proposal on Changing the Certified Public Accountants, and agreed to engage Baker Tilly China Certified Public Accountant (Special General Partnership) as the company's audit institution in 2016, and submitted to the first extraordinary general meeting of the company in 2017 for consideration. The independent directors of the company issued the prior approval opinions and independent opinions on deliberation matters.

The company held the first extraordinary general meeting of shareholders in 2017 on March 24, 2017 to consider the Proposal on Changing the Certified Public Accountants, the employment period of the accounting firm changed this time is one year from the date that the examination and approval take effect.

IV Independent directors' prior approval opinions and independent opinions

1. Independent director's prior approval opinions: agreed to engage Baker Tilly China Certified Public Accountant (Special General Partnership) as the audit institution for company's 2016 annual financial audit, and agreed to submit the Proposal on Changing the Certified Public Accountants to the Board of Directors for consideration.
2. Independent directors' independent opinions: the consideration procedures that the company planned to change the accounting firm conformed to the relevant laws, regulations and the provisions of the Articles of Association; Baker Tilly China Certified Public Accountant (Special General Partnership) has the audit qualifications for securities and futures and other related business, and has many years of experience and abilities to provide audit services for listed companies, and can meet the company's requirements to the related audit work in 2016 and well fulfill its responsibilities and obligations. The change of accounting firm this time is conducive to enhancing the independence and objectivity of the company's audit work and shall not damage the interests of the company and its shareholders, especially the minority shareholders. Therefore, the independent directors agreed to engage Baker Tilly China Certified Public Accountant (Special General Partnership) as the audit institution for company's 2016 annual financial audit and internal control, and agreed to submit the proposal to the first extraordinary general meeting of shareholders in 2017 for consideration.

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable Not applicable

In the year, the Company engaged Baker Tilly China CPA (LLP) as the auditing organ for internal control of the Company for year of 2016, charges amounted as 150000 Yuan. The Dongwu Securities, engaged by the Company for planning of private placement, as Finance Consultant, totally one million Yuan paid in the year.

X. Particular about suspended and delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XII. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIV. Integrity of the company and its controlling shareholders and actual controllers

Applicable Not applicable

XV. Implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

The Company had no implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives in the reporting period.

XVI. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

No related transaction with daily operation concerned for the Company in reporting period.

2. Related transactions by assets acquisition and sold

Applicable Not applicable

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

3. Main related transactions of mutual investment outside

Applicable Not applicable

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

4. Contact of related credit and debt

Applicable Not applicable

Whether exist non-operating contact of related credit and debt 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)	Balance at period-end (10 thousand Yuan)
Influence on operation result and financial statue of the Company from related credit		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)	Balance at period-end (10 thousand Yuan)	
Shenzhen Guosheng Energy Investment Development Co., Ltd.	Large shareholder	Subsidiary Emmelle loan	650					650	
Influence on operation result and financial statue of the Company from related debts		No influence							

5. Other related transactions

Applicable Not applicable

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

XVII. Significant contract and implementations**1. Trusteeship, contract and leasing****(1) Trusteeship**

Applicable Not applicable

No trusteeship for the Company in reporting period.

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period.

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

Applicable Not applicable

No guarantee for the Company in reporting period.

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

No trust financing for the Company in reporting period.

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period.

XX. Social responsibility

1. Execution of social responsibility of targeted poverty alleviation

(1) Summary of annual precision poverty alleviation

The Company has no precision poverty alleviation temporary in the year, and no subsequent program either

(2) Annual precision poverty alleviation

Target	Measurement units	Numbers/progress
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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)	——	——

(3) Subsequent precision poverty alleviation program

Nil

2. Execution of other social responsibility

Nil

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

No

Whether the social responsibility report released

Yes No

XIX. Explanation on other significant events

Applicable Not applicable

During the reporting period, the company had other major issues that needed to be explained: In July 2016, the company initiated the planning for non-public offering of shares and raised funds for the purchase of significant assets; the company's Board of Directors reviewed and approved the Plan for Non-public Offering of A Shares in 2016. On the basis of the due diligence, audit evaluation and commercial negotiation of the intermediary institution, and combined with the actual situation of the capital market and the company, in February 2017, the Board of Directors of the company considered and approved the Proposal on Adjusting the Company's Non-public Offering of A Shares, the Plan for Non-public Offering of A Shares in 2016 (Revision) and so on. According to the revision of the plan, the total amount of this private placement was no more than 1.2 billion Yuan, after deducting the issue costs, the company planned to invest 800 million Yuan of funds for the "intelligent community building talk-back equipment and system platform construction project", and invest 400 million Yuan of funds for the "sports experience online and offline sales platform and R & D center construction project". At present, the plan has not yet passed the approval of the shareholders' meeting. The company has timely issued notices of the Board of Directors about related conditions.

XIX. Significant event of subsidiary of the Company

Applicable Not applicable

Section VI. Changes in Shares and Particulars about 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	6,207	0.00%				-1,500	-1,500	4,707	0.00%
1. State-owned shares	0	0.00%				0	0	0	0.00%
2. State-owned legal person's shares	0	0.00%				0	0	0	0.00%
3. Other domestic shares	6,207	0.00%				-1,500	-1,500	4,707	0.00%
Including: Domestic legal person's shares	0	0.00%				0	0	0	0.00%
Domestic natural person's shares	6,207	0.00%				-1,500	-1,500	4,707	0.00%
4. Foreign shares	0	0.00%				0	0	0	0.00%
Including: Foreign legal person's shares	0	0.00%				0	0	0	0.00%
Foreign natural person's shares	0	0.00%				0	0	0	0.00%
II. Unrestricted shares	551,341,740	100.00%				1,500	1,500	551,343,240	100.00%
1. RMB Ordinary shares	302,978,758	54.95%				1,500	1,500	302,980,258	54.95%
2. Domestically listed foreign shares	248,362,982	45.05%				0	0	248,362,982	45.05%
3. Overseas listed foreign shares	0	0.00%				0	0	0	0.00%
4. Others	0	0.00%				0	0	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

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

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 for the Company or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issuance and listing

1. Security offering (without preferred stock) in Reporting Period

Applicable Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

1. Amount of shareholders of the Company and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	57,890	Total common stock shareholders at end of last month before annual report disclosed	59,118	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note8)	0	Total preference shareholders with voting rights recovered at end of last month before	0
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							annual report disclosed (if applicable) (found in note8)		
Particulars about shares held above 5% by shareholders or top ten shareholders									
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted 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	Pledged	11,000,000	
UOB Koy Hian (Hongkong) Co., Ltd.	Foreign legal person	2.89%	15,907,850	3614000	0	15,907,850			
Guosen Securities (Hongkong) brokerage Co., Ltd.	Foreign legal person	2.54%	13,988,425	8512374	0	13,988,425			
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	Foreign legal person	1.08%	5,959,357	-389313	0	5,959,357			
China Merchants Securities Hong Kong Co., Ltd.	State-owned legal person	0.75%	4,155,342	284370	0	4,155,342			
Li Huili	Domestic nature person	0.71%	3,891,124	0	0	3,891,124			
Xu Hongbo	Domestic nature person	0.57%	3,137,419	0	0	3,137,419			
Zong Bin	Domestic nature person	0.56%	3,114,180	-57780	0	3,114,180			
Zeng Ying	Domestic nature	0.54%	3,000,000	0	0	3,000,000			

	person							
Specific account of property disposition for bankruptcy enterprise of CBC	Domestic non-State-owned legal person	0.47%	2,602,402	-5847600	0	2,602,402		
Explanation on associated relationship among the aforesaid shareholders	Li Huili, the spouse of actual controller Ji Hanfei, 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 shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end	Type of shares						
		Type	Amount					
Shenzhen Guocheng Energy Investment Development Co., Ltd.	63,508,747	RMB common shares	63,508,747					
UOB Koy Hian (Hongkong) Co., Ltd.	15,907,850	Domestically foreign shares	15,907,850					
Guosen Securities (Hongkong) brokerage Co., Ltd.	13,988,425	Domestically foreign shares	13,988,425					
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	5,959,357	Domestically foreign shares	5,959,357					
China Merchants Securities Hong Kong Co., Ltd.	4,155,342	Domestically foreign shares	4,155,342					
Li Huili	3,891,124	Domestically foreign shares	3,891,124					
Xu Hongbo	3,137,419	Domestically foreign shares	3,137,419					
Zong Bin	3,114,180	RMB common shares	3,114,180					
Zeng Ying	3,000,000	Domestically foreign shares	3,000,000					
Specific account of property disposition for bankruptcy enterprise of CBC	1,383,313	RMB common shares	1,383,313					
Specific account of property disposition for bankruptcy enterprise of CBC	1,219,089	Domestically foreign shares	1,219,089					
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict	Li Huili, the spouse of actual controller Ji Hanfei, 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 and top 10 shareholders	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 stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Controlling shareholder of the Company

Nature of controlling shareholders: natural person holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Guocheng Energy Investment Development Co., Ltd.	Ji Hanfei	2005-04-26	440301105151303	Industry development, domestic commerce, materials supply and sale (excluding specially run, controlled and sold merchandises)
Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	N/A			

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period.

3. Actual controller of the Company

Nature of actual controller: domestic natural person

Type of actual controller: natural person

Actual controller	Nationality	Whether obtained right of residence of other countries or regions or not
Ji Hanfei	P.R.C	No
Profession and title in latest five years	Legal person of Shenzhen Guocheng Energy Investment Development Co., Ltd.	

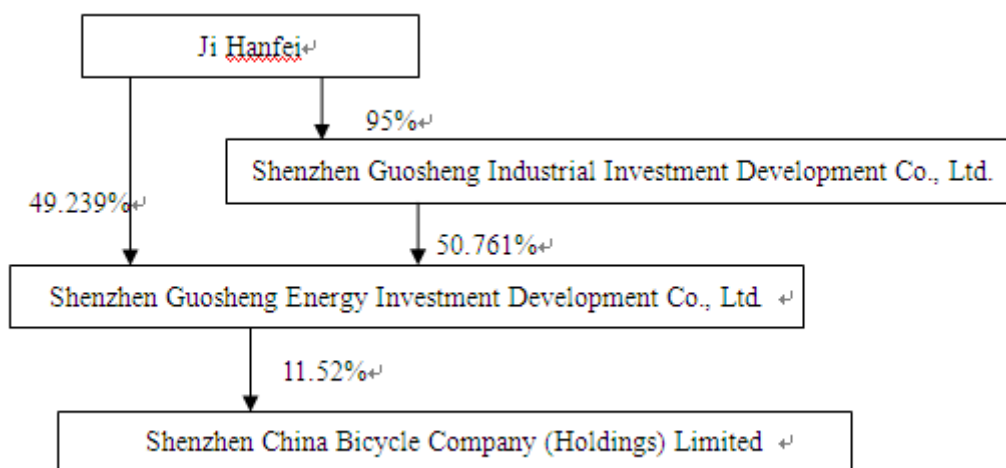
Listed company in and out of China controlled in past decades	N/A
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Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

Property right and controlling relationship between the actual controller and the Company is as follow:



Note: On 21 February 2017, we received a Letter of “Explanation on Relevant Event of CBC” from Shenzhen Guosheng Energy Investment Development Co., Ltd. the letter said: since obtained controlling rights of the Shenzhen Guosheng Energy Investment Development Co., Ltd. (hereinafter referred to as Guosheng Energy) on 3 Jan. 2011, in view of Ji Hanfei is the first majority shareholder and largest creditor of CBC, and CBC facing a serious debt crisis, Ji Hanfei initiative seeking an actual controller of CBC, by actively participate the shareholders general meeting of CBC, showing major influence on CBC for achieving actually controls of the Company in purpose of resolving the debt crisis.

On 11th, 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 12th, Oct., 2012, Shenzhen Municipal Intermediate People’s Court ruled to accept the application proposed by Guosheng Energy according to (2012) Shenzhen Intermediate Court Po Zi No. 30 civil ruling. In second half year of 2013, on the basis of the investor interest adjustment scheme deliberated and approved by creditor’s meeting and investors’ conference, Shenzhen Intermediate People’s Court approved the reorganization plan for CBC, the reorganization plan of CBC completed on 27 December 2013 and close the bankruptcy proceedings of CBC. As a largest majority shareholder and largest creditor of the Company, Guosheng Energy vote in favor on creditor’s meeting and investors’ conference, in respect of the investor interest adjustment scheme, and provided 5.39 million Yuan to CBC for claims settlement and maintain the assets of main business of CBC. Debts of the CBC solved by reorganization, net assets of CBC turns to positive value, the main business of bicycle maintained and achieved a steady development.

