

Chongqing Jianshe Motorcycle Co., Ltd.

The Financial Report 2017

2017-056

July 2017

I. Audit report

Has this semi-annual report been audited?

☐ Yes ☒ No

The semi-annual financial report has not been audited.

II. Financial statements

Currency unit for the statements in the notes to these financial statements:RMB

1. Consolidated balance sheet

Prepared by: Chongqing Jianshe Motorcycle Co., Ltd.

June 30, 2017

In RMB

Items	Year-end balance	Year-beginning balance
Current asset :		
Monetary fund	295,278,417.88	514,414,822.57
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	62,644,057.09	14,907,890.35
Account receivable	255,105,669.86	255,587,439.92
Prepayments	8,227,304.05	10,891,933.02
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other account receivable	8,142,426.73	8,579,890.08
Repurchasing of financial assets		
Inventories	154,692,361.34	201,207,030.54
Assets held for sales		
Non-current asset due in 1 year		

Other current asset	1,836,709.63	1,734,063.70
Total of current assets	785,926,946.58	1,007,323,070.18
Non-current assets :		
Loans and payment on other's behalf disbursed		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	81,252,694.41	83,178,112.31
Property investment	112,986,190.01	115,326,025.61
Fixed assets	315,059,363.89	325,843,861.71
Construction in progress	4,176,362.84	2,438,832.43
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	11,540,143.86	11,696,305.26
R & D petrol		
Goodwill		
Long-germ expenses to be amortized	1,744,336.65	2,471,588.65
Differed income tax asset	1,816,875.69	1,816,875.69
Other non-current asset	6,908,228.33	9,240,209.19
Total of non-current assets	535,484,195.68	552,011,810.85
Total of assets	1,321,411,142.26	1,559,334,881.03
Current liabilities		
Short-term loans	284,500,000.00	224,500,000.00
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable	425,710,000.00	718,560,000.00
Account payable	190,022,762.43	193,368,485.45
Advance payment	2,529,303.47	9,126,126.31

Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	3,800,016.29	2,629,812.54
Tax payable	16,443,532.01	16,163,190.70
Interest payable		
Dividend payable		
Other account payable	39,280,129.46	40,693,888.64
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liability due in 1 year	53,400,000.00	36,100,000.00
Other current liability		
Total of current liability	1,015,685,743.66	1,241,141,503.64
Non-current liabilities :		
Long-term loan	24,490,000.00	48,590,000.00
Bond payable		
Including: preferred stock		
Sustainable debt		
Long-term payable		
Long-term payable employees's remuneration		
Special payable		
Expected liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities	24,490,000.00	48,590,000.00
Total of liability	1,040,175,743.66	1,289,731,503.64
Owners' equity		
Share capital	119,375,000.00	119,375,000.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		

Capital reserves	958,575,094.29	958,575,094.29
Less : Shares in stock		
Other comprehensive income		
Special reserves		
Surplus reserves	125,686,000.00	125,686,000.00
Common risk provision		
Undistributed profit	-923,834,683.28	-935,253,002.64
Total of owner's equity belong to the parent company	279,801,411.01	268,383,091.65
Minority shareholders' equity	1,433,987.59	1,220,285.74
Total of owners' equity	281,235,398.60	269,603,377.39
Total of liabilities and owners' equity	1,321,411,142.26	1,559,334,881.03

Legal Representative: Lv Hongxian

Person in charge of accounting: Xue Gangyi

Accounting Dept Leader: Niu Yanli

2. Balance sheet of Parent Company

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	146,182,096.26	290,491,337.89
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable		
Account receivable	4,307.10	4,307.10
Prepayments	3,140,497.04	1,182,599.45
Interest receivable		
Dividend receivable		
Other account receivable	5,281,967.85	5,021,347.04
Inventories		
Assets held for sales		
Non-current asset due in 1 year		
Other current asset		131,046.64

Total of current assets	154,608,868.25	296,830,638.12
Non-current assets :		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	249,412,694.41	251,338,112.31
Property investment	112,986,190.01	115,326,025.61
Fixed assets	67,114,422.76	70,991,009.78
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets		
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset		
Other non-current asset		
Total of non-current assets	429,513,307.18	437,655,147.70
Total of assets	584,122,175.43	734,485,785.82
Current liabilities		
Short-term loans		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable		142,850,000.00
Account payable	137,243,657.31	147,819,149.98
Advance payment	180,083.38	180,083.38
Employees' wage payable	554,830.16	14,467.08
Tax payable	16,267,804.23	15,945,044.76
Interest payable		
Dividend payable		
Other account payable	234,772,026.24	240,371,017.71

Liabilities held for sales		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	389,018,401.32	547,179,762.91
Non-current liabilities :		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Total of Non-current liabilities		
Total of liability	389,018,401.32	547,179,762.91
Owners' equity		
Share capital	119,375,000.00	119,375,000.00
Other equity instrument		
Including: preferred stock		
Sustainable debt		
Capital reserves	958,575,094.29	958,575,094.29
Less : Shares in stock		
Other comprehensive income		
Special reserves		
Surplus reserves	125,686,000.00	125,686,000.00
Undistributed profit	-1,008,532,320.18	-1,016,330,071.38
Total of owners' equity	195,103,774.11	187,306,022.91
Total of liabilities and owners' equity	584,122,175.43	734,485,785.82

3.Consolidated Income Statement

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	550,074,257.84	468,177,291.88
Incl : Business income	550,074,257.84	468,177,291.88
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	540,112,621.78	460,454,082.01
Incl : Business cost	456,540,934.80	394,452,147.33
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	4,459,150.00	1,499,484.01
Sales expense	12,358,836.00	12,291,404.24
Administrative expense	46,644,017.51	36,444,955.02
Financial expenses	18,617,069.49	16,021,092.40
Asset impairment loss	1,492,613.98	-255,000.99
Add : Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	1,994,582.10	1,216,436.70
Incl: investment gains from affiliates	1,994,582.10	1,216,436.70
Gains from currency exchange (“-”for loss)		
Other income		
III. Operational profit (“-”for loss)	11,956,218.16	8,939,646.57
Add : Non-operational income	443,547.75	459,509.47
Including: Income from disposal of non-current assets	200,962.58	
Less : Non business expenses	167,158.10	318,470.87
Incl : Loss from disposal of non-current assets	142,770.96	

IV.Total profit("-"for loss)	12,232,607.81	9,080,685.17
Less : Income tax expenses	600,586.60	300,493.66
V. Net profit	11,632,021.21	8,780,191.51
Net profit attributable to the owners of parent company	11,418,319.36	8,502,845.42
Minority shareholders' equity	213,701.85	277,346.09
VI. Other comprehensive income		
Net of profit of other comprehensive income attributable to owners of the parent company.		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee cannot be reclassified into profit or loss.		
(II)Other comprehensive income that will be reclassified into profit or loss.		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements		
6.Other		
7.Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	11,632,021.21	8,780,191.51
Total comprehensive income attributable to the owner of the parent company	11,418,319.36	8,502,845.42
Total comprehensive income attributable minority shareholders	213,701.85	277,346.09
VIII. Earnings per share		
(I) Basic earnings per share	0.0957	0.0712
(II)Diluted earnings per share	0.0957	0.0712

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0, last period the combined party realized RMB 0.

Legal Representative:Lv Hongxian

Person in charge of accounting: Xue Gangyi

Accounting Dept Leader: Niu Yanli

4. Income statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	339,527,118.70	336,824,318.43
Incl : Business cost	305,125,226.46	313,550,271.27
Business tax and surcharge	841,394.14	241,560.44
Sales expense		
Administrative expense	22,238,575.73	10,596,697.69
Financial expenses	5,993,807.50	4,913,633.54
Asset impairment loss		
Add : Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	1,994,582.10	1,216,436.70
Incl: investment gains from affiliates	1,994,582.10	1,216,436.70
Other income		
II. Operational profit (“-”for loss)	7,322,696.97	8,738,592.19
Add : Non-operational income	207,862.58	
Including: Income from disposal of non-current assets		
Less : Non business expenses	-267,191.65	26,696.96
Incl : Loss from disposal of non-current assets	142,770.96	
III.Total profit (“-”for loss)	7,797,751.20	8,711,895.23
Less : Income tax expenses		
IV. Net profit (“-”for net loss)	7,797,751.20	8,711,895.23
V.Net of profit of other comprehensive income		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II)Other comprehensive income that will be reclassified into profit or loss.		

1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements		
6.Other		
VI. Total comprehensive income	7,797,751.20	8,711,895.23
VII. Earnings per share :		
(I) Basic earnings per share	0.0653	0.0730
(II)Diluted earnings per share	0.0653	0.0730

5. Consolidated Cash flow statement

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	233,913,811.59	238,598,416.24
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Net increase of inter-bank fund received		
Net increase of trade financial asset disposal		
Net increase of repurchasing business		
Tax returned	4,086,887.50	3,714,512.19
Other cash received from business operation	8,555,466.77	4,572,178.51
Sub-total of cash inflow	246,556,165.86	246,885,106.94

Cash paid for purchasing of merchandise and services	110,250,299.46	138,732,260.06
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	25,208,850.06	27,812,463.74
Taxes paid	17,335,347.98	9,112,317.40
Other cash paid for business activities	30,626,576.45	9,288,327.95
Sub-total of cash outflow from business activities	183,421,073.95	184,945,369.15
Cash flow generated by business operation, net	63,135,091.91	61,939,737.79
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	4,000,000.00	3,400,000.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities	4,000,000.00	3,400,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	5,343,707.62	12,945,403.02
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	5,343,707.62	12,945,403.02
Net cash flow generated by investment	-1,343,707.62	-9,545,403.02
III.Cash flow generated by financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans		222,500,000.00
Cash received from bond placing		
Other financing –related cash received	548,004,868.94	1,338,108,850.64

Sub-total of cash inflow from financing activities	548,004,868.94	1,560,608,850.64
Cash to repay debts	26,300,000.00	412,800,000.00
Cash paid as dividend, profit, or interests	22,593,991.30	17,899,685.36
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	667,171,141.01	1,089,473,618.24
Sub-total of cash outflow due to financing activities	716,065,132.31	1,520,173,303.60
Net cash flow generated by financing	-168,060,263.37	40,435,547.04
IV. Influence of exchange rate alternation on cash and cash equivalents	0	
V.Net increase of cash and cash equivalents	-106,268,879.08	92,829,881.81
Add: balance of cash and cash equivalents at the beginning of term	273,768,758.46	23,643,515.81
VI ..Balance of cash and cash equivalents at the end of term	167,499,879.38	116,473,397.62

6. Cash flow statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	132,211,763.35	140,584,159.57
Tax returned		
Other cash received from business operation	286,365.25	162,250.98
Sub-total of cash inflow	132,498,128.60	140,746,410.55
Cash paid for purchasing of merchandise and services	81,048,957.61	81,695,480.33
Cash paid to staffs or paid for staffs	9,247,217.96	13,993,730.48
Taxes paid	5,726,931.81	4,961,700.84
Other cash paid for business activities	1,982,919.53	984,106.09
Sub-total of cash outflow from business activities	98,006,026.91	101,635,017.74
Cash flow generated by business operation, net	34,492,101.69	39,111,392.81
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	4,000,000.00	3,400,000.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		

Sub-total of cash inflow due to investment activities	4,000,000.00	3,400,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	40,000.00	450,000.00
Cash paid as investment		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	40,000.00	450,000.00
Net cash flow generated by investment	3,960,000.00	2,950,000.00
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		202,500,000.00
Cash received from bond placing		
Other financing –related cash received	383,791,136.86	1,538,413,233.34
Sub-total of cash inflow from financing activities	383,791,136.86	1,740,913,233.34
Cash to repay debts		379,300,000.00
Cash paid as dividend, profit, or interests	8,540,566.36	5,375,548.25
Other cash paid for financing activities	515,152,973.17	1,295,397,905.00
Sub-total of cash outflow due to financing activities	523,693,539.53	1,680,073,453.25
Net cash flow generated by financing	-139,902,402.67	60,839,780.09
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	-101,450,300.98	102,901,172.90
Add: balance of cash and cash equivalents at the beginning of term	247,582,579.15	4,486,524.01
VI. Balance of cash and cash equivalents at the end of term	146,132,278.17	107,387,696.91

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Amount in this period											
	Owner's equity Attributable to the Parent Company										Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision		
preferred stock		Sustainable	Other									

			debt										
I.Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00		-935,253,002.64	1,220,285.74	269,603,377.39
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of current year	119,375,000.00				958,575,094.29				125,686,000.00		-935,253,002.64	1,220,285.74	269,603,377.39
III.Changed in the current year											11,418,319.36	213,701.85	11,632,021.21
(1) Total comprehensive income											11,418,319.36	213,701.85	11,632,021.21
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by hare holders													
2. Holders of other equity instruments invested capital													
3. Amount of shares paid and accounted as owners' equity													
4. Other													
(III) Profit allotment													
1.Providing of surplus reserves													

2. Providing of common risk provisions													
3. Allotment to the owners (or shareholders)													
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(V). Special reserves													
1. Provided this year													
2. Used this term													
(VI) Other													
IV. Balance at the end of this term	119,375,000.00				958,575,094.29				125,686,000.00		-923,834,683.28	1,433,987.59	281,235,398.60

Amount in last year

In RMB

Items	Amount in last year												
	Owner's equity Attributable to the Parent Company											Minor shareho lders' equity	Total of owners', equity
	share Capita	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Compre hensive Income	Speciali zed reserve	Surplus reserves	Commo n risk provisio n	Attribut able profit		
		prefer red stock	Sustai nable debt	Other									

I.Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00		-947,520,008.78	781,632.77	256,897,718.28
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of current year	119,375,000.00				958,575,094.29				125,686,000.00		-947,520,008.78	781,632.77	256,897,718.28
III.Changed in the current year											12,267,006.14	438,652.97	12,705,659.11
(1) Total comprehensive income											12,267,006.14	438,652.97	12,705,659.11
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by hare holders													
2. Holders of other equity instruments invested capital													
3. Allotment to the owners (or shareholders)													
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of													

surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(VI) Special reserves													
1. Provided this year													
2. Used this term													
(VII) Other													
IV. Balance at the end of this term													
(V) Special reserves													
1. Provided this year													
2. Used this term													
(VI) Other													
IV. Balance at the end of this term	119,37 5,000. 00				958,575 ,094.29			125,686 ,000.00		-935,25 3,002.6 4	1,220,2 85.74	269,603 ,377.39	

8. Statement of change in owner's Equity of the Parent Company

Amount in this period

In RMB

Items	Amount in this period										
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Compreh ensive Income	Specialize d reserve	Surplus reserves	Attribut able profit	Total of owners' equity
		preferre d stock	Sustain able debt	Other							
I. Balance at the end of last year	119,375, 000.00				958,575,0 94.29				125,686,0 00.00	-1,016,3 30,071. 38	187,306,0 22.91
Add: Change of											

accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	119,375,000.00				958,575,094.29				125,686,000.00	-1,016,330,071.38	187,306,022.91
III.Changed in the current year										7,797,751.20	7,797,751.20
(1) Total comprehensive income										7,797,751.20	7,797,751.20
(II)Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Allotment to the owners (or shareholders)											
4. Other											
(III) Profit allotment											
1.Providing of surplus reserves											
2. Allotment to the owners (or shareholders)											
3. Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or											

to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	119,375,000.00				958,575,094.29				125,686,000.00	-1,008,532,320.18	195,103,774.11

Amount in last year

In RMB

Items	Amount in last year										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Attributable profit	Total of owners' equity
		preferred stock	Sustainable debt	Other							
I. Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00	-1,015,153,268.99	188,482,825.30
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	119,375,000.00				958,575,094.29				125,686,000.00	-1,015,153,268.99	188,482,825.30

III.Changed in the current year										-1,176,802.39	-1,176,802.39
(1) Total comprehensive income										-1,176,802.39	-1,176,802.39
(II)Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Allotment to the owners (or shareholders)											
4. Other											
(III) Profit allotment											
1.Providing of surplus reserves											
2. Allotment to the owners (or shareholders)											
3. Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											

(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	119,375,000.00				958,575,094.29				125,686,000.00	-1,016,330,071.38	187,306,022.91

III. Corporate information

Chongqing Jianshe Motorcycle Co., Ltd. (hereinafter referred to as the "Company", "Company" or "Chongqing Jianshe Motorcycle ") was jointly set up in July 1995 by the Construction Industry (Group) Co., Ltd. and China North Industries Shenzhen Corporation. The company now holds a unified social credit code for the 915000007474824231 business license, The Company was listed in July 1995 at the Shenzhen Stock Exchange. The Company is engaged in the manufacturing industry.

