

Shenzhen China Bicycle Company (Holdings) Limited
SEMI-ANNUAL REPORT 2017

August 2017

Section I Important Notice, Contents and Paraphrase

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

Li Hai, Principal of the Company, Sun Longlong, person in charge of accounting works and Zhong Xiaojin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2017 Semi-Annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

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

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Paraphrase

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

I. Company Profile

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

II. Contact person and ways

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

III. Others

1. Way of contact

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

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2016.

2. Information disclosure and preparation place

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

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2016.

IV. Main accounting data and financial indexes

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

Yes No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	48,929,676.27	65,774,013.33	-25.61%
Net profit attributable to shareholders of the listed company (RMB)	-1,691,378.44	448,356.29	-477.24%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-1,902,819.26	193,927.51	-1,081.20%
Net cash flow arising from operating activities (RMB)	-8,806,042.23	-4,748,614.78	85.44%
Basic earnings per share (RMB/Share)	-0.0031	0.0008	-487.50%
Diluted earnings per share (RMB/Share)	-0.0031	0.0008	-487.50%
Weighted average ROE	-12.51%	3.74%	-16.25%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	48,954,777.06	54,088,275.72	-9.49%
Net assets attributable to shareholder of listed company (RMB)	12,677,305.14	14,368,683.58	-11.77%

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

In RMB

Item	Amount	Note
Other non-operating income and expenditure except for the aforementioned items	291,710.58	
Less: impact on income tax	72,927.65	
Impact on minority shareholders' equity (post-tax)	7,342.11	
Total	211,440.82	--

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

Applicable Not applicable

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

Section III Summary of Company Business

I. Main businesses of the Company in the reporting period

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

No

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

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major change
Fixed assets	No major change
Intangible assets	No major change
Construction in process	No major change
Monetary Fund	Changes of the settlement
Bills receivable	Changes of the settlement
Stock	Subsidiary prepare goods for peak season

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

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

No

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

Furthermore, the Company initiate a private placement in 2016, and hoping to improve the operation strengthen and development ability. Relevant works are still in process at recently. Relevant proposals of private placement have been deliberated and approved by the second extraordinary shareholders meeting of 2017 held on 19 June 2017. Follow up works still in promotion

Section IV Discussion and Analysis of the Operation

I. Introduction

In 2017, the international political and economic situation was complicated and severe, the domestic economic development faced many difficulties and challenges the deep-seated problems were still prominent, and there were many unstable and uncertain factors, which affected and impacted the traditional manufacturing industry and social consumption structure demand. Under the leadership of the central government and the governments at all levels, people of the whole country made great efforts to overcome difficulties, forged ahead and realized the steady progress of economic and social development, and constantly made new achievements.

As a sector in the traditional manufacturing field, the bicycle industry continued the dilemma of rise in labor costs, manufacturing costs, capital costs, and material costs. The rather low threshold for entering the industry and many manufacturers resulted in the fierce market competition and intensifying industry reshuffle. The bicycle sharing brands such as Mobike and ofo have obtained large amount of financing and rapid promotion, but also further digested the user's demand, and squeezed the market space of traditional bicycle enterprises. At the same time, as a sector in the traditional manufacturing field, the bicycle industry has also ushered in the "Made in China 2025" strategy, under the guidance of the basic principles of "driven by innovation, quality first, green development, structural optimization, based on talents", accelerate the important opportunity challenges of transformation and upgrading, faced the important opportunity challenges of e-commerce development to channel impact, channel integration and internet +, along with the development of cycling culture in China, China's bicycle market shall form a new space for development. In this context, in 2017, the company combined with the actual situation of weak economic foundation after restructuring, on the one hand, adhered to taking the traditional business model development as the principle, strengthened the product development efforts, and constantly optimized and adjusted the product structure and sales model transformation, according to the e-commerce transformation of business team and the cost control way of internal introduction and external connection, actively expanded the e-commerce business model, and achieved the good development and rapid growth of e-commerce retail business; on the one hand, strived to promote the selection work of the company's restructuring, planned the non-public offering of shares, and started the business upgrades and connection work of the offline sales platform for sports experience and R & D center construction projects.