Currently, CBC is planning a private placement for business promotion and transformation, optimize asset structure, further to strengthen the Company and sustainable ability in development. Taking into account the debt problem of CBC has been resolved, the Company needs supports from all over the shareholders, and based on the actual condition of development of Guosheng Energy and share-holding ratio, Ji Hanfei and Guosheng Energy decided to change the actually controller state to general investment, that is Ji Hanfei and Guosheng Energy, will not participate in the operation management plan of CBC in future, and they have no plans to

seeking an actual controlling rights of CBC in next 12 months either

The Shenzhen Guosheng Energy Investment Development will hold stock of the CBC and exercise shareholders' rights as a common investor.

Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Applicable Not applicable

5. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section VIII. Particulars about Directors, Supervisors, Senior Executives and Employees

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

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Li Hai	Director, Chairman	Currently in office	M	48	2013-09-26	2016-09-25	0	0	0	0	0
Yang Fenbo	Director	Currently in office	M	60	2013-09-26	2016-09-25	0	0	0	0	0
Yao Zhengwang	Director	Currently in office	M	43	2013-09-26	2016-09-25	0	0	0	0	0
Cao Fang	Director	Currently in office	M	43	2013-09-26	2016-09-25	0	0	0	0	0
Kong Na	Director	Currently in office	F	41	2013-09-26	2016-09-25	0	0	0	0	0
Cui Jun	Independent director	Currently in office	M	53	2013-09-26	2016-09-25	0	0	0	0	0
Chen Shujun	Independent director	Currently in office	M	49	2013-09-26	2016-09-25	0	0	0	0	0
Li Bing	Independent director	Currently in office	F	42	2013-09-26	2016-09-25	0	0	0	0	0
Li Xiang	Supervisor	Currently in	M	43	2014-0	2017-0	0	0	0	0	0

		office			6-27	6-26					
Zheng Zhonghuan	Supervisor	Currently in office	M	55	2014-06-27	2017-06-26	6,267	0	0	0	6,267
Li Jialin	Staff Supervisor	Currently in office	M	56	2014-06-27	2017-06-26	0	0	0	0	0
Sun Longlong	Secretary of Board	Currently in office	M	44	2013-09-26	2016-09-25	0	0	0	0	0
Total	--	--	--	--	--	--	6,267	0	0	0	6,267

II. Changes of directors, supervisors and senior executives

Applicable Not applicable

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive

1. Mr. Li Hai, born in 1969, graduated from Economic department of Shenzhen University in major of accounting; he took the turns of deputy manager of finance department, chief supervisor associate of finance department, secretary of the Board and vice president, etc. of the Company, and now he serves as chairman, legal representative and president of the Company.
2. Mr. Yang Fenbo, born in 1957, China senior economist with master degree of MBA and engineer, held the position of minister of development department, concurrently minister of science and technology department, assistant general manager, assistant to chairman, deputy chief engineer and chief engineer at Shenzhen Lionda Group; took the chairman and concurrently general manager of Guangdong Sunrise Holding Co., Ltd.; now, he is the chairman of Shenzhen Liona Group Co., Ltd.
3. Mr. Yao Zhengwang, born in 1975, with bachelor degree of law, successively took the post of Supervisor of Supervision Office, Deputy Manager of Sales Department, and Deputy Manager of Legal Affairs Department of Shenzhen Guomin Investment Development Co. Ltd. and deputy general manager of Administration Center of Compliant Risk Control, as well as director, secretary of the Board and convener of supervisory committee of CBC; now he serves as director of the Company.
4. Mr. Cao Fang, born in 1974, master degree; since May of 2007, he took post of item manager of marketing and management department in headquarter of Life Insurance, associate of general manager of marketing and management headquarter as well as general manager of market and business department, he acted as member of planning team of Life Insurance Branch in Guangdong. And subsequently served in strategy and development center, Office of the Chairman, Supervision office; he serves as deputy GM of Shanghai Branch of Life Insurance since March 2012.
5. Ms. Kong Na, born in 1976, master degree; From Sep. of 2005 to Apr. of 2010, he took post of Assistant Chief Executive in Ruifude Health Insurance Holding Co., Ltd. From Apr. of 2010 till now, he is in charge of associate of president in Yingkong Holding Co., Ltd.
6. Mr. Cui Jun, born in 1964, party member of CPC, doctor of engineering, master of law and a first-grade lawyer; once he took posts of director of the 5th session of nationwide lawyers association, director of the 8th session and the 9th session of Guangdong lawyer association, vice president of the 5th and the 6th session of Shenzhen lawyers association, committee of international business commission of nationwide lawyers association, deputy director of law business of intellectual property commission of Guangdong

lawyers association, director of civil law business commission of Guangdong lawyers association and director of culture construction committee of Guangdong lawyers association. And now he is director of Guangdong Xingchen Law Firm, member of the CPPCC Shenzhen Committee, committee of law business of intellectual property commission of nationwide lawyers association, executive vice president of Shenzhen Patent Commission, vice president of Shenzhen promotion commission of creative design and intellectual property, arbitrator of mediation center of south China International economy and trade arbitration commission, mediation expert of mediation center and arbitrator of Shenzhen arbitration commission.

7. Mr. Chen Shujun, born in 1968, master of the Chinese University of Hong Kong, majoring in business administration of finance, master of international accountant from City University of Hong Kong and he owes a university degree from law school of Tsinghua University. And he is senior accountant, China Certified Accountant, Chinese Certified Tax Agent, judicial authenticator and owes professional qualification of state laws; served as the legislative consultants of standing committee of Guangdong Province 12th session of the National People's Congress, government procurement review expert of Shenzhen Municipal Finance Committee, Science and technology expert of Shenzhen Municipal Science & Technology Committee of Experts, Director of the eight Shenzhen Institute of accounting and Deputy director of the Expert Committee on accounting standards of enterprises in Shenzhen, Member of the five Shenzhen Institute of Certified Public Accountants in the development of small and medium firms, and Vice president of the second session Accounting Society of Futian District Shenzhen. He once took post of auditor and manager of Guangzhou CPAs. From 1998 till now he acted as executive partner of Shenzhen Guangzhou-Shenzhen CPAs, legal representative of Guangdong Guangzhou-Shenzhen Justice and Accounting judgment institution. And also independent director of Chiwan Base-B, Funde Insurance Holding and Funde P&C, director of Vengood E-commerce and Cybemaut Yingke. And he served as independent director of the Company since August 2010.

8. Ms. Li Bing, born in 1975, bachelor of law major and lawyer; From Jul. of 1998 to Jan. of 2002 she taught in Guizhou University; from Jan. of 2002 to Jan. of 2006 she acted as lawyer in Guangdong Yunsheng Law Firm; from Jan. of 2006 till now, she had been in charge of lawyer of Beijing Deheng Law Firm Branch in Shenzhen.

9. Mr. Li Xiang, born in 1974, a master degree, and he used to serve as organ secretary, director-general of the organization department, manager of H&R dept. of Jiangxi Branch of Pacific Life. He serves as deputy GM of Shenzhen Guosheng Energy Investment Development Co., Ltd. since March 2008.

10. Mr. Zheng Zhonghuan, born in 1962, engineer with bachelor degree, successively took the post in Shenzhen Light Textile Industry Company and Shenzhen Light Industry Company; since Oct. 1985, worked in Shenzhen China Bicycle (Group) Holdings Co. Ltd. and successively took the post of Deputy Manager, Manager of Planning Department, Manager of Material Department and manufacturing dept.; now he is the supervisor of the Company and Manager of Purchasing Department of the Shenzhen Emmelle Industry Co., Ltd.

11. Mr. Li Jialin, born in 1961, a master degree with a title of senior engineer. He successively served as senior engineer of the Company in electrical & mechanical engineering division, GM assistant of Hunan Guangdian Motorcycle Company, manager of the Company in H&R Dept. now he serves as commissioner of comprehensive office of the Company and person in charge of the labor union.

12. Mr. Sun Longlong, born in 1973, graduated from Shanghai University of Finance and Economics in 1995 with a bachelor degree, a bachelor of Economics. He successively worked as financial affairs in Shenzhen Qiongjiao Industry Co., Ltd. and Shenzhen Solar Pipe Co., Ltd., he worked in the Company since May 1999, and successively served as Deputy Manager of financial department, manager of comprehensive management department, manager of enterprise management department, now he serves as secretary of the Board and manager of financial department of the Company.

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's unit	Position in	Start dated of office term	End date of office term	Received
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		shareholder's unit n			remuneration from shareholder's unit (Y/N)
Yao Zhengwang	Shenzhen Guocheng Energy Investment Development Co., Ltd.	Supervisor	2006-10-09		Y
Note of post-holding in shareholder's unit	N/A				

Post-holding in other unit

√Applicable □ Not applicable

Name	Name of other units	Position in other unit n	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Cao Fang	Shanghai Branch of Life Insurance	Deputy GM	2012-03-01		Y
Yang Fenbo	Shenzhen Lionda Group Co., Ltd.	Chairman	2009-10-12		Y
Yang Fenbo	Fawer Auto Parts Co., Ltd.	Non-staff supervisor	2013-03-25	2016-03-24	Y
Kong Na	Yingkong Holding Co., Ltd.	President assistant	2010-04-01		Y
Cui Jun	Guangdong Ange Laws Firm	Attorney	2014-06-01		Y
Chen Shujun	Shenzhen Guangshen CPA	Managing partner	1998-01-01		Y
Chen Shujun	Guangdong Guangshen Judicial Accounting Appraisal Institute	Legal representative	2002-12-01		N
Chen Shujun	Shenzhen Chiwan Base Co., Ltd.	Independent director	2013-05-20		Y
Chen Shujun	Funde Insurance Holding Co., Ltd.	Independent director	2015-07-01	2018-07-01	Y
Chen Shujun	Funde P&C Co., Ltd.	Independent director	2015-06-04	2018-06-04	Y
Chen Shujun	Vengood E-commerce	Director	2016-01-26	2019-01-26	N
Chen Shujun	Cybemaut Yingke	Director	2016-02-26	2019-02-26	N

Punishment of securities regulatory authority in recent three years to the company's current and outgoing directors, supervisors and senior management during the reporting period

□ Applicable √ Not applicable

IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

Decision procedure of remuneration of directors, supervisors, senior management	According to relevant rules of the Article of Association, the general meeting of shareholders decides remuneration of directors and supervisors. The Board of Directors decides senior management's.
Confirmation basis of remuneration of directors, supervisors and senior management	The Company refers to the position rank and comprehensive industry level. And then general meeting of shareholders approves compensation standard and allowance of independent directors. According to the "Interim Measures to Annual Performance Assessment of Executives" and performance evaluation standards the Company issues annual performance salary.
Actual payment of remuneration of directors, supervisors and senior management	The Company strictly paid remuneration of directors, supervisors and senior management accordingly with decision procedure and confirmation basis. Total payment for remuneration of directors, supervisors and supervisors amounted to RMB 1,556,687 from January to December in 2016.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Li Hai	Chairman	M	48	Currently in office	80.6	No
Sun Longlong	Secretary of Board	M	44	Currently in office	30.94	No
Li Jialin	Staff Supervisor	M	56	Currently in office	15.7	No
Zheng Zhonghuan	Supervisor	M	55	Currently in office	14.14	No
Cui Jun	Independent director	M	53	Currently in office	4.76	No
Chen Shujun	Independent director	M	49	Currently in office	4.76	No
Li Bing	Independent director	F	42	Currently in office	4.76	No
Total	--	--	--	--	155.66	--

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable Not applicable

V. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company (people)	10
Employee in-post of main Subsidiaries (people)	43
The total number of current employees (people)	53
The total number of current employees to receive pay (people)	53
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	0
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	19
Sales personnel	11
Technical personnel	8
Financial personnel	6
Administrative personnel	9
Total	53
Education background	
Category of education background	Numbers (people)
Undergraduate	19
Junior college	17
Other	17
Total	53

2. Remuneration Policy

Nil

3. Training programs

Nil

4. Labor outsourcing

Applicable Not applicable

Section IX. Corporate Governance

I. Corporate governance of the Company

During the reporting period, the Company was strictly in accordance with the "Company Law", "Securities Law" as well as "Listing Corporation Management Standards" and other relevant laws, regulations and normative documents. We combined the actual situation, constantly improved the corporate governance structure, and strived to build a modern enterprise system. Operation, assembling and holding of general meeting of shareholders, the Board of Directors and board of supervisors were strictly with relevant rules of procedure. Thus we protected interests of the Company. The actual situation of corporate governance structure was in accordance with the release of normative documents about the listing Corporation management rules from China Securities Regulatory Commission.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

II. Independency of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

The Company separate business, personnel, assets, institute and finance with largest shareholder or other related parties, owes independent and completed self-operation ability.