As at December 31, 2016, the Company issued 119,375,000 shares in total and had the registered capital of 119,375,000. The registration place: NO.1, Jianshe Road Huaxi Industry Park, Banan District, Chongqing; the headquarters address: Banan District, Chongqing Municipality. Legal representative: Li Huaguang. The main business activities: research and development, processing, manufacturing and related technical services of Motorcycles, auto parts, accessories, machinery products, design , manufacturing and related technical services of tooling (except for those subject to national special provisions) ; R & D, production and sales of motorcycle engines; research , development and processing of mechanical and electrical products, home appliances, bicycles, environmental protection product; imports, wholesale, retail, commission agency (except auction) of similar products of these products. The parent company and the actual controller of the Company is China South Industries Group Corporation, and the ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission (SASAC).

The disclosure of the financial statements was approved by the Board of Directors on August 25, 2017.

As at June 30, 2017, the subsidiaries included in the scope of consolidated financial statements of the Company are presented as set out below:

Name of the subsidiary
Chongqing Jianshe Automobile A/C Co., Ltd.
Shanghai Jianshe Motorcycle Co., Ltd.

See "Note 8 Change in the scope of consolidation" and "Note 9 Interests in other entities" for details of scope consolidated financial statements and the change therein.

IV. Basis of preparation for financial statements

1. Basis of preparation

The Company prepares the financial statements on the basis of going concern, according to actual transactions and events, the subsequently issued Accounting Standards for Business Enterprises – Application Guidelines, and the Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), as well as Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports issued by China Securities Regulatory Commission.

2. Going concern

The Company was on a going concern basis in 12 months as of the end of the current reporting period and was not affected by any material event having impact on the going concern.

V. Principal accounting policies and accounting estimates

Specific accounting policies and accounting estimates:

The disclosure as set out below cover the specific accounting policies and accounting estimates developed by the Company in accordance with the actual production and management features. See "Note 3.11 Provision for bad debts of accounts receivables", "Note 3.12 Inventories", "Note 3.16 Fixed assets", "Note 3.19 Intangible assets" and "3.25 Revenues" for details.

1.Statements on Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results and cash flows, etc. for the reporting period.

2.Accounting period

The accounting year is from January 1 to December 31.

3.Operating cycle

The Company has an operating cycle of 12 months.

4.Functional currency

The functional currency is Renminbi.

5.Accounting treatments of the combination of enterprises under common control and the combination of enterprises not under the common control

Business combination under common control: The assets and liabilities acquired by the Company in a business combination are stated at the book value of the assets and liabilities (including the goodwill arising from the acquisition of the acquiree by the ultimate controller) of the acquiree on the combination date. The stock premium in the capital reserve is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in the capital reserves is insufficient to cover the difference, the remaining amount shall be charged against retained earnings.

Combination of enterprises not under the common control: The assets paid and liabilities incurred or assumed by the Company on the acquisition date for the business combination are measured at their fair values, and the difference between the fair value and book value is charged to the current profit or loss. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree is charged to the current profit and loss after review.

The intermediary service charges incurred for audit, legal service, consulting services and other direct relevant expenses are charged to the current profit and loss; the transaction costs incurred for issuance of equity securities for business combination offset the equities.

6.Preparation of consolidated financial statements

1.Scope of consolidation

The scope of consolidated financial statements is determined on the basis of control, and all subsidiaries (including the divisible portion of the investee under the control of the Company) are included in the consolidated financial statements.

2.Combination procedures

The Company prepares the consolidated financial statements on the basis of the financial statements of itself and its subsidiaries, according to other relevant information. When preparing the consolidated financial statements, the Company regards the whole group as an accounting entity to reflect the overall financial position, operating results and cash flow of the Group, in accordance with requirements of relevant accounting standards for the recognition, measurement and presentation, on the basis of the uniform accounting policies.

The accounting policies and accounting period adopted by the subsidiaries included in the scope of consolidated financial statements are in line with those adopted by the Company. In case any discrepancy between the accounting policies and accounting period adopted by the subsidiary and those adopted by the Company, the adjustment will be made in light of the accounting policies and accounting period adopted by the Company, when the consolidated financial statements are prepared. The financial statements of the subsidiary acquired through the combination of enterprises not under common control are adjusted on the basis of the fair value of the identifiable net assets on the acquisition date. The financial assets of the subsidiary acquired through the combination of enterprises under the common control are adjusted on the basis of the book value of the assets and liabilities (including the goodwill arising from the acquisition of such subsidiary by the ultimate controller) as stated in the financial statements of the ultimate controller.

The owners' equities, current net profit or loss and current comprehensive income attributable to minority shareholders are separately presented under the owners' equities item of the consolidated balance sheet, net profit item and total comprehensive income item of the consolidated income statement, respectively. Where the current losses attributable to minority shareholders of the subsidiary exceed the owners' equities attributable to the same at the period beginning, the difference between them will offset the minority equity.

(1) Increase of the subsidiary or business

In case of increase of subsidiary or business as a result of combination of enterprises under common control during the reporting period, the beginning amount stated in the consolidated balance sheet will be adjusted; the income, expense and profit generated from the subsidiary or business from the beginning of the period of combination to the end of reporting period will be included in the consolidated statement of cash flows, with the adjustment made to the relevant items of the comparative statement, as if the reporting entity after the combination still existed from the beginning of control of the ultimate controller.

Where the additional investment or other reason leads to the control over the investee under the common control, all entities considered to take a part in the combination will be adjusted to the extent that they are in the current status as they come to be under the control of the ultimate controller. The retained earnings or the current profit or loss at the period beginning during the statement period are offset by equity investment held before the control over the mergee is obtained, and the equity investments held before the control over the acquiree is obtained, and the related profit or loss, other comprehensive income and change in other net assets that are recognized during the period which starts on the later of the date when the original equities are obtained and the date when both merger and mergee are under the common control and ends on the combination date, respectively.

In case of increase of subsidiary or business during the reporting period as a result of combination of enterprises not under the common control, the beginning amount stated in the consolidated balance sheet will not be adjusted; the income, expense and profit generated from such subsidiary or business from the acquisition date to the end of reporting period will be included in the consolidated income statement; and the cash flow generated from such subsidiary or business from the acquisition date to the end of reporting period will be included in the consolidated statement of cash flows.

Where the additional investment or other reason leads to the control over the investee not under the common control, the equities of the mergee held before the acquisition date will be remeasured at the fair value of such equities on the acquisition date, and the difference between the fair value and book value thereof will be charged to the current investment income. Where the equities of the acquiree held before the acquisition date involves the change in other comprehensive income or in other owners' equities other than the net profit or loss, other comprehensive income and profit distribution, the change in other comprehensive income or other owners' equities will be converted into the investment income for the period covering the acquisition date, except for the other comprehensive income arising from the change on remeasurement of the net liabilities or net assets under the defined benefit plan by the investee.

(2) Disposal of the subsidiary or business

a. General method of treatment

In case of treatment of subsidiary or business during the reporting, the the income, expense and profit generated

from such subsidiary or business from the period beginning to the disposal date will be included in the consolidated income statement; and the cash flow generated from such subsidiary or business from the period beginning to the disposal date will be included in the consolidated statement of cash flows.

Where the control over the investee is lost due to the disposal of some of equity investments or other reasons, the remaining equity investment after disposal will be re-measured at fair value on the day when the control is lost. The sum of the consideration received for disposal of equities and the fair value of the remaining equities, less the difference between the net assets of the former subsidiary of which the continuous calculation starts from the acquisition date or combination date and the goodwill, should be charged to the investment income for the period during which the control is lost. Changes in other comprehensive income related to the equity investment in the former subsidiary or in owners' equities other than the net profit or loss, other comprehensive income and profit distribution are converted into the current investment income upon the loss of control, except for the other comprehensive income arising from the change on remeasurement of the net liabilities or net assets under the defined benefit plan by the investee.

b. Disposal of subsidiary by stages

In case of disposal of investment in the equity of subsidiary by stages through a number of transactions, such transactions will be treated as a package deal, provided that the terms and conditions on and the economic effect of the equity investment in the subsidiary meet one of more of the following conditions:

- i. These transactions are entered into considering their effects are considered;
- ii. These transactions can lead to a complete business result as a whole;
- iii. The occurrence of a transaction depends on the occurrence of at least one of others; and
- iv. A single transaction is deemed uneconomical, but the economical efficiency can be seen when it is put together with other transactions;

Where the transactions involved in the disposal of the equity investment in the subsidiary are package deals, the Company will treat each transaction as the one involved in the disposal of the subsidiary with loss of control; however, the difference between the consideration for each disposal before the loss of control and the net assets of such subsidiary corresponding to the disposal of investment will be recognized as other comprehensive income in the consolidated financial statements, and will be transferred to the loss or profit for the period during which the control is lost, upon the loss of control.

Where the transactions involved in the disposal of the equity investment in the subsidiary are not package deals, these transactions will be treated according to the policies on the disposal of part of the equity investments in the subsidiary without loss of control, before the loss of control; or treated in the general treatment method of disposal of subsidiary, upon the loss of control.

(3) Acquisition of minority equity of subsidiary

The stock premium under the capital reserve in the consolidated balance sheet is adjusted at the difference between the long-term equity investment newly acquired as a result of acquisition of minority equity and the net assets of the subsidiary attributable to the Company, of which the continuous calculation starts from the acquisition date (or combination date); and the retained earnings will be adjusted if the stock premium under the capital reserve is insufficient as to the offset.

(4) Disposal of part of the equity investments in the subsidiary without loss of control

The stock premium under the capital reserve in the consolidated balance sheet is adjusted at the difference between the consideration received for the disposal of part of the long-term equity investments in the subsidiary without loss of control and the net assets of the subsidiary attributable to the Company, of which the continuous calculation starts from the acquisition date (or combination date); and the retained earnings will be adjusted if the stock premium under the capital reserve is insufficient as to the offset.

7. Classification and accounting treatment of joint venture arrangement

Joint venture arrangement is classified into joint operation and joint ventures.

In terms of the joint operation, the Company is the joint venturer under the joint venture arrangement and is entitled to the assets and bear the liabilities under such arrangement.

The Company recognizes the following items in relation with the share of interest in the joint operation, and conducts the accounting treatment of the the said items according to the provisions of Accounting Standards for Enterprises:

- (1) Recognition of the assets held separately by the Company and of the assets held by the Company jointly others in proportion;
- (2) Recognition of the liabilities separately borne by the Company and of the liabilities borne by the Company jointly others in proportion;
- (3) Recognition of proportioned income generated attributable to the Company as one of the co-operators;
- (4) Recognition of income generated fattributable to the Company as one of the co-sellers;
- (5) Recognition of the expenses incurred separately and the proportioned expenses incurred by the Company as one of the co-opeators.

See "Note 3.14 Long-term equity investments" for detailed of accounting policies on the investment of the Company in joint ventures.

8. Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash" refers to cash on hand and deposits of that are readily available for payment. And the term "cash equivalents" refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency business and foreign currency translation

1. Foreign currency business:

Transactions denominated in foreign currency are translated into RMB for accounting purpose at the spot exchange rate on the day when the transaction occurs.

The balances of foreign currency monetary items are converted at the spot exchange rate prevailing on the balance sheet date. The exchange differences arising from the conversion, other than those arising from specific-purpose borrowings in foreign currencies related to acquisition and construction of assets eligible for capitalization, which shall be measured in accordance with principle of capitalization of the borrowing costs, shall be charged to the current profit or loss.

2. Translation of financial statement denominated in foreign currency

The asset and liability items in the balance sheet shall be converted at the spot exchange rates prevailing on the balance sheet date. Except retained profit, the owners' equity items shall be converted at the spot exchange rates on the occurrence date. The income and expense items in the income statement shall be converted at the spot exchange rates which are determined by systematic and reasonable methods and similar to the spot exchange rate on the date of occurrence of transaction.

On disposal of a foreign operation, the difference arising from the conversion of financial statements denominated in foreign currency and related to such foreign operation should be transferred to the current gain or loss on disposal, from the owners' equities.

10. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

1 Classification of financial instruments

Upon the initial recognition, financial assets and liabilities are classified into the following categories according to the purpose of acquisition: the financial assets or financial liabilities measured at fair value through current profit and loss, including financial assets or financial liabilities held for trading (and those financial assets or financial liabilities directly designated under this category), held-to-maturity investments, receivables, financial assets available for sale and other financial liabilities, etc.

2. Recognition and measurement of financial instruments

(1) Financial assets (financial liabilities) measured at fair value through current profit and loss

Financial assets (financial liabilities) are initially stated at fair values when acquired (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn), and relevant transaction expenses are included in the current profit and loss.

The interests or cash dividends to be received during the holding period are recognized as investment income. Change in fair values is included in the current profit and loss at the end of the period.

Upon the disposal, the difference between the fair value and initial book-entry value is recognized as investment income upon disposal; meanwhile, adjustment is made to gains or losses from changes in fair values.

(2) Held-to-maturity investments

Held-to-maturity investments are initially recorded at fair values when acquired (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn).

The interest income is calculated and recognized at amortized cost and effective interest rates (or the nominal interest rate, if there is small difference between the effective interest rate and the nominal interest rate) and is charged to the investment income. The effective interest rates are determined upon acquisition and remain unchanged during the expected remaining period, or a shorter period if applicable.

Difference between the proceeds and the book value of the investment is recognized as investment income upon disposal.

(3) Accounts receivable

For creditor's rights receivable arising from external selling commodities or providing service by the Company and other creditor's rights in respect of liability instruments of other enterprises (excluding those quoted in an active market) held by the Company, including accounts receivable, other receivables, notes receivables, prepayments, long-term receivables etc., the initial recognition amount shall be the contract price or agreed price receivable due from purchasing party. The initial amount of the accounts receivable with financing nature are recognized based on the present value.

The difference between the amount obtained and the book value of the accounts receivable is included in current profit and loss upon recovery or disposal.

(4) Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at the sum of fair values (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn) and transaction costs when acquired.

The interests or cash dividends to be received during the holding period are recognized as investment income. Available-for-sale financial assets are measured at fair value at the end of the period, and changes in fair value are included in the capital reserves (other capital reserves). Those equity instrument investments not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets linked to and settled by way of delivery of such equity investments are measured at the cost.

Difference between the proceeds and the book value of the financial assets is recognized as gain or loss on investment upon disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which is originally and directly included in the owners' equity shall be transferred out and charged to the current gains or losses.

(5) Other financial liabilities

Other financial liabilities are initially recognized at the sum of fair value and transaction expenses. The subsequent measurement is based on amortized costs. They are subsequently measured at amortized cost.

3. Recognition and measurement for transfer of financial assets

If the Company has transferred nearly all of the risks and rewards relating to the ownership of the financial assets to the transferee, they shall be derecognized. If it retains nearly all of the risks and rewards relating to the ownership of the financial assets, they shall not be derecognized.

In judging whether the transfer of a financial asset meets the above requirements of derecognizing financial assets, the principle of substance over form is adopted. The Company divides the transfer of a financial asset into entire financial asset transfer and partial transfer. As for the entire financial asset transfer which is qualified for derecognition, the difference between the following two amounts is recognized in the current profit and loss: The Company divides the transfer of a financial asset into entire financial asset transfer and partial transfer. As for the entire financial asset transfer which is eligible for derecognition, the difference between the following two amounts is recognized in the current profit and loss:

- i) Book value of the transferred financial assets;
- ii) Sum of the price received from the transfer with the cumulative change in the amount of fair value directly recorded in the original owners' equity (involving the case when the transferred financial assets are those available for sale).

As for the partial financial assets transfer which are eligible for derecognition, the whole book value of the transferred financial assets should be apportioned in accordance with their respective relative fair value between the derecognized parts and the recognized parts; and the difference between the following two amounts is recognized in the current profit and loss:

- (i) book value of the derecognized parts;
- (ii) sum of the consideration received from the derecognized parts with the amount of the derecognized parts corresponding to the cumulative changes in the amount of fair value directly included in the original owners' equity (involving the case when the transferred financial assets are those available for sale).

If the transfer of financial assets does not satisfy requirements for derecognition, the financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

4. Conditions for derecognition of financial liabilities

Financial liabilities shall be entirely or partially derecognized if the present obligations derived from them are entirely or partially discharged. Where the Company enters into an agreement with a creditor so as to substitute the current financial liabilities with new ones, and the contract clauses of which are substantially different from those of the current ones, it shall recognize the new financial liabilities in place of the current ones.

If material amendments have been made to all or part of contract terms of current financial liabilities, all or part of current financial liabilities are derecognized, and the financial liabilities with amended terms are recognized as new financial liabilities.

Upon entire or partial derecognition of financial liabilities, differences between the carrying amounts of the derecognized financial liabilities and the consideration paid (including non-monetary assets surrendered or new financial liabilities assumed) are charged to profit or loss for the current period.

If the Company repurchases part of financial liabilities, it shall distribute, on the repurchase day, the whole book value of the financial liabilities in accordance with the relatively fair value between the part to be recognized continuously and the part to be derecognized. The balance between the book value distributed to the part which has been derecognized and the consideration paid to it (including non-cash assets which have been transferred out or the new financial liabilities it assumed), shall be included in current profit and loss.

5. Recognition of fair values of financial assets and financial liabilities

The fair value of the financial instrument with an active market is determined based on the quotation in the active market. The fair value of the financial instrument without an active market is determined using valuation techniques. In terms of the estimation, the estimation technology which is applicable in the current circumstance and supported by enough available data and other information is adopted and the input value which is similar to

the features of assets and liabilities and taken into account of by the market participants in the transaction of relevant assets or liabilities are selected by the Company, which give priority in use of the relevant observable value. The unobservable value is used only when the relevant observable value cannot be obtained or is impracticable.

6. Testing and accounting treatment of financial assets (excluding accounts receivable)

Except for the financial assets measured at fair values through current profit and loss, the book value of financial assets on the balance sheet date should be checked. If there is objective evidence that a financial asset is impaired, provision for impairment shall be made.

(1) Provision for impairment of available-for-sale financial assets:

If the fair values of available-for-sale financial assets have significantly declined at the period end, or it is expected that the trend of decreases in values is non-temporary after consideration of all the relevant factors, impairment shall be recognized, and the accumulated loss on decreases in fair values previously charged directly to capital reserves are reversed and recognized as impairment loss.

For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the matters occurring after the recognition of impairment loss, the previously recognized impairment loss shall be reversed and recorded into the current profit and loss.

Impairment losses on available-for-sale equity instruments shall not be reversed through profit or loss.

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

Measurement of provisions for impairment loss on held-to-maturity investments is similar to that applicable to provisions for impairment loss on receivables.

11. Account receivable

(1) Bad debt provision on receivable accounts with major amount individually

Basis of recognition or standard amount of individual account with large amount	Individual account receivable over 5 millions, other individual receivable over 3 millions
Basis of bad debt provision	For large amount receivable accounts which been proved with solid evidence to impair, the difference between the future cash flow and its book value shall be provided as bad debt provision. For large amount receivable accounts which was tested not impaired, bad debt provision shall be provided on age analyse basis.

(2) Accounts receivable with provision for bad debts accrued by credit risk features portfolio

Name	Basis of bad debt provision
Accounts receivable without provision for bad debt	Age analysis method

In Group ,Accounts on age basis in the portfolio:

√ Applicable □ Not applicable

Aging	Proportion of provision for accounts receivable (%)	Provision for bad debt of other receivables (%)
Within 6 months(including 6 months)	0.00%	0.00%
6—12 months	5.00%	5.00%

1—2 years	10.00%	10.00%
2—3 years	30.00%	30.00%
3—4 years	50.00%	50.00%
4—5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

Receivable accounts on which had debt provisions are provided on percentage analyze basis in a portfolio

☐Applicable ☒Not applicable

Receivable accounts on which had debt provisions are provided by other ways in the portfolio

☐Applicable ☒Not applicable

(3)Account receivable with non-material specific amount but specific bad debt preparation

Reasons of Withdrawing Individual Bad Debt Provision	Reasons for individual provision for bad debts: If there is any clear evidence indicating that the receivables cannot or are unlikely to be recovered, for example, the bankruptcy, insolvency, insufficient cash flow of the debtor, or the insolvency in a short time due to the production halt resulting from the severe natural disaster, or the accounts receivable may be exposed to risk as indicated by other evidence, the individual provision for bad debt will be made.
Withdrawing Method of Bad Debt Provision	Method of provision for bad debt: The provision for bad debt is individually recognized at the difference between the book value and the present value of estimated future cash flow. Method of provision for bad debt: The provision for bad debt is individually recognized at the difference between the book value and the present value of estimated future cash flow.

12. Inventories

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

No

1.Classification of inventories

Inventories are classified into: raw materials, revolving materials, consigned processing materials, low-cost consumables, packaging materials, stock commodities, goods in progress, semi-finished goods, finished goods, etc.

2.Valuation of dispatched inventories

The inventories dispatched are measured by weighted average method.

3.Basis for determination of net realizable value of different categories of inventories

Net realizable values of merchandise inventories held directly for sale, such as finished goods, merchandise inventories, and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net

realizable values of inventories held for the purpose of fulfillment of sales contracts or service contracts should be calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realizable values of the excessive part should be calculated on the basis of normal selling prices.

The Company shall make provisions for impairment loss on diminution in value of inventories on an individual basis at the year end. For inventories with large quantities and relatively low unit prices, the provisions for loss on diminution in value of inventories shall be made on a category basis. For the inventories related to the product portfolios manufactured and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provisions for impairment loss on diminution in value of inventories may be made on a portfolio basis.

The net realizable value of inventory items is determined based on the market price on the balance sheet date, unless there is clear evidence that the market price is abnormal on the balance sheet date.

The net realizable value of inventory items as at the end of the period is determined based on the market price on the balance sheet date.

4.Inventory system

The perpetual inventory system is adopted.

5.Amortization of low-cost consumables and packaging materials

(1) Low-cost consumables are amortized under the lump-sum method;

(2) Packing materials are amortized under the lump-sum method.

13 .Assets classified as held-for-sale assets

The component (or non-current asset) will be recognized as the thing held for sale, if all the following conditions are met at the same time:

(1) Such component can be sold as it is, in accordance with the usual terms on its sales;

(2)The Company has been an integral part of the disposal of the (non-current assets) made a resolution, such as the need to obtain the required shareholder approval, has the approval of the shareholders' meeting or the appropriate authority;

(3)The Company has signed an irrevocable transfer agreement with the transferee;

(4)Such transfer will be completed within one year.

14.Long-term equity investment

1.Judgment criteria of joint control or effect of material impact

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices. Where the Company has significant influences on an investee, the investee shall be an associate of the Company.

2.Determination of initial investment cost

(1) Long-term equity investment acquired from business combination

For business combination under common control: If the Company makes payment in cash, transfers non-cash assets or bears debts and issues equity securities as the consideration for the business combination, the share of

owners' equity of the acquiree obtained on the combination date in the book value of the ultimate controller's consolidated financial statement is recognized as the initial cost of the long-term equity investment. Where additional investment or other reasons make the control over the investee under the same control possible, the initial investment cost of the long-term equity investments is measured at the share of net assets of the acquiree on the combination date in the book value of the ultimate controller's consolidated financial statements. The stock premium is adjusted according to the difference between the initial cost of long-term equity investments on the combination date and the sum of the book value of long-term equity investments before combination and the book value of the consideration further paid for obtaining shares; if there is no sufficient share premium for write-downs, the retained earnings are offset.

For business combination not under common control: the Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment. Where additional investment, or other reasons make the control over the investee not under the same control possible, the initial investment cost under the cost method will be the sum of the book value of the equity investments previously held and the newly increased investment costs.

(2) Long-term equity investment acquired by other means

The initial costs of a long-term equity investments obtained by payments of cash shall be the purchase prices actually paid.

The initial costs of long-term equity investments in equity securities shall be stated at their fair values.

If the exchange of non-monetary assets has commercial substance and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out unless there is any conclusive evidence that the fair values of the assets traded in are more reliable; if the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and the relevant taxes and surcharges payable are recognized as the initial cost of long-term equity investment traded in.

The initial costs of long-term equity investments arising from debt restructuring shall be stated at their fair values.

3. Subsequent measurement and recognition of profit or loss

(1) Long-term equity investment calculated under the cost method

The Company applies cost method to account for the long-term equity investments of subsidiaries. Except for the price actually paid upon acquisition or the cash dividends or profit included in the price that are declared but not yet paid, the Company recognizes investment income for the current period at the share of the cash dividends or profits declared and released by the investee.

(2) Long-term equity investment calculated under the equity method

Long-term equity investments in associates and in joint ventures are accounted for under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit and loss.

The Company recognizes the investment income and other comprehensive income according to the net gain or loss and other comprehensive income of the investee attributable to the Company, and adjusts the book value of long-term equity investment; reduces the book value of long-term equity investments according to the profit or cash dividends declared by the investee and attributable to the Company; and adjusts the book value of the long-term equity investments in the investee, as to the change in owners' equities other than the net gain or loss, other comprehensive income and profit distribution of the investee, and charges the same to the owners' equities.

When the share in net profit and loss of the investee is recognized, the fair value of the identifiable net assets of the investee when the investment is obtained shall be taken as a basis and the share will be determined after the net profit is adjusted in accordance with the Company's accounting policies and accounting periods. During the period of holding the investment, if the investee is capable of providing consolidated financial statements, the profit or loss shall be measured based on the net profit and other changes in equity recorded in the consolidated financial statements.

The profit and loss of the internal transactions that are not realized arising among the Company, affiliated enterprises, and joint ventures will be offset at the part attributable to the Company and the investment income will be recognized on that basis. For internal trading losses that have not occurred with the investee, they will be fully recognized if they belong to the asset impairment losses. The trading of assets between the Company and its associates or joint ventures, which constitutes business, are treated according to the policies disclosed in "Note 3.5 Accounting Treatment of Combination of enterprises under common control and enterprises not under common control" and "Note 3.6 Preparation of consolidated financial statements".

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: Firstly, the book value of the long-term equity investment shall be reduced. Secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of other long-term equity which form net investment in the investee in substance and the book value of long term receivables shall be reduced. Finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and included into current investment loss according to the obligations estimated to undertake.

(3) Disposal of long-term equity investment

Upon disposal, the difference between the book value and the price obtained is recognized in current profit and loss.

Disposal of long-term equity investments accounted for under the equity method, which is previously charged to other comprehensive income is treated in proportion on the same basis for direct disposal of relevant assets of liabilities by the investee. Owner's equities recognized arising from change in other owners' equities other than net gain or loss, other comprehensive income and profit distribution of the investee are carried forward to the current profit or loss in proportion, except for the other comprehensive income arising from the change on re-measurement of the net liabilities or net assets under the defined benefit plan by the investee.

In case of loss of common control over or material impact on the investee due to the disposal of part of the equity investments, the remaining equity after the disposal are computed according to the principles for recognition and measurement of financial instruments, and the difference between the fair value and book value on the day of loss of common control or material impact is charged to the current profit or loss. For other comprehensive income that is recognized from original equity investment by using the equity method, the accounting treatment will be made on the basis the same as that for the direct disposal of related assets and liabilities with the investee when the equity method is terminated for accounting purpose. Owner's equities recognized arising from change in other owners' equities other than net gain or loss, other comprehensive income and profit distribution of the investee are entirely transferred to the current profit or loss when the accounting under the equity method is ended.

In case of loss of common control over or material impact on the investee due to the disposal of part of the equity investments, the remaining equity after the disposal are computed under the equity method, with the adjustment made as if such remaining equities are calculated under the equity method after they are obtained, when the separate financial statement is prepared; the remaining equities after disposal leading to the incapable exercise of common control over or material impact on the investee shall be treated according to the principles for recognition and measurement of financial instruments, and the difference between the fair value and book value on the day of loss of common control or material impact is charged to the current profit or loss.

If the equities disposed were obtained from the business merger by reason of additional investment or others, and the remaining equities after disposal are calculated under the cost method or equity method when the individual financial statement is prepared, other comprehensive income and other owners' equities recognized and arising from the calculation of the equity investment held before the acquisition date under the equity method will be carried forward in proportion; if the remaining equities after disposal are treated according to the principles for recognition and measurement of financial instruments, both of other comprehensive income and other owners' equities are entirely carried forward.

15. Investment property

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

Investment properties are properties to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term capital appreciation, buildings leased out under operating leases, (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).

The Company adopts cost model to measure all current investment properties. The Company adopts the same depreciation policy for the investment property measured at cost model building for renting as that for the Company's fixed assets and the same amortization policy of land use right for renting as that for the Company's intangible assets.