III. Horizontal competition

Applicable Not applicable

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

1. Annual 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 2016	Extraordinary shareholders general meeting	12.78%	2016-02-03	2016-02-04	Notice of Resolution of first Extraordinary shareholders general meeting

					2016 (No.: 2016005)
Annual General Meeting 2015	Annual General Meeting	12.38%	2016-06-29	2016-06-30	Notice of Resolution of Annual General Meeting 2015 (No.: 2016016)

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

Applicable Not applicable

V. Responsibility performance of independent directors

1. The attending of independent directors to Board meetings and general meeting

The attending of independent directors to Board Meeting						
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)
Cui Jun	7	2	5	0	0	N
Chen Shujun	7	2	5	0	0	N
Li Bing	7	2	5	0	0	N
Times for attending general meeting from independent directors		3				

Explanation of absent the Board Meeting for the second time in a row

Nil

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

Nil

VI. Duty performance of the special committees under the board during the reporting period

Board of directors set up audit commission and remuneration and appraisal commission taking responsibility based on Governance Rules of Listed Company, Article of Association as well as Procedure Rules of Board of Directors and other duties and rights various departments endowed.

As for compiling and audit on annual financial report were checked and communicated by Audit commission in accordance with rules of Working Procedure of Annual Report of Audit Commission, and they submitted decision to board of directors for approval. Remuneration and appraisal commission of the Company, in reporting period, according to the “Interim Measure on Assessment Reward of Annual Performance for Senior Executives”, carry out evaluation on the management team members for operation works in 2015.

VII. Works from Supervisory Committee

The Company has risks in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Examination and incentives of senior management

The Company initially established the standard and incentive mechanism for open and transparent performance evaluation on directors, supervisors and management layer. The appointment of senior management staff was open and transparent, in accordance with provisions of the law.

IX. Internal Control

1. Details of major defects in IC appraisal report that found in reporting period

Yes No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2017-04-27
Disclosure index of full internal control evaluation report	Appraisal Report of Internal Control 2016 of CBC released on Juchao website
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on	100.00%

the company's consolidated financial statements		
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>Material defect: (1) inefficiency of environment control; (2) inefficiency of internal supervision; (3) direct impact on major mistakes of investment decisions; (4) directly make the significant error in the financial statements; (5) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the central government and regulatory agencies, and being sentenced to a fine or penalty, being restricted industry exit, canceling business license and being forced the closure of etc.</p> <p>Major defect: (1) indirect impact on major mistakes of investment decisions; (2) indirectly make the significant error in the financial statements; (3) Lack of important system; (4) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the local government and regulatory agencies, and being sentenced to a fine or penalty, and being ordered to suspend business for rectification and cause the Company's business stop of etc. General defect: other control defect besides material defect and major defect.</p>	<p>Material defect: (1) inefficiency of environment control; (2) inefficiency of internal supervision; (3) direct impact on major mistakes of investment decisions; (4) directly make the significant error in the financial statements; (5) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the central government and regulatory agencies, and being sentenced to a fine or penalty, being restricted industry exit, canceling business license and being forced the closure of etc. Major defect: (1) indirect impact on major mistakes of investment decisions; (2) indirectly make the significant error in the financial statements; (3) Lack of important system; (4) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the local government and regulatory agencies, and being sentenced to a fine or penalty, and being ordered to suspend business for rectification and cause the Company's business stop of etc. General defect: other control defect besides material defect and major defect.</p>
Quantitative standard	<p>1. Potential loss or potential error of total profit: (1) General defect: less than or equal to pre-tax total profit of 3%, (2) Major defect: more than pre-tax total profit of 3%(and absolute amount more than RMB 0.5 million), (3) Material defect:: more than 5% of pre-tax total profit and absolute amount more than RMB 1 million; 2. Potential loss or</p>	<p>1. Potential loss or potential error of total profit: (1) General defect: less than or equal to pre-tax total profit of 3%, (2) Major defect: more than pre-tax total profit of 3%(and absolute amount more than RMB 0.5 million), (3) Material defect:: more than 5% of pre-tax total profit and absolute amount more than RMB 1 million; 2.</p>

	potential error of operating income: (1) General defect: less than or equal to operating income of 1%, (2) Major defect: more than 1% of operating income and less than or equal to 3% of operation income, (3) Material defect:: more than 3% of operating income; 3. Potential loss or potential error of total assets: (1) General defect: less than or equal to 1% of total assets, (2) Major defect: more than 1% of total profit and less than or equal to 3% of total profit, (3) Material defect:: more than 3% of total profit	Potential loss or potential error of operating income: (1) General defect: less than or equal to operating income of 1%, (2) Major defect: more than 1% of operating income and less than or equal to 3% of operation income, (3) Material defect:: more than 3% of operating income; 3. Potential loss or potential error of total assets: (1) General defect: less than or equal to 1% of total assets, (2) Major defect: more than 1% of total profit and less than or equal to 3% of total profit, (3) Material defect:: more than 3% of total profit
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
We considers that China Bicycle Company (Holdings) Limited, in line with Basic Norms of Internal Control and relevant regulations, shows an effectiveness internal control of financial report in all major aspects dated 31 December 2016.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2017-04-27
Index of audit report of internal control (full-text)	Audit Report of Internal Control for year of 2016 of CBC Baker Tilly Zi [2017] No.11696 released on Juchao Website
Opinion type of auditing report of IC	Normal auditor's report
Whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

Yes No

Section X. Corporation Bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No

Section XI. Financial Report

I. Audit report

Type of audit opinion	Unqualified auditor's report with explanatory paragraph
Signing date of audit report	2017-04-25
Name of audit institute	Baker Tilly China CPA (LLP)
Number of audit report	Baker Tilly Zi [2017] No.: 11664
Name of CPA	Chen Zhigang, Zhang Lei

Text of auditor's Report

To all shareholders of Shenzhen China Bicycle Company (Holdings) Limited

We have audited the Company consolidated and parent Company's financial statements of Shenzhen China Bicycle Company (Holdings) Limited ("CBC"), including balance sheet of 31 December 2016 and consolidated balance sheet, and profit statement for year of 2016 and consolidated profit statement, Statement of changes in stockholders' equity and Consolidated statement of changes in stockholders' equity and cash flow statement and consolidated cash flow statement, and notes to the financial statements for 2016.

I. Management's responsibility for the financial statements

Management of the Company is responsible for prepare and present financial statement of the Company, which including: (1) Prepare financial statements with fair presentation in line with Accounting Standards for Business Enterprises; (2) Designing, executed and maintaining necessary internal control in order to prevent fundamental miscarrying in financial statement from fraudulent or errors.

II. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We performed our audit in accordance with Chinese Certified Public Accountants' Auditing Standards. Those standards require us to comply with professional ethics, and to plan and perform our audit so as to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the financial statements. The selective audit procedures depend on auditor's judgment, including the evaluation of the risk of material misstatement of the consolidated financial statements due to frauds or errors. When evaluating risk, we consider internal control related to financial statements, in order to design auditing procedures. An audit also includes assessing the appropriateness of the accounting policies adopted and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that we have obtained sufficient and appropriate audit evidences to provide a basis for our audit opinion.

III. Auditing opinion

In our opinion, in all material aspects, CBC's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the consolidated and parent company's as of December 31, 2016, and its operation results and cash flows for the year ended.

IV. Emphasis of Matter

We bring to the attention of the users of the financial statements, as stated in note XIV of the financial statements under the name of CBC, China Bicycle Company has completed implementation of the restructuring plan dated 27 December 2013 and terminate the bankruptcy proceedings, in which the condition of introduction of investors has been set out with a view to restoring its ability to continue as a going concern and its sustainable profitability through asset restructuring. Up to the reporting date of auditing, the Company has not introduced any investor, but retained the business of bicycles so as to maintain its ability to continue as a going concern before the injection of assets by investors. Therefore, there is uncertainty in the ability of China Bicycle Company to continue as a going concern, and it is stressed that the published opinions on auditing will not be impacted by the subject matter.

II. Financial statement

Unit in note of financial statement refers to CNY: RMB (Yuan)

1. Consolidated Balance Sheet

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

2016-12-31

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	24,015,287.71	26,752,065.66
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	2,220,000.00	
Accounts receivable	12,371,386.82	9,195,296.32
Accounts paid in advance	1,867,424.89	397,833.20
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		

Other receivables	658,754.09	395,523.78
Purchase restituted finance asset		
Inventories	3,118,440.26	4,057,247.68
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	2,050,830.55	209,155.59
Total current assets	46,302,124.32	41,007,122.23
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	3,728,955.11	1,007,906.43
Construction in progress		
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	3,012,000.00	3,765,000.00
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	645,196.29	89,066.31
Other non-current asset	400,000.00	
Total non-current asset	7,786,151.40	4,861,972.74
Total assets	54,088,275.72	45,869,094.97
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		
Accounts payable	9,751,977.78	7,787,813.83
Accounts received in advance	4,321,059.83	2,024,718.30
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	770,985.97	1,384,667.20
Taxes payable	1,565,153.77	1,271,303.96
Interest payable		
Dividend payable		
Other accounts payable	20,397,287.32	20,010,360.36
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	36,806,464.67	32,478,863.65
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	36,806,464.67	32,478,863.65
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	-1,197,486,788.28	-1,200,090,425.75
Total owner's equity attributable to parent company	14,368,683.58	11,765,046.11
Minority interests	2,913,127.47	1,625,185.21
Total owner's equity	17,281,811.05	13,390,231.32
Total liabilities and owner's equity	54,088,275.72	45,869,094.97

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	1,143,418.29	1,199,934.09
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable		

Account paid in advance	16,000.00	82,848.00
Interest receivable		
Dividends receivable		
Other receivables	9,364,086.29	12,579,547.00
Inventories		
Divided into assets held for sale		
Non-current assets maturing within one year		
Other current assets	2,050,830.55	
Total current assets	12,574,335.13	13,862,329.09
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	3,528,684.59	740,727.77
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	3,012,000.00	3,765,000.00
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	400,000.00	
Total non-current assets	6,951,064.32	4,516,107.50
Total assets	19,525,399.45	18,378,436.59
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	1,086,507.70	
Wage payable	112,700.06	290,130.11
Taxes payable	81,512.92	-278,741.70
Interest payable		
Dividend payable		
Other accounts payable	10,662,912.89	10,383,721.15
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	11,943,633.57	10,395,109.56
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	11,943,633.57	10,395,109.56
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	-1,204,273,705.98	-1,203,872,144.83
Total owner's equity	7,581,765.88	7,983,327.03
Total liabilities and owner's equity	19,525,399.45	18,378,436.59

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	141,970,520.80	170,990,030.10
Including: Operating income	141,970,520.80	170,990,030.10
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	137,756,603.41	171,370,550.82
Including: Operating cost	126,243,374.59	159,399,271.88
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	325,097.98	431,067.18
Sales expenses	5,547,948.66	6,515,605.90
Administration expenses	5,705,338.80	5,391,566.14
Financial expenses	-577,245.96	-675,198.21
Losses of devaluation of asset	512,089.34	308,237.93

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 “-”)		
III. Operating profit (Loss is listed with “-”)	4,213,917.39	-380,520.72
Add: Non-operating income	4,421,353.01	4,210,594.98
Including: Disposal gains of non-current asset		
Less: Non-operating expense	3,837,082.24	3,841,393.90
Including: Disposal loss of non-current asset	11,450.00	
IV. Total Profit (Loss is listed with “-”)	4,798,188.16	-11,319.64
Less: Income tax expense	906,608.43	94,609.13
V. Net profit (Net loss is listed with “-”)	3,891,579.73	-105,928.77
Net profit attributable to owner’s of parent company	2,603,637.47	-138,355.58
Minority shareholders’ gains and losses	1,287,942.26	32,426.81
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	3,891,579.73	-105,928.77
Total comprehensive income attributable to owners of parent Company	2,603,637.47	-138,355.58
Total comprehensive income attributable to minority shareholders	1,287,942.26	32,426.81
VIII. Earnings per share:		
(i) Basic earnings per share	0.0047	-0.0003
(ii) Diluted earnings per share	0.0047	-0.0003

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	3,098,499.93	3,183,534.28
Less: Operating cost	841,722.06	1,183,430.55
Operating tax and extras	27,518.91	154,451.03
Sales expenses		
Administration expenses	3,193,033.58	2,412,060.36
Financial expenses	1,047.32	2,372.72
Losses of devaluation of asset	205.16	-39.00
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		
II. Operating profit (Loss is listed with “-”)	-965,027.10	-568,741.38
Add: Non-operating income	4,382,819.19	4,210,594.98
Including: Disposal gains of non-current asset		
Less: Non-operating expense	3,819,353.24	3,836,923.90
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with “-”)	-401,561.15	-195,070.30
Less: Income tax expense		18,947.82
IV. Net profit (Net loss is listed with “-”)	-401,561.15	-214,018.12
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	-401,561.15	-214,018.12
VII. Earnings per share:		
(i) Basic earnings per share	-0.0007	-0.0004
(ii) Diluted earnings per share	-0.0007	-0.0004