16.Fixed assets

(1) Criteria for recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets will only be recognized when all the following criteria are satisfied: Fixed assets will only be recognized when all the following criteria are satisfied:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2)The costs of the fixed asset can be measured reliably.

(2) Depreciation method

Category	The method for depreciation	Expected useful life (Year)	Estimated residual value	Depreciation
Buildings and constructions	Straight-line method	25-35	3	2.77-3.88
Machinery equipment	Straight-line method	7-15	3	6.47-13.86
Transportation equipment	Straight-line method	8-10	3	9.70-12.13
Other equipment	Straight-line method	5-10	3	9.70-19.40
	Straight-line method			

(3) Basis for recognition and measurement of fixed assets acquired under the finance lease

The fixed assets acquired under financing lease are recognized if one of the following conditions is specified by the Company and the leaser in their lease agreement:

- (1)The ownership of the leased assets is transferred to the Company by the end of the lease terms;
- (2)The Company has the option to purchase the assets at prices which are expected to be sufficiently lower than fair values at the date the option becomes exercisable that, at the inception of the leases, it is reasonably certain that the option will be exercised;
- (3)The lease terms cover the major part of the economic lives of the assets, even if titles are not transferred;
- (4)At the inception of the leases, the present values of the minimum lease payments amount to at least substantially all of the fair values of the leased assets. On the lease commencement date, the book-entry value of a fixed asset acquired under financing lease is measured at the asset's fair value or the present value of the minimum lease payment, whichever is the lower. The minimum lease payment is recorded as the book-entry value of the long-term payables, and the difference between them is deemed as the unrecognized financing expenses.

17. Construction in progress

The book values of the construction in progress are stated at total expenditures incurred before reaching working condition for their intended use. For construction in progress that has reached working condition for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant fixed assets, and depreciation should be provided according to relevant policies of the Company when working condition is reached. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

18. Borrowing costs

1. Principles for recognition of capitalization of borrowing costs

Borrowing costs include the interest on borrowings, the amortization of discount or premium, auxiliary expenses, exchange differences incurred by foreign currency borrowings, etc.

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (1) The asset disbursements have already incurred, which shall include the cash paid, non-cash assets transferred or interest bearing debts undertaken for the acquisition and construction or production activities for preparing assets eligible for capitalization;
- (2) The borrowing costs has already incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

2. Capitalization period of borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased.

Where construction for assets purchased, constructed or manufactured eligible for capitalization is completed in stages, which can be used while construction of the other parts continues, capitalization of attributable borrowing costs should cease when substantially all of the activities necessary to prepare that part for its intended use or sale are complete.

Where construction for each part of assets purchased, constructed or manufactured has been completed separately but can be used or sold only after the entire assets have been completed, capitalization of attributable borrowing costs should cease at the completion of the entire assets.

3. Period of capitalization suspension

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue. The borrowing costs incurred during interruption are recognized in the current profit and loss, and the capitalization of borrowing costs continues after the restart of the acquisition and construction or production activities of the assets.

4.Capitalization rate and measurement of capitalized amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, the to-be-capitalized amount shall be determined at interest expense of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the to-be-capitalized amount should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by using the weighted average interest rate of general borrowings.

19. Biological assets

20. Oil-gas assets

21. Intangible assets

1 Pricing method, useful life and impairment test

(1) The Company initially measures intangible assets at cost on acquisition;

The costs of external purchase of intangible assets comprise their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use. If payments for the purchase of intangible assets are extended beyond the normal credit terms with financing nature, the costs of intangible assets are determined on the basis of present values of the purchase prices.

For intangible assets obtained from debtors in settlement of his liabilities in case of debt restructuring, they should be initially stated at their fair values. Differences between the book values and the fair values of the intangible assets are charged to profit or loss for the current period.

If the exchange of non-monetary assets has commercial substance, and the fair values of these assets can be measured reliably, the book-entry values of intangible assets traded in are based on the fair values of the intangible assets traded out unless there is any conclusive evidence that the fair values of the assets traded in are more reliable. If the exchange of non-monetary assets does not meet the above criteria, the costs of the intangible assets traded in should be the book values of the assets traded out and relevant taxes and surcharges paid, and no profit or loss shall be recognized.

(2) Subsequent measurement

The useful lives of the intangible assets are analyzed and determined on their acquisition.

As for intangible assets with limited useful life, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets shall be deemed as those with indefinite useful life and shall not be amortized.

2.Estimate of the useful life of the Intangible assets with finite useful lives:

The useful lives and amortization methods of intangible assets with limited useful lives are reviewed at each year end.

Upon review, the useful lives and amortization method of the intangible assets as at the end of the year were not different from those estimated before.

3.Basis for judgment of intangible assets with indefinite useful life and procedures for review of the life thereof

The useful lives and amortization method of intangible assets with limited useful lives are reviewed at the end of

each period.

Upon review, the useful lives and amortization method of the intangible assets as at the end of the year were not different from those estimated before.

4. Specific criteria of classification into the research phase and the development phase

Expenditures on an internal research and development project shall be classified into expenditures on the research phase and expenditures on the development phase.

Research phase: Research is original and planned investigation, undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development phase: Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, or products before the start of commercial production or use.

5. Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the Company can satisfy all of the following criteria:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;
- (4) adequate technical, financial, and other resources are available to complete the assets, and the Company has the ability to use or sell the assets; and
- (5) The expenditures attributable to the intangible assets during their development phase can be reliably measured.

If the above conditions are not satisfied, expenditures on the development phase shall be included in current profit and loss when they occur. Expenditures on the research phase shall be included in current profit and loss when they occur.

According to the Accounting Standards for Enterprises in combination with the actual situation of the Company, the period between the report on pre-study of project to the issuance of project assessment and examination report is defined as the research state, in which the expenditures incurred are expensed when incurred and charged to the current profit or loss.

In the development stage, research findings or other knowledge is applied to a plan or design for the production of new or substantially improved materials, devices, or products before the start of commercial production or use. This phase is equipped with the basic conditions for the formation of a new product or technology to a greater extent.

According to the actual situation of the Company, the period between the adoption of project assessment and examination with the assessment and examination report issued to the batched production is defined as the development stage. The project development expenditures will be capitalized, if the conditions for capitalization of development expenditures are met.

All expenditures incurred on research of application of basic techniques are classified as research stage expenditures and charged to the current profit or loss when incurred.

(2) Internal research and development expenditure accounting policy

22. Impairment of long-term assets

The Company will conduct the impairment test if any evidence suggests that the long assets, such as the long-term equity investment and the investment property, fixed assets, construction in progress and intangible assets, are impaired on the balance sheet date. If impairment test results indicate that the recoverable amounts of the assets

are lower than their carrying amounts, the provision for impairment is made based on the differences which are recognized as impairment losses. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. The provision for assets impairment is calculated and recognized by the individual asset. If it is difficult to estimate the intangible amount of an individual asset, the Company shall estimate the recoverable amount of the asset portfolio that the individual asset belongs to. The asset portfolio is the minimum asset group that can independently generate the cash inflow.

At least the goodwill impairment test is conducted at the year-end.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combination of asset groups if it is difficult to be amortized to relevant asset groups. The book value of goodwill is amortized to relevant asset groups or combinations of asset groups according to the proportion of the fair value of such asset groups or combinations of asset groups in the total fair value of relevant asset groups or combinations of asset groups. Where the fair value cannot be reliably measured, it should be amortized according to proportion of the book value of each asset group or combination of asset group in the total book value of relevant asset groups or combinations of asset groups.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the asset groups or combinations of asset groups containing goodwill, and compare the book value of these asset groups or combinations of asset groups (including the book value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant asset groups or combinations of asset groups is lower than the book value thereof, the Company shall recognize the impairment loss of the goodwill.

The above impairment loss is not reversed in the future accounting period once recognized.

23. Long-term deferred expenses

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in the current period and in the future with an amortization period of over 1 year. Long-term deferred expenses are evenly amortized over the benefit period.

24. Employee compensation

1. Accounting treatment of short-term remuneration

During the accounting period in which employees provide service to the Company, the short-term remuneration actually incurred is recognized as liabilities and charged to the current profit or loss or the relevant assets cost.

The medical insurance premium, work-related injury insurance premium and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education are used to calculate and determine the relevant employee compensation amount based on the prescribed accrual basis and accrual proportion.

The non-monetary benefits for employees that can be measured reliably are measured at fair value.

2. Accounting treatment of benefits paid after departure

The basic endowment insurance premium and unemployment insurance premium paid by the Company for its employees in accordance with relevant provisions of the local government are recognized as liabilities and charged to the current profit or loss or the relevant assets cost, with the payable amount calculated based on the local prescribed payment base and percentage, during the accounting period in which the employees provide services to the Company.

In addition to the basic endowment insurance, the Company also build the enterprise annuity payment system (supplementary pension insurance) in accordance with relevant national policies established a pension payment system / corporate pension plans. The Company pays a certain percentage of the total

employee compensation to the local social institution for the payment/payment under annuity plan, and record the relevant expenditures into the current profit or loss or the relevant assets cost.

3.Accounting treatment of dismissal welfare

Where the Company cannot unilaterally withdraw when termination benefits due to termination of employment or layoff proposal offered, or confirm the reorganization involves the payment of termination benefits when associated costs or expenses (both what early), confirm termination benefits employees pay liabilities, and profit or loss.

4 .Accounting treatment of other long term employee benefits

25.Estimated liabilities

1.Recognition criteria for estimated liabilities

The Company recognizes the estimated liabilities when the obligations relating to litigation, debt-guarantee, loss contract, restructuring and other contingencies satisfy the following conditions simultaneously:

- (1)That obligation is a present obligation of the Company;
- (2)The performance of such obligation is likely to result in outflow of economic benefits from the Company; and
- (3)The amount of the obligation can be measured reliably.

2.Measurement of a variety of estimated liabilities

The estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimate, the Company shall comprehensively consider the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

The best estimates shall be treated as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range.

Given the fact that there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, in case that the contingency involves a single item, the best estimate shall be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

When all or part of the expenses necessary for the settlement of an estimated liabilities are expected to be compensated by a third party or other parties, the compensation shall be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation shall not exceed the book value of the estimated liabilities.

26.Share-based payment

The share-based payment is the transaction the Company has to grant the equity instrument to employees or assume the liability determined based on the equity instrument, for the service provided by the employees [or other parties]. The share-based payments of the Company can be divided into the equity-settled share-based

1.Equity-settled share-based payments and equity instruments

In case of the equity-settled share-based payment for the service provided by employees, the measurement is based on the fair value of the equity instruments granted to employees. Where the Company carries out a

restricted share-based payment, the employees subscribe shares by contributing capital, and the shares cannot be traded or transferred in the market until they satisfy the conditions for removing the freeze; if the conditions for removing the freeze as prescribed by the ultimate stock stimulating plan fail to be satisfied, the Company shall repurchase the shares as previously agreed. When the Company receives the payments for subscription of restricted shares from the employees, it shall recognize the share capital and capital reserves (share capital premiums) according to the payments for subscription received, and recognize a liability and treasury shares with respect to the repurchase obligation. On every balance sheet date during the waiting period, the Company estimates the quantity of the exercisable equity instruments in light of the latest subsequent information, such as the change in the number of employees obtaining the exercisable equity instrument or whether the specified performance requirements are met, based on which the services obtained in the current period are charge to the relevant costs or expenses at the fair value on the grant date, with the capital reserves added correspondingly. Those payments which are exercisable immediately after the grant are charged to the relevant costs or expenses, with the capital reserves added correspondingly. After the vesting date, the recognized relevant costs or expenses or total amount of owners' equity shall not be adjusted any more.

No cost or expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based payment is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, equity-settled share-based payments are deemed cancelled. However, if a new equity instrument is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new equity instrument are treated as if they were a modification of the original award.

2. Cash-settled share-based payments and equity instruments

The cash-settled share-based payment is measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. The cash-settled share-based payment is initially measured in accordance with the fair value on the vesting date, in consideration of the terms and conditions for granting the equity instruments. If the right may be exercised immediately after the grant, the fair value of the liabilities shall, on the vesting date, be included in the costs or expenses, together with a corresponding increase in the liabilities; if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses at the fair value of the liabilities on the vesting date, together with a corresponding increase in the liabilities. On each balance sheet date and on each account date prior to the settlement of the relevant liabilities, the fair values of the liabilities are re-measured and the changes.

27. Other financial instruments such as preferred shares and perpetual capital securities

28. Revenues

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

No

1 General principles for recognition of revenues from sales of goods:

- (1) The Company has transferred to the buyer the significant risks and rewards of ownership relevant to the goods in question;
 - (2) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - (3) The relevant amount of revenue can be measured reliably;
 - (4) It is probable that the economic benefits related to the transaction will flow into the Company; and
 - (5) The relevant costs incurred or to be incurred can be measured reliably.
- 2 Concrete principles for revenues from primary businesses
- Sales of automobile air-conditioner: the Air-conditioner Company deliveries goods according to the customers' production plans and safty stock; after the customers use the products, the salesmen issue a notification of making out an invoice according to the customers' monthly usage amounts and contracted prices, the finance department issues an invoice and the revenues from sales shall be recognized.

29. Government grants

(1) Judgment basis and accounting treatment of government subsidies related to assets

Government subsidies related to assets refer to the subsidies obtained by the Company from the government and used to form long-term assets through acquisition and construction or otherwise, including the financial appropriation for purchase of fixed assets or intangible assets and the finance discounts for special borrowings of fixed assets.

Government grants related to assets are recognized as deferred income and included in non-operating income over the useful lives of the assets constructed or purchased by stages;

(2) Judgment basis and accounting treatment of government subsidies related to profits

Government grants related to assets are recognized as deferred income and included in non-operating income over the useful lives of the assets constructed or purchased by stages;

If government subsidies related to income are used to compensate the Company's relevant expenses or losses in future periods, such government subsidies should be recognized as deferred income on acquisition and be included into the current non-operating income in the period of recognizing relevant expenses; if government subsidies related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government subsidies are directly included into the current non-operating income on acquisition.

30. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets shall be recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or events excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the income tax assets and income tax liabilities of the Company for the current period shall be presented based on the net amount after offset.

When the Company has the legal rights to balance income tax assets and income tax liabilities for the current

period with net settlement, and deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpaying subject by the same tax collection authority or on different taxpaying subjects, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpaying subject intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

31. Leases

1. Accounting treatment of operating lease

(1) Lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease period (including rent-free period) and shall be included in the current expenses. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as the current expenses.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, then such expenses shall be deducted from total lease fees, and the balances shall be amortized over the lease terms and charged to the current expenses.

(2) Lease fees received by the Company from leasing assets shall be amortized at straight-line method over the whole lease period (including rent-free period), and shall be recognized as lease income. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as the current expenses; if the amounts are material, they shall be capitalized and included in the current income on the same basis as the recognition of lease income.

If expenses relating to leases which should be borne by the lessee of the assets are paid by the Company, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the Company.