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	68,626,103.30	93,016,514.64
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		
Other cash received concerning operating activities	6,964,305.79	7,025,026.01
Subtotal of cash inflow arising from operating activities	75,590,409.09	100,041,540.65
Cash paid for purchasing commodities and receiving labor service	52,408,715.86	80,757,205.50
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	6,815,927.35	6,970,654.49
Taxes paid	4,415,626.99	4,102,934.63

Other cash paid concerning operating activities	11,315,692.88	11,239,769.85
Subtotal of cash outflow arising from operating activities	74,955,963.08	103,070,564.47
Net cash flows arising from operating activities	634,446.01	-3,029,023.82
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	3,371,224.00	382,777.30
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	3,371,224.00	382,777.30
Net cash flows arising from investing activities	-3,371,224.00	-382,777.30
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	0.04	
V. Net increase of cash and cash equivalents	-2,736,777.95	-3,411,801.12
Add: Balance of cash and cash equivalents at the period -begin	26,752,065.66	30,163,866.78
VI. Balance of cash and cash equivalents at the period -end	24,015,287.71	26,752,065.66

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services		38,250.00
Write-back of tax received		

Other cash received concerning operating activities	12,374,972.68	12,679,197.51
Subtotal of cash inflow arising from operating activities	12,374,972.68	12,717,447.51
Cash paid for purchasing commodities and receiving labor service	41,556.80	824,576.60
Cash paid to/for staff and workers	1,887,544.36	2,574,126.10
Taxes paid	488,133.49	1,050,776.71
Other cash paid concerning operating activities	6,643,029.87	8,208,908.80
Subtotal of cash outflow arising from operating activities	9,060,264.52	12,658,388.21
Net cash flows arising from operating activities	3,314,708.16	59,059.30
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	3,371,224.00	222,222.22
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing	3,371,224.00	222,222.22

activities		
Net cash flows arising from investing activities	-3,371,224.00	-222,222.22
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	0.04	
V. Net increase of cash and cash equivalents	-56,515.80	-163,162.92
Add: Balance of cash and cash equivalents at the period -begin	1,199,934.09	1,363,097.01
VI. Balance of cash and cash equivalents at the period -end	1,143,418.29	1,199,934.09

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		-1,200,090,425.75	1,625,185.21	13,390,231.32
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		-1,200,090,425.75	1,625,185.21	13,390,231.32
III. Increase/Decrease in this year (Decrease is listed with "-")											2,603,637.47	1,287,942.26	3,891,579.73
(i) Total comprehensive income											2,603,637.47	1,287,942.26	3,891,579.73
(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		-1,197,486,788.28	2,913,127.47	17,281,811.05

Last Period

In RMB

Item	Last 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	Other										

			1 securi ties									
I. Balance at the end of the last year	551,347,947.00			627,834,297.85				32,673,227.01		-1,199,952,070.17	1,592,758.40	13,496,160.09
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		-1,199,952,070.17	1,592,758.40	13,496,160.09
III. Increase/Decrease in this year (Decrease is listed with “-”)										-138,355.58	32,426.81	-105,928.77
(i) Total comprehensive income										-138,355.58	32,426.81	-105,928.77
(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. Remediating 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		-1,200,090,425.75	1,625,185.21	13,390,231.32	

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	-1,203,872,144.83	7,983,327.03

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	-1,203,872,144.83	7,983,327.03
III. Increase/Decrease in this year (Decrease is listed with “-”)										-401,561.15	-401,561.15
(i) Total comprehensive income										-401,561.15	-401,561.15
(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	-1,204,273,705.98	7,581,765.88

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				627,834,243.83				32,673,227.01	-1,203,658,126.71	8,197,291.13
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	551,347,947.00				627,834,243.83				32,673,227.01	-1,203,658,126.71	8,197,291.13
III. Increase/Decrease in this year (Decrease is listed with "-")					54.02					-214,018.12	-213,964.10

(i) Total comprehensive income											-214,018.12	-214,018.12
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others						54.02						54.02

IV. Balance at the end of the report period	551,347,947.00				627,834,297.85				32,673,227.01	-1,203,872,144.83	7,983,327.03
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III. Company Profile

1. History and Reform

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. The Company reserves the business license for the enterprise legal person (QGYSZFZ No.101165) [the registered number has been altered as 440301501122085] with the registered address in Shenzhen Luohu District and the registered capital of RMB551, 347,947.00.

2. Industry nature

The company's industry: machinery manufacturing industry

3. Business scope

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).

4. Major products and services provided

The Company is specialized in making the middle-top rank bicycles, the main brands are EMMELLE and various electrical bicycles.

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. Up to 31 December 2016, shares issued by the Company counted as 551,347,947 shares accumulated.

5. Business change

During the reporting period, the company's main business has not changed.

No changes in consolidate scope, the subsidiary Shenzhen EMMELLE Industrial Co., Ltd. included only

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 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.

V. Main accounting policy and Accounting Estimate

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

No

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 (called by a joint name 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, that is falls to the range starting from 1 January to 31 December.

3. Business cycles

The business period for the Company, that is falls to the range starting from 1 January to 31 December.

4. Recording currency

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

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

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

① The 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

③Accounting 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 Enterprises No.2–Long-term Equity Investments.

8. Recognition of cash and cash equivalents

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

9. Foreign currency transaction and financial statement conversion

(1) Conversion for foreign currency transaction

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

(2) Conversion of financial statements presented in foreign currencies

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

10. Financial instruments

Financial instruments comprise of financial assets, financial liabilities and equity instruments.

(1) Classification of financial instruments

Financial assets and financial liabilities are classified as follows by the management based on the purpose of holding or assuming these assets or liabilities: financial assets or financial liabilities at fair value through profit or loss, including financial assets or financial liabilities held for trading and those directly designated as at fair value through profit or loss; held-to-maturity investments; receivables; available-for-sale financial assets and other financial liabilities, etc.

(2) Recognition and measurement of financial instruments

① Financial assets and liabilities at fair value through profit and loss

The fair value (after deduction of cash dividend to be distributed and bonds interest to be received) of the assets on the acquisition shall be adopted as initial recognized value, and related transaction expenses shall be accounted into current profits and losses.

The interests and cash dividend received shall be recognized as investment gain during the period, and the difference of fair value between initial and spot dates shall be accounted into current profits and losses at the end of period.

On the disposal of the assets, the difference between the obtained price and the book value of investment shall be recognized as investment gain, and the accumulated fair value profits and losses shall be accordingly adjusted.

②Held to maturity investments

The fair value (after deduction of bond interests whose period has matured but not charged yet) plus the related transactions fees represents the initial recognition value.

During the holding period, the interest income shall be calculated as and included into investment gain in accordance with the amortized costs and the actual interest rate. The actual interest rate is determined at the time of acquisition, and shall remain unchanged during the expected renewal period or any shorter period as applicable.

Upon disposal, the difference between the cost of acquisition and the book value of the investment shall be accounted into investment gain.

③Receivable accounts

The contract price charged to the buyers shall be recognized as initial value for those receivable accounts which mainly comprise the receivable creditor's right caused by the sale of goods and the providing of labor services to external customers by the Company, and receivables in other companies excluding debt instruments priced in active markets, includes but is not limited to receivable accounts and other receivables. If characterized as of financing nature, the initial recognition shall be priced at the present value.

Upon disposal, the difference between the sale value and the book value of the receivable shall be accounted into current profits and losses on its recovery or disposal.

④Financial assets available for sale

The fair value (lower than cash dividend to be distributed and bonds' interest to be received) and relevant transaction expenses of the assets on the acquisition shall be adopted as initial recognized value.

The interests and cash dividend received shall be recognized as investment income during the holding period, and the difference of fair value between initial and spot dates shall be accounted into capital reserve (other capital reserve).

Upon disposal, the difference between fair value and initial value shall be recognized as investment profits and losses, and the accumulated changes in fair value from the disposal shall be at the same time transferred from the shareholders' equity to investment profits and losses.

⑤Other financial liabilities

The sum of the fair value and relevant transaction expenses is recognized as the initial recognition amount. The amortized cost is used for subsequent measurement.

⑥disposal of held-to-maturity investment or reclassification as financial assets available for sale:

Where the Company sells its outstanding held-to-maturity investment within the current accounting year or re-classifies it as the amount of available-for-sale financial asset, and the amount is considerably large as compared with the amount before such investment is sold or re-classified, the surplus of such investment shall be re-classified as an available-for-sale financial asset. However, the following circumstances shall be excluded:

- A. The date of sale or re-classification is quite near to the maturity date or the repo date of the said investment (e.g., within 3 months prior to maturity) that any change of the market interest rate will produce little impact upon the fair value of the said investment.
- B. Enterprise has received almost all the initial principal of the investment according to the provisions on repayment of the contract.
- C. The sale or re-classification is caused by any independent event that the enterprise cannot control, is predicted not to occur again and is hard to be reasonably predicted.

(3) Recognition and measurement of transfer of financial assets

With respect to transfer of financial assets, if an enterprise transfers substantially all the risks and rewards of ownership of a financial asset to the transferee, the enterprise shall derecognize the financial assets. If an enterprise retains substantially all the risks and rewards of ownership of a financial asset, the enterprise shall not derecognize the financial asset.

When making judgment on whether a transfer of financial assets satisfy the above conditions for derecognition of financial assets, the focus shall be put on substance, instead of the form. The Company shall divide transfer of financial assets into transfer in full or in part. For a transfer of a financial asset in its entirety that satisfies the derecognizing criteria, the difference between the following two amounts shall be recognized in profit or loss for the current period:

①the book value of the financial asset transferred;

②The sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized directly in owner's equity (applicable to transfer of available-for-sale financial assets).

If a part of the transferred financial asset qualifies for derecognizing, the book value of the transferred financial asset in its entirety shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts. The difference between the following two amounts shall be included in profit or loss for the current period:

①the book value allocated to the part derecognized;

②the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized directly in equity (applicable to transfer of available-for-sale financial assets).

If a transfer of financial assets do not satisfy the derecognition conditions, the company shall continue to recognize the financial assets, and the consideration received shall be included as financial liabilities.

(4) Conditions for derecognizing financial liabilities

If the current obligations of financial liabilities has been lifted in whole or in part, then the Company shall derecognize the financial liabilities in whole or in part thereof; if the Company signs an agreement with creditors in order to take on new ways to replace the existing financial liabilities, and the new liabilities and the existing financial terms are substantially different, the Company shall terminate recognizing the existing financial liabilities, and begin to recognize the new financial liabilities at the same time.

If the terms of the contract involving the existing financial liabilities have been made with substantive changes in whole or in part, the Company shall terminate recognizing the existing financial liabilities in whole or in part, and at the same time, adopt the modified version of financial liabilities as a new one.

On derecognizing the financial liabilities in whole or in part, the difference between the book value of these financial liabilities and the payment (including the roll-out of non-cash assets or new financial liabilities to be assumed) shall be accounted into current profits and losses.

If buying back part of the financial liabilities, on the date of repurchase and in accordance with the comparative fair value of the part to be continuously recognized and to be derecognized, the Company shall allocate the entire financial liabilities. The difference between the part assigned to the derecognized book value and the payment (including the roll-out of non-cash assets or new financial liabilities to be assumed) shall be included into profits and losses of the current period.

(5) Determination of fair value of financial assets and liabilities

For financial assets and financial liabilities of the Company measured at fair value for which an active market exists, their fair values are determined based on the prices quoted on the actively traded market; for financial assets and financial liabilities for which no active market exists, their fair values are determined using valuation techniques (including by reference to the price adopted by willing parties in their recent transactions or by reference to the prevailing fair value, discount of cash flow method and option pricing model of other financial instruments which are substantially the same); for financial assets initially obtained or derived or financial liabilities assumed, fair value is determined based on market transaction prices.

(6) Provision for impairment reserve of financial assets (excluding accounts receivable)

On balance sheet date, the carrying amounts of financial assets (except for those measured at fair value through

profit or loss of the period) are assessed for impairment. Provision for impairment is made when there exists objective evidence that impairment of a financial asset has occurred.