2. Accounting treatment of financing lease

(1) Assets acquired under financing leases: At the commencement of the lease terms, assets acquired under financing leases shall be recorded at the lower of their fair values and the present values of the minimum lease payments, and the Company shall recognize the long-term payables at amounts equal to the minimum lease payments, and shall record the differences between book value of the leased assets and the long-term payables as unrecognized finance charges. The Company adopts the effective interest rate method for unrecognized financing charges, which shall be amortized over the lease terms and included in financial expenses. Initial direct costs incurred by the Company shall be included in the value of leased assets.

(2) Assets rented out under financing leases: At the commencement of the lease terms, the Company shall recognize the differences between the undiscounted rents receivable plus unguaranteed residual values and their present values as unrealized financing income, and shall recognize them as lease income during each period when rents are received. Initial direct costs associated with the lease transactions and incurred by the Company shall be included in the initial measurement of the financing lease receivable and lease income recognized over the lease terms shall be reduced accordingly.

32. Main accounting policies and accounting estimates

Termination of operation refers to any integral part that satisfies any of the following conditions, has been disposed or classified into assets held for sale by the Company and that is able to be separately distinguished upon operation and preparation of the financial statements:

- (1) the integral part represents an independent primary business or a key operation region;
- (2) the integral part is an element of the plan of proposing to dispose an independent primary business or a key operation region; or
- (3) the integral part is a subsidiary acquired only for the resale purpose.

33.Change of main accounting policies and estimations

(1)Change of main accounting policies

√ Applicable □ Not applicable

The content and reasons of accounting policy changes	Approval process	Remarks
On May 10, 2017, the Ministry of Finance promulgated the Notice on Issuing the Amendment to Accounting Standards for Business Enterprises No. 16-Government Grants (Accounting [2017] No. 15), which came into effect on June 12, 2017.	Examined and approved at the 2nd meeting of the 8th Board of Directors	There was adjustment on the financial statements presentation of the semi-annual report, and it adjusted the received government finance interest subsidies to the financial expenses-interest expenses from the non-operating revenue and expenses. This change has no significant impact on the financial condition, operating results and the cash flow.

Enforce Value - added Tax Accounting Regulations.The Ministry of Finance released Value - added Tax Accounting Regulations (Financial Accounting [2016] No:22) on December 3, 2016, which is appropriate for related transacrioms form May 1, 2016.

(2) Change of main accounting estimations

□ Applicable √ Not applicable

34.Other

Not applicable

VI. Taxation

1. Main categories and rates of taxes

Class of tax	Tax basis	Tax rate
VAT	Calculated on tax law from selling goods and taxable services based on the calculation of output tax, after deduction of input tax deductibility of the current period, the balance part of VAT payable	17%、11%、6%
Consumption tax	Revenue of taxable consumables	3%
City maintenance and construction tax	Value-added tax, operating tax and consumption tax paid	7%
Enterprise income tax	Taxable income	25%、15%
Operational tax	Levied based on the taxable income (Since May 1, 2016, the Business tax changes to Value-added tax)	5%

The disclosure on the rate of income tax of taxpayers in different enterprises is stated below

Name of Taxpayer	Rate of Income Tax
------------------	--------------------

Chongqing Jianshe Motorcycle Co., Ltd.	15%
Shanghai Jianshe Motorcycle Co., Ltd.	25%
Chongqing Jianshe Automobile A/C Co., Ltd.	15%

2. Preferential tax treatment

The company is subject to the enterprise income tax rate of 15% in 2016, as a result of the preferential enterprise income tax policies to promote the large-scale development of the western region in accordance with the Announcement on Issues of Enterprise Income Tax concerning In-depth Implementation of Western Region Large-scale Development Strategy (Announcement of the State Administration of Taxation [2012] No.12)

Chongqing Jianshe Automobile A/C Co., Ltd. by high and new technology enterprise qualification on November 8, 2013, acquire the qualification of new high-tech enterprises, Certificate No. GR201351100081, valid for three years. Chongqing Jianshe Automobile A/C Co., Ltd. calculates and pay enterprise income tax shall be levied at the reduced tax rate 15% from 2014 to 2016. The Company and other subsidiaries pay the enterprise income tax at a tax rate of 25%.

3. Other

VII. Notes on major items in consolidated financial statements of the Company

1. Monetary funds

In RMB

Items	Closing balance	Opening balance
Cash on hand	24,628.87	31,205.34
Bank deposits	167,475,250.51	273,737,553.12
Other cash and cash equivalents	127,778,538.50	240,646,064.11
Total	295,278,417.88	514,414,822.57

Other notes

2. Financial assets measured at fair value through current profit and loss

In RMB

Items	Closing balance	Opening
-------	-----------------	---------

Other notes:

3. Derivative financial assets

☐ Applicable ☒ Not applicable

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	62,644,057.09	14,907,890.35
Total	62,644,057.09	14,907,890.35

(2) Notes receivable pledged by the Company at the period-end

In RMB

Items	Amount
-------	--------

(3) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

In RMB

Items	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	331,556,355.38	
Total	331,556,355.38	

(4) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

In RMB

Items	Amount of the notes transferred to account receivable at the period-end
-------	---

Other notes

5. Accounts receivable

(1) Accounts receivable disclosed by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportio	Amount	Proportio		Amount	Proportio	Amount	Proportion	

		n %		n %			n %		%	
Accounts receivable with provision for bad debt made on a portfolio with similar risk credit characteristics basis	271,313,510.41	100.00%	16,207,840.55	5.97%	255,105,669.86	270,302,666.49	100.00%	14,715,226.57	5.44%	255,587,439.92
Total	271,313,510.41	100.00%	16,207,840.55	5.97%	255,105,669.86	270,302,666.49	100.00%	14,715,226.57	5.44%	255,587,439.92

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

☒ Applicable ☐ Not applicable

In RMB

Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			
Within 6 months(Including 6 months)	254,250,801.38		
6—12 months			
Subtotal within 1 year	254,250,801.38		5.00%
1-2 years	726,608.71	365,593.83	10.00%
2-3 years	1,971,790.47	1,522,136.87	30.00%
Over 3 years	14,364,309.85	14,320,109.85	
3-4 years	2,329,000.00	2,329,000.00	50.00%
4-5 years	257,359.38	213,159.38	80.00%
Over 5 years	11,777,950.47	11,777,950.47	100.00%
Total	271,313,510.41	16,207,840.55	

Notes of the basis of recognizing the group:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision:

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB0.00; the amount of the reversed or collected part during the reporting period was of RMB 0.00.

Of which the significant amount of the reversed or collected part during the reporting period

In RMB

Items	Reversed or collected amount	Method
-------	------------------------------	--------

(3) The actual write-off accounts receivable

In RMB

Items	Amount
-------	--------

Of which the significant actual write-off accounts receivable:

In RMB

Name	Nature	Amount	Reason	Process	Whether occurred from the related transactions
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Notes of the write-off the accounts receivable:

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

The top five accounts receivable by the credit balance as at June 30, 2017 total RMB 154,005,291.23, accounting for 56.76% of total amount of balance as at June 30, 2017 of accounts receivable, and the balance as at June 30, 2017 of provision for bad debts provided correspondingly totals RMB9,245,739.19.

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Other notes:

6.Prepayments

(1) List by aging analysis:

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	8,098,996.10	98.44%	10,729,869.21	98.51%
1-2 years	59,823.65	0.73%	73,792.01	0.68%
2-3 years	51,254.50	0.62%	71,862.00	0.66%
Over 3 years	17,229.80	0.21%	16,409.80	0.15%
Total	8,227,304.05	--	10,891,933.02	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Other notes:

7. Interest receivable

(1) Category of interest receivable

In RMB

Items	Closing balance	Opening balance
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(2) Significant overdue interest

Borrower	Closing balance	Overdue time	Reason	Whether occurred impairment and its judgment basis
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Other notes:

8. Dividend receivable

(1) Dividend receivable

In RMB

Items	Closing balance	Opening balance
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(2) Significant dividend receivable aged over 1 year

In RMB

Items	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
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Other notes:

9. Other accounts receivable

(1) Other accounts receivable disclosed by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Other receivables with provision for	12,671,7	97.23%	4,529,36	35.74%	8,142,426	13,109,	97.32%	4,529,364	34.55%	8,579,890.0

bad debt made on a portfolio with similar risk credit characteristics basis	91.41		4.68		.73	254.76		.68		8
Other receivables with insignificant single amount and provision for bad debt made on an individual basis	361,125.35	2.77%	361,125.35	100.00%	0.00	361,125.35	2.68%	361,125.35	100.00%	
Total	13,032,916.76		4,890,490.03		8,142,426.73	13,470,380.11	100.00%	4,890,490.03	36.31%	8,579,890.08

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting aging analysis method to accrue bad debt provision:

☒ Applicable ☐ Not applicable

In RMB

Aging	Closing balance		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			
Within 6 months(including 6 months)	4,718,647.09		
6—12 months	1,534,749.60	76,737.48	5.00%
Subtotal within 1 year	6,253,396.69	76,737.48	1.23%
1-2 years	2,184,186.13	218,418.61	10.00%
Over 3 years	0	0	0
Over 5 years	4,234,208.59	4,234,208.59	100.00%
Total	12,671,791.41	4,529,364.68	35.74%

Notes of the basis of recognizing the group:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

☐ Applicable ☒ Not applicable

2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 0.00; the amount of the reversed or collected part during the reporting period was of RMB 000.

Of which the significant amount of the reversed or collected part during the reporting period

In RMB

Name	Reversed or collected amount	Method
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(3) The actual write-off other accounts receivable

In RMB

Items	Amount
-------	--------

Of which the significant write-off other accounts receivable:

In RMB

Name	Nature	Amount	Reason	Process	Whether occurred from the related transactions
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Notes of write-off other accounts receivable:

(4) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Petty cash and borrowings with small amount	8,437,582.82	8,875,046.17
Margins and others		
Fully provided provision for bad debts regarding long-term receivables and payables	4,595,333.94	4,595,333.94
Export rebates receivable		
Current account		
Total	13,032,916.76	13,470,380.11

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Top 5 of the closing balance of the other accounts receivable collected according to the arrears party		8,098,507.84		62.14%	4,244,328.04
Total		8,098,507.84		62.14%	4,244,328.04

(6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government	Opening balance	Closing balance	Estimated received time, amount and basis
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(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets (8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Other notes:

10. Inventory

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

No

(1) Category of inventory

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	41,244,392.73	4,618,914.59	36,625,478.14	47,168,260.45	4,618,914.59	42,549,345.86
Goods in progress	12,286,422.18		12,286,422.18	1,931,391.64		1,931,391.64
Stock goods	105,954,671.59	174,210.57	105,780,461.02	156,900,503.61	174,210.57	156,726,293.04
Total	159,485,486.50	4,793,125.16	154,692,361.34	206,000,155.70	4,793,125.16	201,207,030.54

Whether the company is required to comply with the "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 4 - listed companies engaged in seed industry, planting business" disclosure requirements

(2) Falling price reserves of inventory

In RMB

Items	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	4,618,914.59					4,618,914.59
Stock goods	174,210.57					174,210.57
Total	4,793,125.16					4,793,125.16

(3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses

(4) Completed unsettled assets formed from the construction contract at the period-end

In RMB

Items	Amount
-------	--------

Other notes:

11. Assets divided as held-to-sold

In RMB

Items	Closing book value	Fair value	Estimated disposal expense	Estimated disposal time
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Other notes:

12. Non-current assets due within 1 year

In RMB

Items	Closing balance	Opening balance
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Other notes:

13. Other current assets

In RMB

Items	Closing balance	Opening balance
Overpaid tax for offsetting the future tax payable	1,836,709.63	1,734,063.70
Total	1,836,709.63	1,734,063.70

Other notes:

14. Available-for-sale financial assets

(1) List of available-for-sale financial assets

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale equity instruments	1,140,915.04	1,140,915.04		1,140,915.04	1,140,915.04	
Measured at cost	1,140,915.04	1,140,915.04		1,140,915.04	1,140,915.04	

Total	1,140,915.04	1,140,915.04		1,140,915.04	1,140,915.04	
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(2) Available-for-sale financial assets measured by fair value at the period-end

In RMB

Category of the available-for-sale financial assets	Available -for-sale equity instruments	Available-for-sale liabilities instruments		Total
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(3) Available-for-sale financial assets measured by cost at the period-end

In RMB

Investee	Book balance				Impairment provision				Sharehold- ing proportion among the investees	Cash bonus of the reporting period
	Period-beg in	Increase			Period-beg in	Increase	Decrease	Period-end		
Ningbo Jianshe Motorcycle Manufacturing Co., Ltd.	1,140,915.04			1,140,915.04	1,140,915.04			1,140,915.04	51.00%	
Total	1,140,915.04			1,140,915.04	1,140,915.04			1,140,915.04	--	

(4) Changes of the impairment of the available-for-sale financial assets during the reporting period

In RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total
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(5) Relevant notes of the fair value of the available-for-sale equity instruments which seriously fell or temporarily fell but not withdrawn the impairment provision

Items of available-for-sale equity instruments	Investment cost	Fair value of the period-end	Falling range of the fair value against the cost	Continued falling time(month)	Withdrawn amount of impairment	Reason of not with drawn the impairment
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Other notes

15. Investment held-to-maturity

(1) List of investment held-to-maturity

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

(2) Significant held-to-maturity investment at the period-end

In RMB

Bond item	Par value	Norminal interest rate	Actual interest rate	Due date
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(3) Re-classified held-to-maturity investment during the reporting period

Other notes

16. Long-term accounts receivable

(1) List of long-term accounts receivable

In RMB

Items	Closing balance	Opening balance	Discount rate range
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(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial assets

(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable

Other notes

17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Gains and losses recognized under the equity	Adjustment of other comprehensive	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		

				method	incme						
I. Joint ventures											
Chongqing Pingshan TK Carburettor Co., Ltd.	83,178,112.31			2,071,582.10			4,000,000.00			81,252,694.41	
Subtotal	83,178,112.31			2,071,582.10			4,000,000.00			81,252,694.41	
II. Associates											
Total	83,178,112.31			2,071,582.10			4,000,000.00			81,252,694.41	

Other notes

18. Investment property

(1) Investment property adopted the cost measurement mode

√Applicable □ Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	131,695,310.84	20,902,264.96		152,597,575.80
2. Increase in the current period				
(1) Purchase				
(2) Inventory\Fixed assets\ Transferred from construction in progress				
(3) Increased of Enterprise Combination				
3. Decreased amount of the period	0	0	0	0
(1) Dispose				
(2) Other out				
Transfer to fixed assets, intangible assets accounting	0	0	0	0
4. Balance at period-end	131,695,310.84	20,902,264.96		152,597,575.80

II.Accumulated amortization				
1.Opening balance	32,213,005.48	5,058,544.71		37,271,550.19
2.Increased amount of the period	2,130,812.94	209,022.66		2,339,835.60
(1) Withdrawal	2,130,812.94	209,022.66		2,339,835.60
3.Decreased amount of the period				
(1) Dispose				
(2) Other out				
Transfer to fixed assets, intangible assets accounting	0	0	0	0
4. Balance at period-end	34,343,818.42	5,267,567.37		39,611,385.79
III. Impairment provision				
1. Balance at period-beginning				
2.Increased amount of the period				
(1) Withdrawal				
3.Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end				
IV.Book value				
1.Book value at period -end	97,351,492.42	15,634,697.59	-	112,986,190.01
2.Book value at period-beginning	99,482,305.36	15,843,720.25		115,326,025.61