For financial assets, objective evidence of impairment includes, but not limited to:

- ① significant financial difficulty of the issuer or debtor;
- ② breach of contract, such as delinquency or default in interest and principal payments made by the debtor;
- ③ the creditor, for economic or legal reasons, granting concession to the debtor in financial difficulty;
- ④ it becoming probable that the debtor will enter bankruptcy or financial reorganization;
- ⑤ the disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- ⑥ upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes adverse change in the payment status of debtor of the group of assets, or increased unemployment rate in the country or region where the debtor is located, decreased price of collateral in the region where it belongs, recession in the industry, etc.;
- ⑦ significant adverse changes in the technological, market, economic or legal environment in which the issuer of equity instrument operates, indicating that the cost of the equity instrument investment may not be recovered by the investor;
- ⑧ a significant or prolonged decline in the fair value of the investment in equity instrument;

Specific method for impairment of financial assets:

① Impairment of available-for-sale financial asset

As for available-for-sale financial assets, in case that there is any objective evidence indicating available-for-sale equity instrument investment is impaired (including fair value of equity instrument investment occurs significant or non-temporary decline, impairment shall be recognized.

Where an available-for-sale financial asset is impaired, even if the recognition of the financial asset has not been terminated, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the current period. The accumulative losses that are transferred out shall be the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period.

As for the available-for-sale debt instruments whose impairment-related losses have been recognized, if, within

the accounting period thereafter, the fair value has risen and are objectively related to the subsequent events that occur after the originally impairment-related losses were recognized, the originally recognized impairment-related losses shall be reversed and be recorded into the profits and losses of the current period. Impairment loss occurred to available-for-sale equity instrument investment shall be reverted through equity when the value of the equity instrument rises up. However, impairment loss in respect of equity instrument investment for which there is no quoted price in an active market and for which fair value could not be measured reliably, or impairment loss in relation to a derivative financial asset linked with the equity instrument for which the settlement shall be subject to delivery of the equity instrument, shall not be reverted.

②Provision for impairment of held-to-maturity investments:

If there is objective evidence that indicates impairment has occurred on a held-to-maturity investment, the difference between its carrying amount and the present value of its estimated future cash flow is recognized as impairment loss. If there is subsequent evidence to prove that its value has recovered, the originally recognized impairment loss may be reversed and recognized in profit or loss for the period, however the carrying amount so reversed may not exceed the amortization cost of the financial asset at the date of reversal had there been no provision for impairment.

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
Aging of accounts group	Age analysis method

Group with bad debt provision accrual by aging:

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%

3—4 years	100.00%	100.00%
4—5 years	100.00%	100.00%
Over 5 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) Inventory system

Perpetual inventory system is adopted.

(4) 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.

13. Classified as assets held for sale

If a non-current asset can be promptly sold at its existing status only according to the practice terms in connection with disposal of this kind of assets, and the Company has already made resolution on disposal of the non-current asset and entered into irrevocable transfer agreement with the transferee, and this transfer will be completed within one year, then the non-current asset would be calculated as non-current asset held for sale which would be not applicable to depreciation or amortization since the date of classification as asset held for sale, and would be measured at the lower of its carrying value less disposal cost and fair value less disposal cost. Non-current asset held for sale consists of single item asset and disposal group. If a disposal group is a group of assets as defined by No.8 of Business Accounting Standards-Assets Impairment, and goodwill arising from business combination shall be allocated to the group of assets under this accounting principle, or the disposal group constitutes one operation of the group of assets, then the disposal group includes the goodwill arising from business combination.

For single non-current asset and asset in disposal group classified as assets held for sale, they shall be presented in balance sheet separately as current assets. For liabilities in disposal group relating to the transferred assets classified as assets held for sale, they shall be presented in balance sheet separately as current liabilities.

If an asset or disposal group classified as held for sale no longer meets the recognition condition as non-current asset held for sale, the Company will cease such recognition and measure the asset at the lower of (1)the carrying value of the asset or disposal group prior to being classified as held for sale, based on the amount adjusted with the depreciation, amortization or impairment which should have been recognized assuming it had not been classified as held for sale; (2)the recoverable amount on the date when the Company decides to cease disposal.

14. Long-term equity investments

(1)Determination of investment costs

①If 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.

②As 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.

③Except 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

Investment property refers to the real estate held with purpose of rent earning, capital appreciation or both of them.

Investment properties of the Company include:

- (1) land use right which has been rented out;
- (2) land use right which is held for transfer upon appreciation;
- (3) buildings which has been rented out.

Investment property is initially measured at the cost when acquired. The Company makes subsequent measurement on investment property under cost model on the balance sheet date. Depreciation method for constructions and buildings under the item of fixed assets are the same, and amortization method for land use right and land use right under the item of intangible assets are the same.

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.

Fixed assets may be recognized unless it simultaneously meets the conditions as follows:

- ①The economic benefits pertinent to the fixed asset are likely to flow into the enterprise; and
- ②The cost of the fixed assets can be measured reliably.

(2) Depreciation methods

Categories	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
Housing buildings	Straight-line depreciation	20	10%	4.5%
Machines and equipment	Straight-line depreciation	10	10%	9%
Office equipment	Straight-line depreciation	5	10%	18%
Electronic equipment	Straight-line depreciation	5	10%	18%
Transportation equipment	Straight-line depreciation	5	10%	18%

Other equipment	Straight-line depreciation	5	10%	18%
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Nil

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee and titles to the assets may or may not eventually be transferred. For fixed assets acquired under finance leases, the basis for provision of leased assets depreciation is the same as that of self-owned fixed assets. When it can be reasonably determined that the ownership of a leased asset will be transferred at the end of the lease term, it is depreciated over the period of expected use; otherwise, the lease asset is depreciated over the shorter period of the lease term and the period of expected use.

17. Project under Construction

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

No

(1) Class of construction in progress

Construction in progress is measured case by case.

(2) Standards and timing of carrying forward construction in progress into fixed assets

The initial book values of the fixed assets are stated at total expenditures incurred before construction in progress reaching the working condition for their intended use. For construction in progress that has reached working conditions for its intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working conditions for its intended use. And the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation. Adjustment shall be made to the originally and provisionally estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

18. Borrowing expenses

(1) Principles of recognizing capitalization of borrowing expenses

The borrowing expenses of the Company directly attributable to the construction or production of an asset meeting capitalization conditions are capitalized and recognized in relevant asset costs; other borrowing expenses are recognized as expenses based on the amount incurred and recognized in profit or loss for the period.

An asset that meets the capitalization conditions refers to fixed assets, real estate investments and inventories that require a considerable amount of time for construction or production to reach the expected usable or saleable condition.

Borrowing expenses are capitalized when all of the following conditions are met:

①the asset expense has occurred, which includes expenses in the form of cash paid, nonmonetary asset transferred or interest-bearing obligations assumed for the construction or product of an asset that meets capitalization conditions;

②the borrowing expenses have occurred;

③the necessary construction or production activities for bringing the asset to the expected usable or saleable conditions have started.

Capitalization of borrowing expenses is suspended when any abnormal interruption continues for over three months during the construction or production of an asset that meets capitalization conditions.

When the construction or production of an asset meeting capitalization conditions has reached expected useful or saleable conditions, the capitalization of borrowing expenses is stopped.

When the a portion of the construction or production of an asset meeting capitalization conditions has completed and can be used individually, the capitalization of borrowing expenses of such portion of asset is stopped.

(2)Capitalization period of borrowing expenses

Capitalization period refers to the time starting from the borrowing expenses are capitalized to the time capitalization is stopped, except for the period which capitalization of borrowing expenses is suspended.

(3) Calculation of capitalized amount of borrowing expenses

Interest expenses of special loans (net of interest income from unutilized loans deposited in bank or investment gain earned from temporary investment) and supplementary expenses incurred for the construction or production of asset that meets capitalization conditions before the asset reaches expected useable or saleable condition are capitalized.

The interest amount that should be capitalized on normal borrowings is calculated based on the weighted average of expenses of the aggregate asset exceeding the expenses of the portion of special loan multiplied by the capitalization ratio of the normal borrowings utilized. Capitalization ratio is calculated based on normal weighted average interest rate.

19. Biological assets

Nil

20. Oil-and-gas assets

Nil

21. Intangible assets

(1) Valuation method, service life and impairment test

(1) Measurement of intangible assets

Intangible assets are accounted at the actual cost when acquired. The cost of externally purchased intangible assets includes the purchase price, relevant taxation and other expenses directly attributable to bringing the asset to expected usage. If payment for the price of intangible assets purchased is delayed beyond normal credit conditions and is in fact financing in nature, the cost of the intangible asset is determined based on the present value of the purchase price.

For intangible asset obtained through debt restructuring for offsetting the debt of the debtor, the entry value of the intangible asset is determined based on its fair value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset used for offsetting the debt is recognized in profit or loss for the period. The entry value of intangible asset received in an exchange for non-monetary asset is based on the fair value of the asset surrendered, provided that the asset received in exchange for non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable; for exchange of nonmonetary asset that cannot satisfy the above conditions, the cost of the intangible asset received is based on the carrying amount of the asset surrendered and the amount of relevant taxation payable, and no profit or loss is recognized.

For intangible asset obtained through business absorption or combination of entities under common control, the entry value is determined by the carrying amount of the combined party; for intangible asset obtained through business absorption or merger of entities not under common control, the entry value is determined by the fair value of the intangible asset.

(2) Amortization of intangible assets

Intangible asset with a limited life is amortized using straight line method over the term which it brings economic benefit to the Company. If the term of economic benefit the intangible asset can bring to the Company cannot be estimated, it is deemed to be an intangible asset with indefinite life, which shall not be amortized.

(3) Regular review of useful life

The expected useful life and amortization method for intangible assets with definite useful life are reviewed at the end of each year, and adjusted when necessary. In case that the useful life of an intangible asset is limited, the Company shall estimate the term of the useful life or quantity of output or similar measurement units constituting the useful life. The useful life of intangible assets shall be reviewed annually, and they are also subject to impairment test. At the end of each accounting period, useful life and amortization method for intangible assets with definite useful life are reviewed. Where the useful life and amortization method is different from the previous estimate, the company shall change term and method for amortization. Besides, the company shall also review the

useful life of intangible assets with indefinite useful life in each accounting period. if there is any evidence showing that an intangible asset has definite useful life, the company shall estimate the useful life according the above rules.

(4) Impairment of intangible assets

The Company makes a judgment on whether there is any sign of possible assets impairment on the balance sheet date. With respect to goodwill arising from business combination and intangible assets with indefinite useful life, they are subject to impairment test annually regardless of whether there is any sign of impairment. If there is any sign of impairment, the company shall estimate the recoverable amount which shall be determined at the higher of the net amount of fair value of the asset less disposal costs and the present value of the predicted future cash flow of the asset. In particular, the disposal costs include legal expenses, taxes, delivery expense relating to the asset disposal and other expenses directly occurred to make the asset available for sale.

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

(1) Categorization of the expenditure in research stage and expenditure in development stage

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

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

22. Impairment of long-term assets

The Company makes a judgment on whether there is any sign of possible long-term assets impairment on the balance sheet date. Where there is a sign indicating potential impairment, the Company will estimate the recoverable amount. And if the recoverable amount of an asset is less than its carrying value, the carrying value shall be written down to the recoverable amount, and the amount written down shall be recognized as impairment loss and included in current profit or loss. Meanwhile, the Company shall make impairment provision for the asset accordingly.

No matter whether there is any sign of possible assets impairment, the goodwill formed by the merger of enterprises and intangible assets with uncertain service lives shall be subject to impairment test every year.

The estimate of the recoverable amount of the assets are determined at the higher of the net amount of the fair

value less the disposal expenses and the present value of the estimated future cash flows.

The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs.

Once the asset impairment loss is recognized, it will not be reversed in the subsequent periods

After the loss of asset impairment has been recognized, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future periods so as to amortize the post-adjustment carrying value of the asset systematically (deducting the expected net residual value) within the residual service life of the asset.

23. Long-term deferred expenses

Long-term deferred expenses are those prepaid expenses with an amortization period of more than one year (excluding one year), such as improvement expense occurred on fixed assets leased under operating leasing arrangement. Long-term deferred expenses are amortized in installment on an average basis over the period which is expected to be benefitted from such expenses. In case that the long-term deferred expenses are not likely to benefit the subsequent accounting periods, the outstanding value of the item to be amortized shall be included in current profit or loss in full.

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

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

(3) Accounting for retirement benefits

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

earlier.

(4) Accounting for other long-term employee benefits

For other long-term employee benefits provided by the Company to its employees, if satisfy with the established withdraw plan, then the benefits are accounted for under the established withdraw plan, otherwise accounted for under defined benefit scheme.