(2) Investment property adopted fair value measurement mode

☐ Applicable ☒ Not applicable

(3) Details of investment property failed to accomplish certification of property

In RMB

Items	Book value	Reason
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Other notes

19. Fixed assets

(1) List of fixed assets

In RMB

Items	House and Buildings	Machinery equipment	Vehicles	Electronic and office equipment	Total
I. Original book value:					
1. Opening balance	89,165,656.22	633,299,247.37	8,924,256.63	15,777,854.39	747,167,014.61
2. Increased amount of the period	0	5,721,170.96	0.00	34,223.94	5,755,394.90
(1) Purchase		5,721,170.96		34,223.94	5,755,394.90
(2) Transfer of project under Construction					
(3) Increased from enterprise merger					
—Into the investment properties	0				0
3. Decreased amount of the period	0.00	19,182,856.12	0.00	0.00	19,182,856.12
(1) Disposal or scrap		19,182,856.12			19,182,856.12
4. Closing balance	89,165,656.22	619,837,562.21	8,924,256.63	15,812,078.33	733,739,553.39
II. Accumulative depreciation					
1. Opening balance	25,974,085.30	376,877,571.47	7,159,133.06	11,312,363.07	421,323,152.90
2. Increased amount of the period	1,032,800.08	12,002,355.97	1,457,973.25	1,933,992.46	16,427,121.76
(1) Withdrawal	1,032,800.08	12,002,355.97	1,457,973.25	1,933,992.46	16,427,121.76
—Into the investment properties	0				0

3.Decreased amountof the period	0.00	19,070,085.16	0.00	0.00	19,070,085.16
(1) Disposamor scrap		19,070,085.16			19,070,085.16
4.Closing balance	27,006,885.38	369,809,842.28	8,617,106.31	13,246,355.53	418,680,189.50
III. Depreciation reserves					
1. Opening balance					
2.Increased amount of the period					
(1) Withdrawal					
3.Decreased amount of the period					
(1) Disposamor scrap					
4.Closing balance					
IV. Book Value					
1.Closing book value	62,158,770.84	250,027,719.93	307,150.32	2,565,722.80	315,059,363.89
2.Opening book value	63,191,570.92	256,421,675.90	1,765,123.57	4,465,491.32	325,843,861.71

(2) List of temporarily idle fixed assets

In RMB

Items	Original book value	Accumulative depreciation	Impairment provision	Book value	Notes
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(3) Fixed assets leased in from financing lease

In RMB

Items	Original book value	Accumulative depreciation	Impairment provision	Book value
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(4) Fixed assets leased out from operation lease

In RMB

Items	
Machinery equipment	41,913,560.74

(5) Details of fixed assets failed to accomplish certification of property

In RMB

Items	Book value	Reason
Buildings and constructions	42,288,815.25	Waiting for final acceptance

Other notes

20. Construction in progress

(1) List of construction in progress

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Replacement of equipment	4,045,781.97		4,045,781.97	2,252,455.05		2,252,455.05
Other	130,580.87		130,580.87	186,377.38		186,377.38
Total	4,176,362.84		4,176,362.84	2,438,832.43		2,438,832.43

(2) Changes of significant construction in progress

In RMB

Name of items	Estimated number	Opening balance	Increase d amount of the period	Amount that transferr ed to fixed assets of the period	Other decrease d amount of the period	Closing balance	Proporti on estimate d of the project accumul ative input	Project progress	Accumul ative amount of capitaliz ed interests	Of which: The amount of the capitaliz ed interests of the period	Capitaliz ation rate of the interests of the period	Capital resources
Capacity expansion		2,252,455.05	1,729,011.54									Loans of financial

of air-conditi oner												institutio ns
Other		186,377. 38	8,518.87									Loans of financial institutio ns
Total		2,438,83 2.43	1,737,53 0.41				--	--				--

(3) List of the withdrawal of the impairment provision of the construction in progress

In RMB

Items	Withdrawn amount	Reason
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Other notes

21. Engineering material

In RMB

Items	Closing balance	Opening balance
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Other notes:

22. Liquidation of fixed assets

In RMB

Items	Closing balance	Opening balance
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Other notes:

23. Productive biological assets

(1) Productive biological assets measured at cost methods

☐ Applicable ☒ Not applicable

(2) Productive biological assets measured at fair value

☐ Applicable ☒ Not applicable

24. Oil and gas assets

☐ Applicable ☒ Inapplicable

25. Intangible assets

(1) Information

In RMB

Items	Land use right	Patent	Non-patents	Total
I. Total original book value				
1. Opening balance	15,768,620.49			15,768,620.49
2. Increase in the reporting period				
(1) Purchase				
(2) Internal R&D				
(3) Increase from enterprise combination				
—Into the investment properties	0			0
3. Decrease in the reporting period				
(1) Disposal				
4. Closing balance	15,768,620.49			15,768,620.49
II. Total accumulated amortization				
1. Opening balance	4,072,315.23			4,072,315.23
2. Increased in the reporting period				
(1) Withdrawal	156,161.40			156,161.40
—Into the investment properties	0			0
3. Decrease in the reporting period				
(1) Disposal				
4. Closing balance	4,228,476.63			4,228,476.63
III. Impairment provision				
1. Opening balance				
2. Increases in the reporting period				
(1) Withdrawal				
3. Decrease in the reporting period				
(1) Disposal				
4. Closing balance				

IV. Book value				
1.Book value of theperiod-end	11,540,143.86			11,540,143.86
2.Book value of theperiod-begin	11,696,305.26			11,696,305.26

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end.

(2) Details of fixed assets failed to accomplish certification of land use right

In RMB

Items	Book value	Reason
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Other notes:

26. R&D expenses

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Other notes

27. Goodwill

(1) Original book value of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase	Decrease	Closing balance
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(2) Goodwill Impairment provision

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

Other notes

28. Long-term unamortized expenses

In RMB

Items	Opening balance	Increase	Amortization	Decrease	Closing balance
-------	-----------------	----------	--------------	----------	-----------------

			amount		
83 Aluminum machine entry fee	1,962,087.22		691,705.36		1,270,381.86
96 Aluminum machine technology transfer fee	509,501.43		35,546.64		473,954.79
Total	2,471,588.65		727,252.00		1,744,336.65

Other notes

29. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	12,112,504.63	1,816,875.69	12,112,504.63	1,816,875.69
Total	12,112,504.63	1,816,875.69	12,112,504.63	1,816,875.69

(2) Deferred income tax liabilities had not been off-set

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities

(3) Deferred income tax assets or liabilities listed by net amount after off-set

In RMB

Items	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax		1,816,875.69		1,816,875.69

(4) List of unrecognized deferred income tax assets

In RMB

Items	Closing amount	Opening amount
-------	----------------	----------------

Deductible temporary difference	13,427,252.17	13,427,252.17
Deductible losses	329,995,380.72	329,995,380.72
Total	343,422,632.89	343,422,632.89

(5) Deductible losses of unrecognized deferred income tax assets will due the following years

In RMB

Year	Closing balance	Opening balance	Notes
2017	197,428,928.73	197,428,928.73	
2018	25,332,418.05	25,332,418.05	
2019	98,496,222.54	98,496,222.54	
2020	7,561,009.01	7,561,009.01	
2021	1,176,802.39	1,176,802.39	
Total	329,995,380.72	329,995,380.72	--

Other notes:

30. Other non-current assets

In RMB

Items	Closing balance	Opening balance
Advance purchase of long-term assets	6,908,228.33	9,240,209.19
Total	6,908,228.33	9,240,209.19

Other notes:

31. Short-term loans

(1) Category of short-term loans

In RMB

Items	Closing balance	Opening balance
Mortgage loan	2,500,000.00	2,500,000.00
Guarantee loan	202,000,000.00	202,000,000.00
Credit loan	80,000,000.00	20,000,000.00
Total	284,500,000.00	224,500,000.00

Notes of short-term loans category

(2) List of the short-term loans overdue but not return

The total amount of the overdue but not return short-term borrowings at the period-end was of RMB 000, of which the situation of the significant overdue but not return short-term borrowings as follows:

In RMB

Borrower	Closing balance	Borrowing rate	Overdue time	Overdue rate
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Other notes:

32. Financial liabilities measured by fair value and the changes included in the current gains and losses

In RMB

Items	Closing balance	Opening balance
-------	-----------------	-----------------

Other notes:

33. Derivative financial liabilities

☐ Applicable ☒ Inapplicable

34. Notes payable

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	425,710,000.00	718,560,000.00
Total	425,710,000.00	718,560,000.00

The total amount of the due but not pay notes payable at the period-end was of RMB 000.

35. Accounts payable

(1) List of accounts payable

In RMB

Items	Closing balance	Opening balance
Within 1 year	178,797,185.90	185,057,014.26
1-2 years	550,471.95	550,471.95
2-3 years	2,527,491.73	2,527,491.73
Over 3 years	8,147,612.85	5,233,507.51
Total	190,022,762.43	193,368,485.45

(2) Notes of the accounts payable aging over one year

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
-------	-----------------	-----------------------------

Other notes:

36. Advance from customers

(1) List of advance from customers

In RMB

Items	Closing balance	Opening balance
Within 1 year	2,239,303.12	8,453,280.37
1-2 years	109,280.19	492,125.78
2-3 years	34,866.60	34,866.60
Over 3 years	145,853.56	145,853.56
Total	2,529,303.47	9,126,126.31

(2) Significant advance from customers aging over one year

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
-------	-----------------	-----------------------------

(3) Particulars of settled but unfinished projects formed by construction contract at period-end.

In RMB

Items	Amount
-------	--------

Other notes:

37. Payroll payable

(1) List of Payroll payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Short-term compensation	1,589,014.02	32,736,835.37	32,075,462.33	2,250,387.06
Post-employment benefits - defined contribution plans	1,040,798.52	5,095,797.87	4,586,967.16	1,549,629.23
Dismissal welfare		3,363,195.80	3,363,195.80	
Total	2,629,812.54	41,195,829.04	40,025,625.29	3,800,016.29

(2) List of Short-term salary

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
(1)Salary, bonus, allowance and subsidy	804,210.48	25,227,607.93	25,003,431.52	1,028,386.89
(2)Employee benefits		1,641,475.74	1,639,975.74	1,500.00
(3) Social insurance expenses	96,254.84	2,312,848.91	2,084,134.34	324,969.41
Including: medical insurance premium	71,138.21	2,029,789.80	1,816,664.67	284,263.34
Work-related injury insurance premium	8,165.84	188,699.28	183,297.08	13,568.04
Maternity insurance premium	16,950.79	94,359.83	84,172.59	27,138.03
(4) Housing fund	356,102.00	3,050,832.00	3,019,945.65	386,988.35
(5) Labor union expenditures and employee education expenses	332,446.70	490,501.59	314,405.88	508,542.41
8. Other short-term salary		13,569.20	13,569.20	
Total	1,589,014.02	32,736,835.37	32,075,462.33	2,250,387.06

(3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	889,602.65	4,930,238.78	4,437,850.80	1,381,990.63
Unemployment insurance premium	151,195.87	165,559.09	149,116.36	167,638.60
Total	1,040,798.52	5,095,797.87	4,586,967.16	1,549,629.23

Other notes:

38. Taxes payable

In RMB

Items	Closing balance	Opening balance
VAT	624,781.08	73,009.55
Enterprise income tax	-196,278.30	134,270.95
Individual income tax	672,571.51	1,005,278.13
Urban maintenance and construction tax	3,158,297.77	3,119,147.99
Business tax	490,583.43	393,030.84

Educational surtax	2,018,882.33	1,988,736.03
property tax	3,727,900.64	3,727,900.64
Land royalties		1,808,215.20
Other taxes and surcharges	5,946,793.55	3,913,601.37
Total	16,443,532.01	16,163,190.70

Other notes:

39. Interest payable

In RMB

Items	Closing balance	Opening balance
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Particulars of significant overdue unpaid interest:

In RMB

Unit	Overdue amount	Overdue reason
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Other notes:

40. Dividends payable

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
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Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

41. Other accounts payable

(1) Other accounts payable listed by nature of the account

In RMB

Items	Closing balance	Opening balance
Within 1 year	34,722,137.29	36,135,896.36
1-2 years	1,238,802.40	1,238,802.40
2-3 years	480,300.00	480,300.00
Over 3 years	2,838,889.77	2,838,889.88
Total	39,280,129.46	40,693,888.64

(2) Other significant accounts payable with aging over one year

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
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Other notes:

42. Liabilities classified as holding for sale

In RMB

Items	Closing balance	Opening balance
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Other notes:

43. Non-current liabilities due within 1 year

In RMB

Items	Closing balance	Opening balance
Long-term loans due within 1 year	53,400,000.00	36,100,000.00
Total	53,400,000.00	36,100,000.00

Other notes:

44. Other current-liabilities

In RMB

Items	Closing balance	Opening balance
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Changes on short term bonds payable:

In RMB

Name of the bond	Book value	Issue date	period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortization	Pay in current period		Closing balance
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Other notes:

45. Long-term loan

(1) Category of long-term loan

In RMB

Items	Closing balance	Opening balance
Credit loans	24,490,000.00	48,590,000.00
Total	24,490,000.00	48,590,000.00

Notes :

Other notes, including interest rate range:

46. Bonds payable

(1) Bonds payable

In RMB

Items	Closing balance	Opening balance
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(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)

(3) Note to conditions and time of share transfer of convertible bonds

(4) Note to other financial instrument classified as financial liabilities

Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

In RMB

Financial instruments outstanding issued	Opening period		Increase		Decrease		Closing period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Notes to the basis of other financial instrument classified as financial liabilities

Other notes:

47. Long-term payable

(1) Long-term payable listed by nature of the account

In RMB

Items	Closing balance	Opening balance
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Other notes:

48. Long term payroll payable

(1) List of long term payroll payable

In RMB

Items	Closing balance	Opening balance
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(2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
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Plan assets:

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
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Net liabilities (net assets) of defined benefit plans

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
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Notes to the influence of the content and related risk of defined benefit plans to the future cash flows, time and uncertainty of the Company:

Notes to analysis results of major actuarial assumptions and sensibility of defined benefit plans

Other notes:

49. Special payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Formation reasons
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Other notes:

50. Accrued liabilities

In RMB

Items	Closing balance	Opening balance	Formation reasons
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Other notes, including related important assumptions and estimates of accrued liabilities:

51. Deferred income

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Formation reasons
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Items involved in government subsidies::

In RMB

Items	Opening balance	Amount of newly subsidy	Amount accrued in non-business	Other changes	Closing balance	Related to the assets/income
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Other notes:

52. Other non-current liabilities

In RMB

Items	Closing balance	Opening balance
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Other notes:

53. Share capital

In RMB

	Opening balance	Increase ("+") /decrease ("-") for the current year					Closing balance
		Issuance of new shares	Share donation	Share converted from public reserve funds	Others	Sub-total	
Total shares	119,375,000.00	0.00	0.00	0.00	0.00	0.00	119,375,000.00

Other notes

54. Other equity instruments

(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end (2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

In RMB

Financial instruments outstanding issued	Opening balance		Increase		Decrease		Closing balance	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes, reason of change and basis of relevant accounting treatment of other equity instruments in reporting period:

Notes:

55. Capital reserves

In : RMB

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium	344,407,741.07			344,407,741.07
Other capital reserves	614,167,353.22			614,167,353.22
Total	958,575,094.29			958,575,094.29

Other notes, including changes and reason of change:

56. Treasury stock

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Other notes, including changes and reason of change:

57. Other comprehensive income

In RMB

Items	Opening balance	Reporting period					Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	

Other notes, including the adjustment of the recognition of initial amount of effective part of the cash flow hedging gains and losses transfer into arbitrated items:

58. Special reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Other notes, including changes and reason of change:

59. Surplus reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	56,724,000.00			56,724,000.00
Discretionary surplus reserves	68,962,000.00			68,962,000.00
Total	125,686,000.00			125,686,000.00

Other note, including changes and reason of change

60. Retained profits

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Opening balance of retained profits after adjustments	-935,253,002.64	-1,015,153,268.99
Add: Net profit attributable to owners of the Parent company	11,418,319.36	-1,176,802.39
Closing retained profits	-923,834,683.28	-1,016,330,071.38

List of adjustment of opening retained profits:

- 1) RMB 000 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB 000 opening retained profits was affected by changes on accounting policies.
- 3) RMB 000 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB 000 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB 000 opening retained profits was affected totally by other adjustments.