25. Accrued liabilities

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

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

26. Share-based payment

Share based payment refers to the transactions involving grant of equity instrument or assume liabilities as determined based on equity instrument for the purpose of acquiring services from employees or other parties. Share based payment is divided into the equity settled share based payment and cash settled share based payment.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. The cash-settled share-based payment shall be measured at the fair value of the liability that determined on the basis of shares or other equity instruments undertaken by the enterprise

27. Other financial instruments including senior shares and perpetual bonds

(1) Distinguish of senior shares and perpetual bonds

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

①the financial instrument excludes delivery of cash or other financial assets to others, or exchange for contractual obligations on financial assets or financial liabilities with others under potential negative conditions;

②if its own equity instruments are required or may be used to settle the financial instruments, it excludes the contractual obligation to deliver varied numbers of own equity instruments for settlement provided that the financial instruments are non-derivatives; if the financial instruments are derivatives, the Company can only settle the financial instruments by fixed number of own equity instruments for exchange for fixed amount of cash or other financial assets.

Other than the financial instruments which can be classified as equity instruments under the above conditions,

other financial instruments issued by the Company shall be classified as financial liabilities.

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

(2) Accounting for perpetual bonds and senior shares

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

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

The Company does not recognize change of fair value of equity instruments.

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 merchandise to the buyer; (2)the Company has not retained continued management rights associated with ownership and no longer exercises effective control on the merchandise 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.

(2) Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred can be measured reliably), revenue from rendering of services is recognized using the percentage of completion method, and the stage of completion is determined at the proportion of costs incurred to the estimated total costs. 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

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.

(4) Interest income

Recognized based on the times and real interest rates for the money used by others

29. Government Grants

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

(1) Government grants related to assets

Government grants related to assets represent grants obtained from government which are to compensate long-term assets purchased or other ways.

(2) Determination of amortization method and amortization term of deferred income related to government grants

① Government grant related to assets received by the Company is recognized as deferred income which is included on an average basis in profit or loss of the respective accounting period over the service life of the asset commencing from the time when the asset is ready for the planned use. In case that the asset is disposed, transferred, discarded as useless or damaged prior to the end of service life, the remaining deferred income shall be included in profit or loss of the period in which the asset is disposed on an one-off basis.

(3) Timing for recognition of government grant

Government grant is recognized only when the following conditions are met:

① able to satisfy the conditions attached to government grant;

② able to obtain government grant.

(4) Calculation of government grant

Government grant in the form of monetary assets is measured at the amount received or receivable, while government grant not in the form of monetary assets shall be measured at fair value. In case of failure to determine fair value, it shall be measured at nominal value.

① government grant related to assets shall be recognized as deferred income and allocated averagely during the useful life of relevant assets and included in current profit or loss. However, government grant measured at nominal value shall be included directly in current profit or loss.

② where recognized government grant is required to return, the followings shall be adopted:

A. offset the carrying value of deferred income if such deferred income exists, and the surplus part shall be included in current profit or loss;

B. included in current profit or loss directly if no deferred income exists.

(2) Determination basis and accounting for government grants related to income

(1) Government grants related to income

Government subsidies related to income refer to government subsidies other than those related to assets.

(2) Determination of amortization method and amortization term of deferred income related to government grants

①The company's revenue related government grants, which are used to compensate for the relevant expenses or losses during the subsequent period, are recognised as deferred income.

(3) Timing for recognition of government grant

Government grant is recognized only when the following conditions are met:

①able to satisfy the conditions attached to government grant;

②able to obtain government grant.

(4) Calculation of government grant

Government grant in the form of monetary assets is measured at the amount received or receivable, while government grant not in the form of monetary assets shall be measured at fair value. In case of failure to determine fair value, it shall be measured at nominal value.

①Government subsidies related to income shall be dealt with in the following situations

A. For the purpose of compensating for the related expenses or losses during the subsequent period of the company, it shall be recognized as deferred income and shall be included in the current profits and losses in the period when the relevant expenses are recognized.

B. For the purpose of compensating for the expenses or losses incurred by the company, it shall be directly included in the current profits and losses

②where recognized government grant is required to return, the followings shall be adopted:

A. offset the carrying value of deferred income if such deferred income exists, and the surplus part shall be included in current profit or loss;

B. included in current profit or loss directly if no deferred income exists.

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

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

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

(2) Accounting for financing lease

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

When the company acts as lessor, at the inception of lease, the sum of minimum lease income at the inception of lease and the initial direct expense is recognized as the value of finance lease payment receivable, with unsecured balance also recorded. The difference between the sum of minimum lease income, initial direct expense and

unsecured balance and the sum of their present values is recognized as unrealized finance income. For each period of the lease term, current finance income is calculated using effective interest method.

32. Other important accounting policy and estimation

Discontinued operation refers to the operation disposed or classified as held-for-sale by the Company and presented separately under operation segments and financial statements, which has fulfilled one of the following criteria: ① it represents an independent key operation or key operating region; ② it is part of the proposed disposal plan on an independent key operation or proposed disposal in key operating region; or ③ it only establishes for acquisition of subsidiary through disposal.

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

33. Major accounting policy and changes

(1) Main accounting policy changes

√Applicable □Not applicable

The contents and reasons of accounting policy changes	Examination and approval procedures	Note
According to the VAT Accounting Rules issued by the Ministry of Finance on 3 December 2016 (CK[2016]No.22), the item of “business tax and surplus” in profit statement is adjusted to “tax and surplus”.	Law enforcement	
According to the VAT Accounting Rules issued by the Ministry of Finance on 3 December 2016 (CK[2016]No.22) which is applicable to the transactions occurred since 1 May 2016, the property tax, land use tax, stamp duty relating to operating activities of the Company were reclassified from “administrative expense” into “tax and surplus” with effect from 1 May 2016, while taxes relating to transactions occurred before 1 May 2016 was not subject to adjustment. Also, no adjustment is made on comparative figures.	Law enforcement	

Taxes and surcharge in profit statement will increase 14,206.07 Yuan in the year, administrative expenses for the year decreased 14,206.07 Yuan in profit statement

(2) Changes of important accounting estimate

Applicable Not applicable

34. Other

Nil

VI. Taxes

1. Main tax category and tax rate

Tax category	Tax calculation evidence	Tax rate
Value added tax	Sales of goods, taxable labor service revenue and taxable income	17%
Tax for maintaining and building cities	Turnover tax payable	7%
Business income tax	Taxable income	25%
Business tax	Taxable turnover	5%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate

2. Tax preference

Nil

3. Other

In line with the “Notice on Nationwide Implementation of VAT Pilot Program from Business Tax”[2016] No.30 issued by Ministry of Finance and SAT, the taxpayer, which is engaged in construction business, real estate industry, banking business and service industries, are paying the VAT instead of business tax since 1 May 2016

VII. Notes to Items in Consolidated Financial Statements

1. Monetary fund

In RMB

Item	Ending balance	Opening balance

Cash on hand	132,652.06	141,271.10
Cash in bank	23,768,774.82	26,610,794.56
Other monetary fund	113,860.83	0.00
Total	24,015,287.71	26,752,065.66
Including: the total money deposited abroad	0.00	0.00

Other explanation

Separate explanation is required for accounts with restricted application purposes, deposited overseas and of potential recovery risks arising from pledge, mortgage or frozen:

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

In RMB

Item	Ending balance	Opening balance
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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	2,220,000.00	
Total	2,220,000.00	

(2) Pledge at period-end

In RMB

Item	Amount pledge at period-end
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
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Bank acceptance bill	44,613,787.85	
Total	44,613,787.85	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
Total	0.00

Other explanation

Nil

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	12,479,037.76	86.34%	1,292,617.31	10.36%	11,186,420.45	9,591,998.29	88.69%	1,374,959.25	14.33%	8,217,039.04
Accounts with single significant amount and bad debts provision accrued individually	1,974,943.96	13.66%	789,977.59	40.00%	1,184,966.37	1,222,821.60	11.31%	244,564.32	20.00%	978,257.28
Total	14,453,981.72	100.00%	2,082,594.90	14.41%	12,371,386.82	10,814,819.89	100.00%	1,619,523.57	14.98%	9,195,296.32

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	10,698,460.47	32,095.39	0.30%

Subtotal within one year	10,698,460.47	32,095.39	0.30%
1-2 years	79,894.08	239.68	0.30%
2-3 years	441,726.15	1,325.18	0.30%
Over 3 years	1,258,957.06	1,258,957.06	100.00%
Total	12,479,037.76	1,292,617.31	10.36%

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 463,071.33 Yuan; the amount collected or switches back amounting to 0.00 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
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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:

There is no actual write off of accounts receivable in Period.

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

Item	Relationship with the company	Amount	Account age	Ratio in total receivables (%)	Nature
Client 1	Unrelated party	3,081,619.42	Within one year	21.32	Trade receivable
Client 2	Unrelated party	2,535,268.50	Within one year	17.54	Trade receivable
Client 3	Unrelated party	2,294,293.55	Within one year	15.87	Trade receivable
Client 4	Unrelated party	1,278,283.50	Within one year	8.84	Trade receivable
Client 5	Unrelated party	1,144,690.91	4-5 years	7.92	Trade receivable
<u>Total</u>		<u>10,334,155.88</u>		<u>71.49</u>	

Other explanation:

Receivables with minor single amount but withdrawal bad debt provision separately

Clients	Book balance	Bad debt provision	Accrual ratio (%)	Reasons
Shijiazhuang Dasong Technology Co., Ltd.	1,278,283.50	511,313.41	40.00	Termination of operations, uncertainty of money collection
Xi'an Beilin Fuxin Electro-mobile After-Sale Department	696,660.46	278,664.18	40.00	Termination of operations, uncertainty of money collection
<u>Total</u>	<u>1,974,943.96</u>	<u>789,977.59</u>	<u>40.00</u>	

6. Advance payment

(1) Listed by account age

In RMB

Age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	1,667,424.89	89.29%	386,433.20	97.13%
1- 2 years	200,000.00	10.71%	11,400.00	2.87%

2-3 years				
Over 3 years				
Total	1,867,424.89	--	397,833.20	--

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

The subscription 200,000.00 Yuan paid to Huihuangda Bicycle (Shenzhen) Co., Ltd. for 1000 OEM bicycles in advance. The subscription will pay the final money according to the agreement. The business still not settles till end of the period

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

Item	Relationship with the company	Amount	Account age	Ratio in total advance payment (%)	Nature
A	Unrelated party	1,558,709.04	Within one year	83.47	Prepayments for materials
B	Unrelated party	200,000.00	1-2 years	10.71	Prepayments for materials
C	Unrelated party	27,530.00	Within one year 1	1.47	Prepayments for materials
D	Unrelated party	16,409.00	Within one year 1	0.88	Prepayments for materials
E	Unrelated party	16,000.00	Within one year 1	0.86	Prepaid service charge
<u>Total</u>		<u>1,818,648.04</u>		<u>97.39</u>	

7. Interest receivable

(1) interest receivable

In RMB

Item	Ending balance	Opening balance
Time deposit		

Loan by mandate		
Debt investment		
Total		

(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
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(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	1,111,471.82	100.00%	452,717.73	40.73%	658,754.09	845,449.44	100.00%	449,925.66	53.22%	395,523.78

provision accrual by credit portfolio										
Total	1,111,471.82	100.00%	452,717.73	40.73%	658,754.09	845,449.44	100.00%	449,925.66	53.22%	395,523.78

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 one year			
Within one year	380,003.30	1,140.01	0.30%
Subtotal within one year	380,003.30	1,140.01	0.30%
1-2 years	208,705.00	626.12	0.30%
2-3 years	72,028.00	216.08	0.30%
Over 3 years	450,735.52	450,735.52	100.00%
Total	1,111,471.82	452,717.73	

Explanations on combination determine:

According to the business scale, business nature, and customers' settlement, etc., the other account receivable with single big amount is determined to be RMB 5 million. The other account receivable with single big 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 2,792.07 Yuan; the amount collected or switches back amounting to 348.24 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:

No written-off for the major other receivable in Period.

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin or deposit	503,614.00	304,626.00
Equipment money	311,400.00	300,000.00
Staff personal loans	111,870.60	119,240.50
Other	184,587.22	121,582.94
Total	1,111,471.82	845,449.44

(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
Other receivable I	Equipment money	300,000.00	Over 3 years	26.99%	300,000.00
Other receivable II	Margin or deposit	135,723.00	1-2 year	12.21%	407.17
Other receivable III	Margin or deposit	90,100.00	1-2 year	8.11%	270.30
Other receivable IV	Margin or deposit	72,000.00	Within one year	6.48%	216.00
Other receivable V	Personal loans	55,000.00	Within one year	4.95%	165.00
Total	--	652,823.00	--	58.74%	301,058.47

(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	--	--

(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

10. Inventory

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

No

(1) Inventory classification

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	785,399.89	40,706.54	744,693.35	441,460.58		441,460.58
Finished goods	2,379,266.31	5,519.40	2,373,746.91	3,615,787.10		3,615,787.10
Total	3,164,666.20	46,225.94	3,118,440.26	4,057,247.68	0.00	4,057,247.68

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		40,706.54				40,706.54

Finished goods		5,519.40				5,519.40
Total	0.00	46,225.94				46,225.94

During normal production, the cash realizable value of inventories directly for sale, such as merchants and materials for sale is accounted according to the estimated price less the estimated sales expenses and taxes. During normal production, the cash realizable value of materials to be processed is accounted according to the estimated price of finished product less the estimated cost, sales expenses and taxes. For inventories with purpose of implementing sales contract or labor contract, the cash realizable value is based on the contract price; if the inventories held exceed the ordered amount specified in the contract, the cash realizable value of surplus part is accounted based on the market price.

(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 holding ready 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	1,509,433.95	

Prepaid tax	541,396.60	209,155.59
Total	2,050,830.55	209,155.59

Other explanation:

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

14. 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-beginning	Increased	Decreased	Period-end	Period-beginning	Increased	Decreased	Period-end		

Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--	0.00
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(4) Changes of impairment in Period

In RMB

Type	Equity instrument available for sale	Debt instrument available for sale		Total
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	+,-								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	Houses and buildings	Transport tools	Machines equipment	Electronic equipment and other	Total
I. Original book value:					
1. Opening balance		678,623.99	416,629.06	635,351.81	1,730,604.86
2. Increased in the Period	2,959,824.00				2,959,824.00
(1) Purchase	2,959,824.00				2,959,824.00
(2)					

construction in process transfer-in					
(3) the increase in business combination					
3. Decreased in the Period		114,500.00			114,500.00
(1) Disposal or scrap		114,500.00			114,500.00
4. Ending balance	2,959,824.00	564,123.99	416,629.06	635,351.81	4,575,928.86
II. accumulated depreciation					
1. Opening balance		231,378.84	34,252.84	457,066.75	722,698.43
2. increased in the Period					
(1) provision	66,596.04	101,542.32	37,496.64	21,690.32	227,325.32
3. Decreased in the Period					
(1) Disposal or scrap		103,050.00			103,050.00
4. Ending balance	66,596.04	229,871.16	71,749.48	478,757.07	846,973.75
III. impairment of preparation					
1. Opening balance	0.00	0.00	0.00	0.00	0.00
2. increased in the Period	0.00	0.00	0.00	0.00	0.00
(1) provision	0.00	0.00	0.00	0.00	0.00
3. Decreased in	0.00	0.00	0.00	0.00	0.00

the Period					
(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	2,893,227.96	334,252.83	344,879.58	156,594.74	3,728,955.11
2. Opening book value		447,245.15	382,376.22	178,285.06	1,007,906.43

(2) Fixed assets temporary idle

In RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Note
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(3) Fixed assets leased through operating lease

In RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value
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(4) Fixed assets leased through operating lease

In RMB

Item	Ending book value
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(5) Certificate of title un-completed

In RMB

Item	Book value	Reasons
Six properties in Lianxin Garden	2,893,227.96	Purchasing 7-20F and other six properties of Lianxin Garden with original value of 2,959,824.00 Yuan. The property purchasing refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District. According to the agreement, the

		enterprise shall not carrying any kind of property trading with any units or individuals except the government, and the company has no property certification on the above mentioned properties.
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Other explanation

No accrual for impairment provision due to there was no evidence of impairment being found in fixed assets at period-end

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	increased in the Period	Fixed assets transfer-in in the Period	Other decrease d in the Period	Ending balance	Proporti on of project investme nt in budget	Progress	Accumul ated amount of interest capitaliz ation	including : interest capitaliz ed amount of the year	Interest capitaliz ation 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
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Other explanation:

Nil

22. Disposal of fixed assets

In RMB

Item	Ending balance	Opening balance
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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. increased in the Period					
(1) Purchase					

(2) internal R & D					
(3) the increase in business combination					
3.DecreasedAmount					
(1) Disposal					
4.Ending balance				5,271,000.00	5,271,000.00
II. accumulated depreciation					
1.Opening balance				753,000.00	753,000.00
2. increased in the Period				753,000.00	753,000.00
(1) provision				753,000.00	753,000.00
3.DecreasedAmount					
(1) Disposal					
4.Ending balance				1,506,000.00	1,506,000.00
III. impairment of preparation					
1.Opening balance					
2. increased in the Period					
(1) provision					
3.DecreasedAmount					
(1) Disposal					
4.Ending balance					
IV. book value					

1. Ending book value				3,765,000.00	3,765,000.00
2. Opening book value				4,518,000.00	4,518,000.00

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:

No accrual of impairment provision due to there was no impairment evidence being found in intangible assets at end of the period

26. Development expense

In RMB

Item	Opening balance	Increased in the Period		Decreased in the Period			Ending balance
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other explanation

Nil

27. Goodwill

(1) Original book value of goodwill

In RMB

The invested entity or items	Opening balance	Increase during the year		Decreased during the year		Ending balance
Total	0.00	0.00	0.00	0.00	0.00	0.00

(2) Depreciation reserves of goodwill

In RMB

The invested entity or items	Opening balance	Increase during the year		Decreased during the year		Ending balance
Total	0.00	0.00	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	increased in the 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
Asset depreciation reserves	2,580,785.12	645,196.29	356,256.24	89,066.31
Total	2,580,785.12	645,196.29	356,256.24	89,066.31

(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		645,196.29		89,066.31

(4) Details of unrecognized deferred income tax assets

In RMB

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

In RMB

Year	Ending amount	Opening amount	Note
Total	0.00	0.00	--

Other explanation:

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

Due to the uncompensated loss of parent company, the Company did not recognize deferred income tax assets.

30. Other non-current assets

In RMB

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

Other explanation:

In reporting period, the Company paid the four houses in advance for enterprise talent, located in Yinhu Lanshan, to Shenzhen Housing and Construction Bureau of Luohu District, the event still in process.

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
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Other explanation:

Nil

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

In RMB

Type	Ending balance	Opening balance
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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 1 year (including 1 year)	9,563,099.99	7,602,020.99
1-2 year (including 2 year)	3,084.95	
Over 3 years	185,792.84	185,792.84
Total	9,751,977.78	7,787,813.83

(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
Supplier 1	Unrelated party	4,802,117.00	Within one year	49.24	Trade payable
Supplier 2	Unrelated party	2,534,569.26	Within one year	25.99	Trade payable
Supplier 3	Unrelated party	709,566.66	Within one year	7.28	Trade payable
Supplier 4	Unrelated party	702,070.00	Within one year	7.20	Trade payable
Supplier 5	Unrelated party	435,695.34	Within one year	4.47	Trade payable
<u>Total</u>		<u>9,184,018.26</u>		<u>94.18</u>	

36. Account received in advance

(1) Account received in advance

In RMB

Item	Ending balance	Opening balance
Within one year (one year included)	3,257,952.74	580,886.87
1-2 years (2 years included)	503,352.22	738,408.34
2-3 years (3 years included)	141,481.50	153,434.50
Over 3 years	418,273.37	551,988.59
Total	4,321,059.83	2,024,718.30

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

In RMB

Item	Ending balance	Reasons of un-paid or carry-over
Received in advance D	404,013.70	
Received in advance E	200,689.00	
Received in advance F	200,462.80	
Total	805,165.50	--

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

In RMB

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

Other explanation:

Top 5 received in advance at Period-end

Item	Relationship with the company	Amount	Account age	Ratio in total received in advance (%)	Nature
A	Unrelated party	1,086,507.70	Within one year	25.14	Advances on sales
B	Unrelated party	1,054,243.20	Within one year	24.40	Advances on sales
C	Unrelated party	522,321.39	Within one year	12.09	Advances on sales
D	Unrelated party	404,013.70	Over 3 years	9.35	Advances on sales
E	Unrelated party	200,689.00	1-2 years	4.64	Advances on sales
<u>Total</u>		<u>3,267,774.99</u>		<u>75.62</u>	

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	1,379,350.24	5,795,087.15	6,403,451.42	770,985.97
II. Post-employment benefit – defined contribution plan	5,316.96	387,382.55	392,699.51	
III. Dismiss welfare				
IV. Other welfare due within one year				

Total	1,384,667.20	6,182,469.70	6,796,150.93	770,985.97
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(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	1,148,241.19	5,029,424.22	5,413,448.16	764,217.25
2. Welfare for workers and staff		91,930.24	91,930.24	
3. Social insurance	1,293.08	170,617.44	171,910.52	
Including: Medical insurance	1,293.08	137,643.34	138,936.42	
Work injury insurance		7,129.28	7,129.28	
Maternity insurance		25,844.82	25,844.82	
4. Housing accumulation fund	10,267.96	425,973.84	436,241.80	
5. Labor union expenditure and personnel education expense	219,548.01	77,141.41	289,920.70	6,768.72
Total	1,379,350.24	5,795,087.15	6,403,451.42	770,985.97

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the year	Decreased	Ending balance
1. Basic endowment insurance	5,172.32	351,283.71	356,456.03	
2. Unemployment insurance	144.64	36,098.84	36,243.48	
Total	5,316.96	387,382.55	392,699.51	

Other explanation:

38. Tax payable

In RMB

Item	Ending balance	Opening balance
Value-added tax	988,097.16	1,074,435.25
Enterprise income tax	506,828.92	
Individual income tax	10,263.10	30,039.52
Urban maintenance and construction tax	11,499.17	54,951.97
Business tax		28,175.45
House property tax	45,070.60	45,070.60
Educational surtax	3,394.82	34,432.54
Embankment expenses		4,198.63
Total	1,565,153.77	1,271,303.96

Other explanation:

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	9,513,005.85	9,699,853.85
Current money	6,500,000.00	6,500,000.00

Other payable service charge (intermediary services included)	2,168,988.59	1,712,548.85
Other warranty and guarantee money	1,611,225.00	1,841,445.00
Other	604,067.88	256,512.66
Total	20,397,287.32	20,010,360.36

(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	9,513,005.85	
Guosheng Energy	6,500,000.00	Interest-free loans
Total	16,013,005.85	--

Other explanation

Nil

42. Liability holding ready for sold

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	Premium/discount amortizati	Paid in the Period		Ending balance

							value	on			
Total	--	--	--	0.00	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
------	----------------	-----------------

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	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	Period-begin		Increase during the year		Decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

instrument								
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	Decreased	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	Decreased	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	Other changes	Ending balance	Assets-related/income related
Total		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:

The 1500 restricted A-stock, held by domestic nature person, are transferred to un-restricted RMB trading A-stock 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		Decreased		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	Decreased	Ending balance
Other capital reserve	627,834,297.85			627,834,297.85
1. Debt restructuring income	482,580,588.23			482,580,588.23
2. Other	145,253,709.62			145,253,709.62
Total	627,834,297.85	0.00	0.00	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	Decreased	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	Decreased	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	Decreased	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	-1,200,090,425.75	-1,199,952,070.17
Retained profit at period-begin after adjustment	-1,200,090,425.75	-1,199,952,070.17
Add: net profit attributable to shareholders of parent company for this year	2,603,637.47	-138,355.58
Retained profit at period-end	-1,197,486,788.28	-1,200,090,425.75

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	137,352,611.63	125,490,374.59	169,764,775.65	158,640,680.24
Other business	4,617,909.17	753,000.00	1,225,254.45	758,591.64
Total	141,970,520.80	126,243,374.59	170,990,030.10	159,399,271.88

62. Business tax and surcharge

In RMB

Item	Current amount	Last amount
Urban maintenance and construction tax	155,556.13	146,170.20
Educational surtax	110,350.91	104,407.32
Stamp tax	29,424.09	
Business tax	29,766.85	180,489.66
Total	325,097.98	431,067.18

Other explanation:

Nil

63. Sales expense

In RMB

Item	Current amount	Last amount
Employee compensation	2,907,598.16	3,046,778.67
Market promotion costs	1,035,052.28	1,474,565.46
Lease fee	774,523.87	562,901.30
Travel expenses	562,725.49	601,963.66
Other	268,048.86	829,396.81
Total	5,547,948.66	6,515,605.90

Other explanation:

Marketing expense in 2015 mainly related to offline promotion activities, which mainly referred to the expenses occurred in participation in bicycle exhibition, preparation of T-shirts and purchase of certain riding equipments for promotion purposes. In 2016, the Company experienced transformation of selling model by introduction of E-commerce platform. Marketing promotion expenses mainly referred to online operation expense and platform utilization expense.