61. Revenue and Cost of Sales

In RMB

Items	Amount of the Current Term		Amount of the Previous Term	
	Income	Cost	Income	Cost
Main business	503,087,025.50	411,899,437.65	426,970,591.77	355,926,496.01
Other business	46,987,232.34	44,641,497.15	41,206,700.11	38,525,651.32
Total	550,074,257.84	456,540,934.80	468,177,291.88	394,452,147.33

62. Business tax and surcharges

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Urban maintenance and construction tax	1,875,078.50	927,815.98
Educational surtax	882,957.36	494,062.79
House tax	874,874.27	
Business tax	3,636.58	77,605.24
Other	822,603.29	
Total	4,459,150.00	1,499,484.01

Other notes:

63. Sales expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Employee compensation payable	2,887,786.88	1,990,950.83
Depreciation costs	32,592.77	32,025.64
Office costs	103,780.01	123,985.01
Loading and unloading expenses		13,646.99
Transportation cost	3,135,452.31	3,672,205.43
Insurance premium	40,746.56	35,884.13
Operating funds	7,397.70	10,205.80
Exhibition fees	80,776.70	32,715.57
Advertising expenses	100,164.87	26,600.00
Travel expenses	669,615.71	636,794.69
Sale service fees	763,063.83	794,896.71
Repair charges	2,899,469.01	3,244,922.22
Warehousing custodian fees	1,580,550.42	1,342,686.29
Other expenses	57,439.23	333,884.93
Total	12,358,836.00	12,291,404.24

Other notes:

64. Administrative expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Employee compensation payable	25,278,939.52	15,276,005.52
Depreciation costs	6,998,453.47	2,169,131.93
Office costs	349,863.66	570,834.88
Water and electric charge		
Travel expenses	458,888.14	309,697.62
Transportation cost	115,461.79	45,211.30
Insurance premium	10,915.68	5,398.59
Repair charges	1,146,810.29	723,998.55
Consumption of goods and materials	346,813.37	328,172.92
Technological development expenses	5,548,061.06	5,275,038.66
Technological transfer fees	1,378,061.53	1,284,863.67

Taxes	0	2,062,876.53
Amortization of intangible assets	365,184.06	365,184.06
Entertainment expenses	165,266.91	162,536.00
Conference fees	4,000.00	86,094.22
Intermediary service expenses	629,874.75	738,601.23
Board meeting fees	96,348.77	39,499.88
Other	3,751,074.51	7,001,809.46
Total	46,644,017.51	36,444,955.02

Other notes:

65. Financial expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest expenses	19,436,793.78	17,843,846.03
Less: Interest income	29,113.82	2,464,248.32
Gains or losses on exchange	83,667.69	-115,884.16
Other	-874,278.16	757,378.85
Total	18,617,069.49	16,021,092.40

Other notes:

66. Asset impairment loss

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
I. Bad debt loss	1,492,613.98	-255,000.99
Total	1,492,613.98	-255,000.99

Other notes

67. Gains on the changes in the fair value

In RMB

Source	Amount of the Current Term	Amount of the Previous Term
--------	----------------------------	-----------------------------

Other notes

68. Investment income

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Long-term equity investment income calculated by equity method	1,994,582.10	1,216,436.70
Total	1,994,582.10	1,216,436.70

Other notes:

69. Other income

In RMB

Source	Amount of current period	Amount of previous period
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70. Non-operating gains

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets	200,962.58		
Government Subsidy	36,900.00	449,200.00	
Other	205,685.17	10,309.47	
Total	443,547.75	459,509.47	

Government subsidies recorded into current profits and losses:

In RMB

Items	Issuing body	Issuing Reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
Recruitment subsidy of Human resource and social bureau industrial enterprises								
The funds for international								

market development								
Industrial supporting funds						36,900.00	449,200.00	
Special funds of foreign trade and economic development								
Other								
Total	--	--	--	--	--	36,900.00	449,200.00	--

Other notes:

71. Non-operational expenditures

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Carried to current contingent gain/loss
Total loss from disposal of non-current assets	142,770.96		
Other	24,387.14	318,470.87	
Total	167,158.10	318,470.87	

Other notes:

72. Income tax expense

(1) Lists of income tax expense

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Current income tax expense	600,586.60	300,493.66
Total	600,586.60	300,493.66

(2) Adjustment process of accounting profit and income tax expense

In RMB

Items	June 30, 2017
Total profit	12,232,607.81

Income tax expenses	600,586.60
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Other notes

73. Other comprehensive income

Refer to the notes

74. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest income	86,602.67	2,177,892.38
Other	8,468,864.10	2,394,286.13
Total	8,555,466.77	4,572,178.51

Other notes:

(2) Other cash paid related to operation

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Operation fees such as freight, warehousing fees	9,411,628.27	4,032,335.96
Administrative expenses such as office expenses and traveling expenses	6,652,129.80	3,662,631.23
Others	14,562,818.38	1,593,360.76
Total	30,626,576.45	9,288,327.95

Statement on other cash paid related to operation

(3) Other cash received related to investment

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
-------	----------------------------	-----------------------------

Statement on other cash received related to investment

(4) Other cash paid related to investment

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
-------	----------------------------	-----------------------------

Statement on other cash paid related to investment

(5) Other cash received related to financing

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Financial note discount received	548,004,868.94	1,338,108,850.64
Total	548,004,868.94	1,338,108,850.64

Statement on other cash received related to financing

(6) Other cash paid relevant to financing activities

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Payment of due financing notes	554,303,615.40	1,051,057,474.94
Decrease of note deposit	112,867,525.61	38,416,143.30
Total	667,171,141.01	1,089,473,618.24

Other notes:

75. Supplementary information to cash flow statement

(1) Information of net profit to net cash flows generated from operating activities

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flows from operating activities	--	--
Net profits	11,632,021.21	8,780,191.51
Add: Provision for assets impairment	1,492,613.98	-255,000.99
Depreciation of fixed assets, oil and gas assets and consumable biological assets	18,527,934.70	16,439,201.10
Amortization of intangible assets	365,184.06	365,184.06
Amortization of Long-term deferred expenses	727,252.00	727,251.60
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	142,770.96	
Financial expenses ("- " for income)	19,057,069.49	16,021,092.40
Investments losses ("- " for gains)	-1,994,582.10	-1,216,436.70
Decreases in inventories ("- " for increases)	46,514,669.20	-7,793,356.21
Decreases in operating payables ("- " for increases)	-51,840,966.48	53,946,293.67
Increases in operating payables ("- " for decreases)	18,511,127.89	-25,074,682.65
Net cash flows from operating activities	63,135,094.91	61,939,737.79

2. Investing and financing activities that do not involving cash receipts and payment:	--	--
3. Net increase in cash and cash equivalents	--	--
Closing balance of cash	167,499,879.38	116,473,397.62
Less: Opening balance of cash	273,768,758.46	23,643,515.81
Net increase in cash and cash equivalents	-106,268,879.08	92,829,881.81

(2) Net Cash paid of obtaining the subsidiary

In RMB

	Amount
Of which	--
Of which	--
Of which	--

Notes:

(3) Net Cash receive of disposal of the subsidiary

In RMB

	金额
Of which	--
Of which	--
Of which	--

Notes:

(4) Cash and cash equivalents

In RMB

Items	Closing balance	Opening balance
I.Cash	167,499,879.38	273,768,758.46
Including : Cash on hand	24,628.87	31,205.34
Bank deposit on demand	167,475,250.51	273,737,553.12
III. Closing balance of cash and cash equivalents	167,499,879.38	273,768,758.46

Notes:

76. Note of statement of changes in the owner's equity

Explain "other" project name and adjustment amount of the adjustment of closing balance in previous year, etc.:

77. The assets with the ownership or use right restricted

In RMB

Items	Closing book value	Restricted reason
Monetary capital	127,778,538.50	Provide a guarantee for issuance of bank acceptance bills
Total	127,778,538.50	--

Notes:

78. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Including :USD	456.27	6.9688	3,179.66

Notes:

(2) Note to overseas entities including: for significant overseas entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

☐ Applicable ☒ Not applicable

79. Arbitrage

Arbitrage According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and the arbitrated risk qualitative and quantitative information:

80. Other

VIII. Changes of merge scope**1. Business merger not under same control****(1) Business merger not under same control in reporting period**

In RMB

Name	Time and place of gaining the stock right	Cost of gaining the stock rights	Proportion of stock rights	Way to gain the stock rights	Pruchase date	Recognition basis of purchase date	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period-end
------	---	----------------------------------	----------------------------	------------------------------	---------------	------------------------------------	---	--

Other notes:

(2) Combined cost and goodwill

In RMB

Combined cost	
---------------	--

Notes to determination method, consideration and changes of fair value of combined cost:

The main formation reason for the large goodwill:

Other notes:

(3) The identifiable assets and liabilities of acquiree at purchase date

In RMB

	<table> <tr> <th>Fair value on purchase date</th><th>Book value on purchase date</th></tr> </table>	Fair value on purchase date	Book value on purchase date
Fair value on purchase date	Book value on purchase date		

The recognition method of the fair value of identifiable assets and liabilities

Contingent liability of acquiree undertaken by business merger

Other notes:

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again、

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reorting period

☐ Yes ☒ No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

(6) Other notes:

2. Business combination under the same control

(1) Business combination under the same control during the reporting period

In RMB

Name	Proportion of the profits	Basis	Combination date	Recognition basis of combination date	Income from the period-begin to the combination date of the combination	Net profits from the reporting period to the combination date of the combination	Income during the period of comparison	Net profits during the period of comparison
------	---------------------------	-------	------------------	---------------------------------------	---	--	--	---

Notes:

(2) Combination cost

In RMB

Combination cost	
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Notes to contingent consideration or other changes:

Other notes:

(3) The book value of the assets and liabilities of the merged party on the date of consolidation

In RMB

	Combination date
	Last closing period

Contingent liabilities of the combined party undertaken in combination

Other notes:

3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

☐ Yes ☒ No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

☐ Yes ☒ No

5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

6. Other

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name	Main operating place	Registration place	Nature of business	Proportion of shareholding		Way of gaining
				Directly	Indirectly	
Air Conditioner Co.	Chongqing	Chongqing	Production and sale of automotive air-conditioners	100.00%		Investment
Shanghai Jianshe Motorcycle	Shanghai	Shanghai	Domestic sales of motorcycles and the relevant accessories	51.00%		Business combination under common control

Notes: holding proportion in subsidiary different from voting proportion:

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:

Significant structure entities and controlling basis in the scope of combination:

Basis of determine whether the Company is the agent or the principal:

Other notes:

(2) Significant not wholly owned subsidiary

In RMB

Name	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Shanghai Jianshe Motorcycle Co., Ltd.	49.00%	213,701.85		1,433,987.59

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other notes:

(3) The main financial information of significant not wholly owned subsidiary

In RMB

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Shanghai Jianshe Motorcycle Co., Ltd.	8,711,629.61	7,174,158.45	15,885,788.06	12,959,282.77		12,959,282.77	5,982,241.44	7,443,928.95	13,426,170.39	10,935,791.32		10,935,791.32

In RMB

Name	June 30, 2017				June 30, 2016			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow
Shanghai Jianshe Motorcycle Co., Ltd.	6,169,703.82	436,126.22	436,126.22	1,814,015.77	7,505,633.73	566,012.42	566,012.42	1,754,089.07

Other notes:

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Other notes:

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

(1) Note to owner's equity share changed in subsidiary

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

In RMB

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Other notes

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name of joint venture or associate	Domicile of primary operation	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment methods for the investments in joint ventures or associates
				Directly	Indirectly	
Chongqing Pingshan TK Carburettor Co., Ltd.	Chongqing	Chongqing	Production and sales of motorcycles and the relevant accessories	49.00%		Equity method

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

(2) Major joint ventures and associates

In RMB

	Closing balance/June 30, 2017	Opening balance/June 30, 2016
Current assets	168,577,815.92	171,159,279.38
Including: Cash and cash equivalents	102,666,236.99	98,235,139.01
Not-current assets	23,137,339.55	24,433,588.43
Total assets	191,715,155.47	195,592,867.81
Current Liabilities	26,082,019.34	25,841,618.24
Total Liabilities	26,082,019.34	25,841,618.24
Equity attributable to the shareholders of parent company	165,633,136.13	169,751,249.57

Operating income	64,818,695.71	60,652,899.25
Financial expenses	-435,670.01	-724,443.07
Income tax expenses	1,007,753.29	557,822.50
Net profit	4,070,575.72	2,482,523.87
Total comprehensive income	4,070,575.72	2,482,523.87
Dividends received from joint ventures for the current year	4,000,000.00	3,400,000.00

Other notes

(3) Main financial information of significant associated enterprise

In RMB

	Closing balance/June 30, 2017	Opening balance/June 30, 2016

Other notes

(4) Summary financial information of insignificant joint venture or associated enterprise

In RMB

	Closing balance/June 30, 2017	Opening balance/June 30, 2016
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes:

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

(6) The excess loss of joint venture or associated enterprise

In RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses or the share of net profit in reporting period	The noncumulative unrecognized losses in reporting period

Other notes:

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

Name	Main operating place registration place	Registration place	Business nature	Proportion /share portion	
				Directly	Indirectly

Note to holding proportion or share portion in common operation different from voting proportion:

Basis of common operation as a single entity, classify as common operation Other notes:

Other notes

5. Equity of structure entity not including in the scope of consolidated financial statements

Related notes to structure entity not including in the scope of consolidated financial statements