64. Administration expense

In RMB

Item	Current amount	Last amount
Salary	2,757,930.58	3,657,247.52
Intermediary services charge	2,194,078.56	871,162.82
Daily management cost	526,004.34	714,323.09
Depreciation and amortization charges	227,325.32	148,832.71
Total	5,705,338.80	5,391,566.14

Other explanation:

Nil

65. Financial expense

In RMB

Item	Current amount	Last amount
Interest income	-591,590.55	-695,798.95
Exchange loss	-0.04	0.41
Commission charge etc.	14,344.63	20,600.33
Total	-577,245.96	-675,198.21

Other explanation:

Nil

66. Loss from Assets depreciation

In RMB

Item	Current amount	Last amount
I. Bad debt losses	465,863.40	308,237.93
II. Inventory falling price loss	46,225.94	
Total	512,089.34	308,237.93

Other explanation:

Nil

67. Changes in fair value gains

In RMB

Changes resources	Current amount	Last amount

Other explanation:

Nil

68. Investment income

In RMB

Item	Current amount	Last amount

Other explanation:

Nil

69. Non-operation revenue

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the Year
Other	4,421,353.01	4,210,594.98	
Total	4,421,353.01	4,210,594.98	

Government grants reckoned into current gains/losses:

In RMB

Item	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related

				the current profit and loss				
Total	--	--	--	--	--	0.00	0.00	--

Other explanation:

Non-operation revenue form last period refers to the rental income settlement with custodian, that is 2,743,610.20 Yuan and compensate 1,086,507.70 Yuan. The non-operation revenue in the period refers to the rental income settlement with custodian, that is 2,731,336.54 Yuan and compensate 1,086,507.70 Yuan.

70. Non-operating expenditure

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the Year
Total non-current assets disposal losses	11,450.00		11,450.00
Including: fixed assets disposal loss	11,450.00		11,450.00
Other	3,825,632.24	3,841,393.90	3,825,632.24
Total	3,837,082.24	3,841,393.90	3,837,082.24

Other explanation:

In the period and last period, the operation assets for assets to be disposed are not allocated by management, relevant maintenance and management costs are paid by the revenue and loss compensation income from assets leasing (the assets to be disposed), reckoned into non-operating expenditure

71. Income tax expense

(1) Income tax expense

In RMB

Item	Current amount	Last amount
Current income tax	1,462,738.41	171,678.36
Deferred income tax	-556,129.98	-77,069.23
Total	906,608.43	94,609.13

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current amount

Total profit	4,798,188.16
Income tax measured by statutory/applicable tax rate	1,299,937.32
Impact on cost, expenses and losses that unable to deducted	34,830.04
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	-428,158.93
income tax expenses	906,608.43

Other explanation

Nil

72. Other comprehensive income

Found more in Note 57.

73. 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.	5,637,460.42	5,087,819.08
Other Current money	1,326,845.37	1,937,206.93
Total	6,964,305.79	7,025,026.01

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
Management phase expenses as listing charge, agency fee and three Meetings operations expenses and office expenses	5,852,380.76	5,588,378.31
Rent and property fee and maintenance fee	3,156,370.65	2,364,764.52
Deposit and Margin paid	429,208.00	1,353,871.46
Market sales phase expenses as advertisement promoted	1,485,218.63	1,474,565.46
Utilities	392,514.84	458,190.10
Total	11,315,692.88	11,239,769.85

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

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

74. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	3,891,579.73	-105,928.77
Add: Assets impairment provision	512,089.34	308,237.93

Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	227,325.32	148,832.71
Amortization of intangible assets	753,000.00	753,000.00
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	11,450.00	
Financial expense(gain listed with “-”)	-0.04	
Decrease of deferred income tax asset((increase is listed with “-”)	-556,129.98	-77,069.23
Decrease of inventory (increase is listed with “-”)	892,581.48	2,114,059.85
Decrease of operating receivable accounts (increase is listed with “-”)	-9,425,050.86	-446,376.91
Increase of operating payable accounts (decrease is listed with “-”)	4,327,601.02	-5,723,833.42
Other		54.02
Net cash flow arising from operating activities	634,446.01	-3,029,023.82
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	24,015,287.71	26,752,065.66
Less: Balance of cash at year-begin	26,752,065.66	30,163,866.78
Net increasing of cash and cash equivalents	-2,736,777.95	-3,411,801.12

(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	24,015,287.71	26,752,065.66
Including: Cash on hand	132,652.06	141,271.10
Bank deposit available for payment at any time	23,768,774.82	26,610,794.56
Other monetary fund available for payment at any time	113,860.83	
III. Balance of cash and cash equivalent at period-end	24,015,287.71	26,752,065.66

Other explanation:

Nil

75. Notes of changes of owners' equity

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

Nil

76. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Total	0.00	--

Other explanation:

Nil

77. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
HKD	1.53	0.8952	1.37

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

78. Hedging

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

Nil

79. 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	
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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

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

Explanation on contingent consideration and its changes:

Nil

Other explanation:

Nil

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

	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

During the reporting period, there is no change in the scope of consolidation.

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

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

Nil

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

Nil

Controlling basis for the structuring entity included in consolidated range

Nil

Basis on determining to be an agent or consignator:

Nil

Other explanation:

Nil

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shenzhen Emmelle Industrial Co., Ltd.	30.00%	1,287,942.26		2,913,127.47

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.	42,841,478.93	845,466.81	43,686,945.74	33,976,520.84		33,976,520.84	39,332,970.84	356,244.97	39,689,215.81	34,271,931.79		34,271,931.79

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.	141,970,520.80	4,293,140.88		-2,680,262.15	170,989,389.07	108,089.35		-3,088,083.12

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

Nil

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

In RMB

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Other explanation

Nil

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:

Nil

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:

Nil

(2) Main financial information of the important joint venture

	Closing balance/current amount	Opening balance /last period amount
--	--------------------------------	-------------------------------------

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Other explanation

Nil

(3) Main financial information of the important cooperative enterprise

	Closing balance/current amount	opening balance /last period amount

Other explanation

Nil

(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

Nil

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

Nil

(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

Nil

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

Nil

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

Nil

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:

Nil

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

Nil

Other explanation

Nil

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

Relevant explanation

Nil

6. Other

Nil

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 31 December 2016, the gearing ratio of the Company was 67.77% (31 December 2015: 70.81%)

XI. Disclosure of fair value

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

In RMB

Item	Ending fair value
------	-------------------

	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
II. Non-sustaining measured by fair value				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
Shenzhen Guosheng Energy Investment Development Co., Ltd.	Shenzhen	Industrial investment (the concrete project is declared in addition); domestic commerce, supply and marketing materials (excluding monopolized commodities, and commodity under special government control)	RMB 446,800,000	11.52%	11.52%

Explanation on parent company of the enterprise

Ultimate controller of the Company is Ji Hanfei

Other explanation:

Nil

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

Other explanation

Nil

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

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	1,556,687.00	1,840,900.00

(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

Nil

3. Assets replacement

(1) Non-monetary assets change

Nil

(2) Other assets replacement

Nil

4. Pension plan

Nil

5. Discontinued operations

In RMB

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

Nil

6. Segment

(1) Recognition basis and accounting policy for reportable segment

Nil

(2) Financial information for reportable segment

In RMB

Item		Offset between segments	Total
------	--	-------------------------	-------

(3) The company has no reportable segments, or unable to disclose total assts and total liability for reportable segments, explain reasons

Nil

(4) Other explanation

Nil

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

Nil

8. Other

1. Instructions for continuing operations

On 11th, 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 12th, Oct., 2012, Shenzhen Municipal Intermediate People's Court ruled to accept the application proposed by Guosheng Energy according to (2012) Shenzhen Intermediate Court Po Zi No. 30 civil ruling. In late 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. 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 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.

2. Proposed non-public issue of shares for purpose of assets acquisition in 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 and the Plan on Non-public Issue of A shares in 2016 (amended) in February 2017. According to the amended plan, the total proceeds to be raised from this non-public issue are estimated not to exceed RMB1.2 billion after deduction of issuance expense. Among which, RMB800 million is planned to be used in the “project of construction of intercom equipments and system platform for smart community buildings”, and RMB400 million is planned to be used in the “project of construction of online and offline sales platform and R&D center for sport experiences”. For additional details, please refer to the announcement issued by the Board on behalf of the Company.

As at the date approving issuance of the audited report, this proposal is still pending for approval from the general meeting.

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	
Total	0.00	0.00%	0.00	0.00%		0.00	0.00%	0.00	0.00%	

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 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 reversed

Accrual bad debt provision 0.00 Yuan; collected or reversed 0.00 Yuan.

Major bad debt provision reversal or collected in the Period

In RMB

Company	Amount reversal or collected	Collection way
Total	0.00	--

Nil

(3) Receivables actually written-off during the reporting period

In RMB

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

Written-off for the major receivable

In RMB

Company	Nature of receivables	Amount written off	Reason for write-off	Procedures implemented	Arising from related transactions
Total	--	0.00	--	--	--

Explanation for write-off of receivables

Nil

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

Nil

(5) Receivable derecognition due to transfer of financial assets

Nil

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

Nil

Other explanation:

Nil

2. Other accounts receivable

(1) Classification

In RMB

Type	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 account receivable with single major amount and withdrawal bad debt provision for single item	9,113,689.74	97.32%			9,113,689.74	12,397,333.29	98.55%			12,397,333.29
Other receivables with bad debt provision accrual by credit portfolio	251,150.00	2.68%	753.45	0.30%	250,396.55	182,762.00	1.45%	548.29	0.30%	182,213.71
Total	9,364,839.74	100.00%	753.45	0.01%	9,364,086.29	12,580,095.29	100.00%	548.29	0.01%	12,579,547.00

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

√ Applicable □ Not applicable

In RMB

Other receivables (unit)	Closing balance			
	Other receivables	Provision for bad debt	Accrue ratio	Accrue reason
Shenzhen Emmelle Industrial Co., Ltd.	9,113,689.74			
Total	9,113,689.74		--	--

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 one year			
Within one year	68,388.00	205.16	0.30%
Subtotal of within one year	68,388.00	205.16	0.30%
1-2 year	182,762.00	548.29	0.30%

Total	251,150.00	753.45	0.30%
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Explanations on combination determine:

Nil

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 reversed

Accrual bad debt provision 205.16 Yuan; collected or reversed 0 Yuan.

Major bad debt provision reversal or collected in the Period

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	Procedures implemented	Arising from related transactions
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
Current money	9,113,689.74	12,397,333.29
Margin or deposit	239,750.00	182,762.00
Equipment amount	11,400.00	
Total	9,364,839.74	12,580,095.29

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

In RMB

Company	Nature	Ending balance	Book age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Shenzhen Emmelle Industrial Co., Ltd.	Current money	9,113,689.74	Within one year	97.32%	
Shenzhen Materials Group Co., Ltd.	Margin or deposit	135,723.00	0-2 year	1.45%	407.17
Shenzhen Anjingheng Industrial Co. Ltd.	Margin or deposit	90,100.00	1-2 year	0.96%	270.30
Shenzhen Baifanghe Property Co., Ltd.	Margin or deposit	13,627.00	1-2 year	0.15%	40.88
Shenzhen Hongkang Instrument Technology Co., Ltd.	Equipment amount	11,400.00	Within one year	0.12%	34.20
Total	--	9,364,539.74	--	100.00%	752.55

(6) Account receivable with government subsidy involved

In RMB

Company	Item	Ending balance	Ending book age	Time, amount and basis for money collected
Total	--	0.00	--	--

(7) Other receivable derecognition due to transfer of financial assets

Nil

(8) Assets and liability resulted by other 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		1,400,000.00	1,389,620.27	
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	Increased	Decreased	Ending balance	Impairment accrual	Ending balance of impairment provision
Shenzhen Emmelle Industrial Co., Ltd.	1,400,000.00			1,400,000.00		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											
Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		

(3) Other explanation

Nil

4. Operating income and cost

In RMB

Item	Current amount		Last amount	
	Income	Cost	Income	Cost
Main business			32,692.31	32,051.28
Other business	3,098,499.93	841,722.06	3,150,841.97	1,151,379.27
Total	3,098,499.93	841,722.06	3,183,534.28	1,183,430.55

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
Gains/losses from the disposal of non-current asset	-11,450.00	
Other non-operating income and expenditure except for the aforementioned items	595,720.77	
Less: Impact on income tax	5,201.21	
Impact on minority shareholders' equity	4,681.08	
Total	574,388.48	--

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	19.93%	0.0047	0.0047
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	15.53%	0.0037	0.0037

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 XII. 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. Original audit report with seal of the accounting firm and signature and seal of CPAs.
3. Originals documents of the Company and manuscripts of public notices that disclosed in the newspaper designated by CSRC in the report period.
4. English version of the Annual Report 2016.