6. Other**X. The risk related financial instruments****XI. The disclosure of the fair value****1. Closing fair value of assets and liabilities calculated by fair value**

In RMB

Items	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
II Inconsistent fair valuemeasueument	--	--	--	--

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1**3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2****4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3****5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3****6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels****7. Changes in the valuation technique in the current period and the reason for change****8. Fair value of financial assets and liabilities not measured at fair value****9. Other****XII. Related party and related Transaction****1. Information related to parent company of the Company**

Name of the parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
chongqing construction mechanical and electrical Co. Ltd.	Chongqing	Production and sales of motorcycles and parts	180.30 million	71.13%	71.13%

Notes

The ultimate controller of the Company is

Other notes

2. Subsidiaries of the Company

See notes

3. Information on the joint ventures and associated enterprises of the Company

The details of significant joint venture and associated enterprise of the Company

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

Name of joint venture or associate	Relationship with the company
Chongqing Pingshan TK Carburettor Co., Ltd. ("Pingshan TK")	Joint venture
Chongqing Tongsheng Machinery Co., Ltd. ("Tongsheng Jianshe")	Original associates venture, now associates of parent company
Chongqing Fuyeda Property Management Co., Ltd. ("Fuyeda")	Original associates venture, now associates of parent company

Other notes

4. Other related parties of the Company

Name of other related parties	Relationship with the Company
Chongqing Jianshe Industrial (Group) Co., Ltd. ("Jianshe industry ")	Under the common control of the same party
China South Industries Group Finance Co., Ltd. ("South Finance Company ")	Under the common control of the same party
Chongqing Changan Motor Joint Stock Limited Company ("Changan Motor ")	Under the common control of the same party
Chongqing Changan Automobile Co., Ltd. Beijing Changan Automobile Company ("Beijing Changan")	Under the common control of the same party
Chongqing Changan Suzuki Motor Co., Ltd. ("Changan Suzuki ")	An Joint venture a subsidiary of a controlling shareholder
Hebei Changan Motor Co., Ltd. ("Hebei Changan ")	Under the common control of the same party
Nanjing Changan Motor Co., Ltd. ("Nanjing Changan ")	Under the common control of the same party
Baoding Changan Bus Manufacturing Co., Ltd ("Baoding Changan")	Under the common control of the same party
Hefei Changan Motor Co.Ltd ("Hefei Changan")	Under the common control of the same party
Chongqing Changan Motor Customer Service Co., Ltd. ("Changan Motor Customer Service ")	Under the common control of the same party
Chongqing Changan Automobile International Sales & Service Co., Ltd ("Changan Automobile sales ")	Under the common control of the same party
Chongqing North Construction import and export trade co.ltd ("import and export company")	Under the common control of the same party
Chongqing jianshe sales co. Ltd ("the sales company")	Under the common control of the same party
Hafei Motor share company ("Hafei motor")	Under the common control of the same party
Changan Ford Motor Co.Ltd Harbin branch ("Changan Ford Harbin branch")	An Joint venture a subsidiary of a controlling shareholder
Harbin dongan Motor Power shares Co. Ltd ("Harbin dongan power")	Under the common control of the same party

Other notes

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labor service

Acquisition of goods and reception of labor service

In RMB

Related party	Content	Occurred current term	Trading limit approved	Over the trading limit or not?	Occurred in previous term
Jianshe Machinery	Purchasing parts and others	27,450,000.00	80,000,000.00	No	971,500.42
Import & export Co	Purchasing parts and others	15,250,000.00	32,000,000.00	No	42,304,131.95
Jianshe Machinery	Lease production site	0.00	2,500,000.00	No	
Jianshe Industry	Part test	830,000.00	2,000,000.00	No	
Chongqing Jianya	Part test	4,000.00	20,000.00	No	
Fuyeda	Transportation	254,000.00	600,000.00	No	
Cbangan Group and its Subsidiaries	Acceptance of repairing service	1,030,000.00	5,000,000.00	No	

Sales of goods and services

In RMB

Related parties	Subjects of the related transactions	Occurred current term	Occurred in previous term
Cbangan Group and its Subsidiaries	Sales of goods	91,070,000.00	181,578,578.06
Jianshe Machinery	Lease storehouse	0.00	

Notes

(2) Related trusteeship/contract

Lists of related trusteeship/contract

In RMB

Name of the entruster/Contractee	Name of the trustee/Contractor	Type	Initial date	Due date	Pricing basis	Income recognized in the reporting period
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Notes

Lists of entrust/contractee:

In RMB

Name of the entruster/Contractee	Name of the entrustee/Contractor	Type	Initial date	Due date	Pricing basis	Charge recognized in the reporting period
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Notes:

(3) Information of related lease

The Company was lessor:

In RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
Jianshe mechanical and electrical	Workshop Equipment	1,844,995.60	

The Company was lessee:

In RMB

Lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
Jianshe mechanical and electrical	Workshop	1,131,405.41	

Notes:

(4) Related-party guarantee

The Company was guarantor

In RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
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The Company was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
Vehicle air conditioner	2,000.00	August 24,2016	February 24,2017	Yes
Vehicle air conditioner	1,453.00	October 18,2016	April 18,2017	Yes
Vehicle air conditioner	1,097.00	October 18,2016	April 18,2017	Yes
Vehicle air conditioner	2,500.00	November 29,2016	May 28,2017	Yes
Vehicle air conditioner	2,500.00	December 6,2016	June 6,2017	Yes
Vehicle air conditioner	2,450.00	January 17,2017	July 17,2017	No
Vehicle air conditioner	5,000.00	August 25,2016	August 24,2017	No
Vehicle air conditioner	2,000.00	February 10,2017	August 10,2017	No
Vehicle air conditioner	1,453.00	April 7,2017	October 7,2017	No

Vehicle air conditioner	1,097.00	April 11,2017	October 11,2017	No
Vehicle air conditioner	2,500.00	May 5,2017	November 5,2017	No
Vehicle air conditioner	2,500.00	June 7,2017	December 7,2017	No

Notes

The above acceptance of the controlling shareholder- Jianshe Mechanical and Electric 's guarantee has been approved by the shareholders' general meeting. For details, please refer to the announcements published on Securities Times, Hong Kong Commercial Daily and Cninfo website on April 28, 2017 and on May 26, 2017. (Announcement No.2017-07and 2017-042).

(5) Inter-bank lending of capital of related parties:

In RMB

Related party	Amount borrowed and loaned	Initial date	Due date	Notes
Borrowed				
Loaned				

(6) Related party asset transfer and debt restructuring

In RMB

Related party	Content	Occurred current term	Occurred in previous term
---------------	---------	-----------------------	---------------------------

(7) Rewards for the key management personnel

In RMB

Items	Occurred current term	Occurred in previous term
-------	-----------------------	---------------------------

(8) Other related transactions

6. Receivable and payables due with related parties

(1) Receivables

In RMB

Projects	Related parties	At end of term		At beginning of term	
		Book balance	Bad debt provision	Book balance	Bad debt provision

(2) Payables

In RMB

Items	Related party	Closing book value	Openting book value
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7. Related party commitment**8. Other****XIII. Stock payment****1. The Stock payment overall situation**

☐ Applicable ☒ Not applicable

2. The Stock payment settled by equity

☐ Applicable ☒ Not applicable

3. The Stock payment settled by cash

☐ Applicable ☒ Not applicable

4. Modification and termination of the stock payment**5. Other****XIV. Commitments****1. Significant commitments**

Significant commitments at balance sheet date

As of June 30, 2017, the company does not need to discourse

2. Contingency

(1) Significant contingency at balance sheet date

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3.Other**XV. Events after balance sheet date****1. Significant events had not adjusted**

In RMB

Items	Conternt	Influence number to the Financial position and operating results	Reason of unable to estimate influence number
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2. Profit distribution**3. Sales return****4. Notes of other significant events****XVI. Other significant events****1. The accounting errors correction in previous period**

(1) Retrospective restatement

In RMB

Content	Processing program	Name of the influenced report items during comparison period	Accumulative impact
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(2) Prospective application

Content	Processing program	Reason of adopting prospective application
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2. Debt restructuring**3. Replacement of assets**

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan**5. Discontinuing operation**

In RMB

Items	Income	Expenses	Total profit	Income tax expenses	Net profit	Termination of the business profits attributable to the parent company owner
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Other notes:

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

(2) The financial information of reportable segment

In RMB

Items		Offset during segments	Total
-------	--	------------------------	-------

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

(4) Other notes

7. Other important transactions and events have an impact on investors' decision-making**8. Other****XVII. Notes of main items in the financial statements of the Parent Company****1. Accounts receivable**

(1) Accounts receivable classified by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Accounts receivable with provision for bad debt made on a portfolio with similar risk credit characteristics basis	1,733,097.58	100.00%	1,728,790.48	99.75%	4,307.10	1,733,097.58	100.00%	1,728,790.48	99.75%	4,307.10
Total	1,733,097.58	100.00%	1,728,790.48	99.75%	4,307.10	1,733,097.58	100.00%	1,728,790.48	99.75%	4,307.10

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

☒ Applicable ☐ Not applicable

In RMB

Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			
2-3 years	6,153.00	1,845.90	30.00%
Over 5 years	1,726,944.58	1,726,944.58	100.00%
Total	1,733,097.58	1,728,790.48	

Notes of the basis of recognizing the group:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision:

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB0.00; the amount of the reversed or collected part during the reporting period was of RMB 0.00.

Of which the significant amount of the reversed or collected part during the reporting period

In RMB

Items	Reversed or collected amount	Method
-------	------------------------------	--------

(3) The actual write-off accounts receivable

In RMB

Items	Amount
-------	--------

Of which the significant actual write-off accounts receivable:

In RMB

Name	Nature	Amount	Reason	Process	Whether occurred from the related transactions
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Notes of the write-off the accounts receivable:

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

The top five accounts receivable by the credit balance as at June 30, 2017 total RMB 1,561,146.14, accounting for 90.08% of total amount of balance as at June 30, 2017 of accounts receivable, and the balance as at June 30, 2017 of provision for bad debts provided correspondingly totals RMB1,561,146.14.

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Other notes:

2. Other accounts receivable

(1) Other accounts receivable disclosed by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Other receivables with provision for bad debt made on a portfolio with similar risk credit characteristics basis	9,685,795.05	96.41%	4,403,827.20	45.47%	5,281,967.85	9,425,174.24	96.31%	4,403,827.20	46.72%	5,021,347.04
Other receivables with insignificant single amount and provision for bad debt made on an individual basis	361,125.35	3.59%	361,125.35	100.00%	0.00	361,125.35	3.69%	361,125.35	100.00%	

	10,046,920.40		4,764,952.55		5,281,967.85	9,786,299.59	100.00%	4,764,952.55	48.69%	5,021,347.04
Total										

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting aging analysis method to accrue bad debt provision:

☒ Applicable ☐ Not applicable

In RMB

Aging	Closing balance		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			
1-6 months	3,755,400.33		
Subtotal within 1 year	3,755,400.33		
1-2 years	1,696,186.13	169,618.61	10.00%
Over 5 years	4,234,208.59	4,234,208.59	100.00%
Total	9,685,795.05	4,403,827.20	

Notes of the basis of recognizing the group:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

☐ Applicable ☒ Not applicable

2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 0.00; the amount of the reversed or collected part during the reporting period was of RMB 000.

Of which the significant amount of the reversed or collected part during the reporting period

In RMB

Name	Reversed or collected amount	Method
------	------------------------------	--------

(3) The actual write-off other accounts receivable

In RMB

Items	Amount
-------	--------

Of which the significant write-off other accounts receivable:

In RMB

Name	Nature	Amount	Reason	Process	Whether occurred from the related
------	--------	--------	--------	---------	-----------------------------------

					transactions
--	--	--	--	--	--------------

Notes of write-off other accounts receivable:

(4) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Current account	44,037.12	667,041.51
Petty cash and borrowings with small amount	5,407,549.34	4,523,924.14
Fully provided provision for bad debts regarding long-term receivables and payables	4,595,333.94	4,595,333.94
Other		
Total	10,046,920.40	9,786,299.59

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Top 5 of the closing balance of the other accounts receivable collected according to the arrears party		5,132,834.93	Over 5 years	51.09%	4,244,328.04
Total	--	5,132,834.93	--	51.09%	4,244,328.04

(6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government	Opening balance	Closing balance	Estimated received time, amount and basis
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(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets (8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Other notes:

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	168,160,000.00		168,160,000.00	168,160,000.00		168,160,000.00
Investments in associates and joint ventures	81,252,694.41		81,252,694.41	83,178,112.31		83,178,112.31
Total	249,412,694.41		249,412,694.41	251,338,112.31		251,338,112.31

(1) Investments in subsidiaries

In RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment in the period	Balance as at June 30, 2015 of provision for impairment
Shanghai Jianshe Motorcycle Co., Ltd.	8,160,000.00			8,160,000.00		
Chongqing Jianshe Automobile A/C Co., Ltd.	160,000,000.00			160,000,000.00		
Total	168,160,000.00			168,160,000.00		

(2) Investments in associates and joint ventures

In RMB

Investee	Opening Balance	Increases/decreases in the current year								Closing balance	Balance as at June 30, 2017 of provision for impairment
		Additional investment			Other comprehensive income	Changes in other equity	Declaration of cash dividends or profits	Impairment provision	Other		

1. Joint ventures											
Chongqing Pingshan TK Carburettor Co., Ltd.	83,178,112.31			2,074,582.10			4,000,000.00			81,252,694.41	
Subtotal	83,178,112.31			2,074,582.10			4,000,000.00			81,252,694.41	
2. Associates											
Total	83,178,112.31			2,074,582.10			4,000,000.00			81,252,694.41	

(3) Other Notes

4. Operation income and operation cost

In RMB

Items	Occurred current term		Occurred in previous term	
	Income	Cost	Income	Cost
Major business turnover				182,250.38
Other business income	339,527,118.70	305,125,226.46	336,824,318.43	313,368,020.89
Total	339,527,118.70	305,125,226.46	336,824,318.43	313,550,271.27

Other notes:

5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment gains on equity basis	1,994,582.10	1,216,436.70
Total	1,994,582.10	1,216,436.70

6. Other**XVIII. Supplementary Information****1. Details of non-recurring gain/loss of the term**

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	58,191.62	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	36,900.00	
Other non-business income and expenditures other than the above	181,298.03	
Total	276,389.65	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

☐ Applicable ☒ Not applicable

2. Net income on asset ratio and earning per share

In RMB

Profit of the report period	Net income on asset, weighted	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	4.17%	0.0957	0.0957
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	4.05%	0.0933	0.0933

3. Differences between accounting data under domestic and overseas accounting standards

(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

☐ Applicable ☒ Not applicable

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

☐ Applicable ☒ Not applicable

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

4. Other

XI. Documents available for inspection

- I. The semi-report carrying personal signature and seal of the Chairman of the Board;
- II. Financial Statements with signatures of the legal representative, the financial officer, and accounting manager.
- III. All of the originals of the Company's documents and public notices publicized by the presses designated by China Securities Regulatory Commission in the report period;

Chongqing Jianshe Motorcycle Co., Ltd.

Board chairman: Lv Hongxian

August 29, 2017