As for the planning of non-public offering of shares, in July 2016, the company started planning the non-public offering of shares, and raised funds for the purchase of major assets; the company's Board of Directors considered and approved the Plan for Non-public Offering of A Shares in 2016. On the basis of the due diligence, audit evaluation and commercial negotiation of the intermediary institution, and combined with the actual situation of the capital market and the company, in February 2017, the Board of Directors of the company considered and approved the Proposal on Adjusting the Company's Non-public Offering of A Shares, the Plan for Non-public Offering of A Shares in 2016 (Revision) and so on. According to the revision of the plan, the total amount of this private placement was no more than 1.2 billion Yuan, after deducting the issue costs, the company planned to invest 800 million Yuan of funds for the "intelligent community building talk-back equipment and system platform construction project", and invest 400 million Yuan of funds for the "sports experience online and offline sales platform and R & D center construction project". In May 2017, the Board of Directors of the Company examined and approved the Proposal on Adjusting the Scheme of Non-Public Offering of Shares by the Company. According to the plan revision, the total amount of raised funds for this non-public offering should not exceed RMB 800 million, after deducting the issuance expenses, the company planned to invest RMB 660 million of funds for "online and offline marketing network platform construction and upgrading project", and planned to invest RMB 140 million of funds for "R & D center construction project". On June 19, 2017, the company convened the second extraordinary general meeting of shareholders in 2017 which approved the aforesaid proposal on non-public offering of shares.

As for the business operation and management, in 2017, the company focused on the following aspects: First is to make every endeavor to maintain the company's existing traditional business operation mode. Second is to promote the development of e-commerce business model on the basis of traditional model, combine with the actual situation of the company, learn from the experience of the successful e-commerce examples, and follow the principle of efficiency and benefits to design and implement the company's team e-commerce transformation and the e-commerce business development ideas of internal introduction, external connection and controllable costs. On the basis of completing the initial e-commerce development layout of bicycle business and the team training construction, EMMELLE flagship store has achieved good brand propaganda effect and e-commerce retail business development momentum and business efficiency with the help of Tmall, Jingdong, VIP, Suning, Gome, official website, official wechat, HHLME and other e-commerce platforms, the sustainable development ideas of e-commerce business have been verified and implemented. Third is to continue to increase the promotion and the research and development efforts to the medium- and high-end products, continue to introduce new products according to market changes, actively apply new technologies, closely track the cutting-edge innovative technology and exploration applications like the intelligentization of smart helmet electric car with super-capacitor battery, and constantly improve and extend the product lines. Fourth is to start the business upgrades and convergence work at the earlier stage of sports experience online and offline sales platform and R & D center construction project, and strive to upgrade the sales and research and development capabilities. Fifth is to improve the support level of background departments to front desk business by strengthening the background management and office automation. Sixth is to actively carry out the business while the company seriously cooperates with the manager to carry out the unaccomplished matter related to reorganization procedures.

While the domestic traditional manufacturing industry was still in depressed, the company insisted on following the guidelines of "Made in China 2025" to accelerate its own professionalization transformation, e-commerce transformation, manufacturing miniaturization transformation and others, strengthen the adjustment of product structure, enhance the quality management, strengthen the cost control, and strive to enhance the traditional enterprises' abilities to adapt to the economy new normal and participate in the market competition. In first half year of 2017, the company achieved operating income of 48.9297 million Yuan, net profit of -2,127,300 Yuan, and the net profit attributable to the shareholders of listed company of -1,691,400 Yuan.

II. Main business analysis

Introduction

Whether same as the "introduction" disclosed in Discussion and Analysis of Operations or not

Yes No

See the "I-Introduction" in "Discussion and Analysis of the Business"

Y-o-y changes of main financial data

In RMB

	Current period	Same period last year	y-o-y changes (+,-)	Reasons
Operating revenue	48,929,676.27	65,774,013.33	-25.61%	Sales revenue declined due to the violent competition
Operating costs	45,686,272.83	60,321,233.37	-24.26%	Revenue declined, and the material costs goes up

Sales expenses	2,468,701.87	3,228,182.36	-23.53%	Market promotion expenses declined
Administration expenses	3,339,531.50	2,348,640.07	42.19%	Intermediate fee for the private placement increased
Finance expenses	-201,564.91	-544,525.55	-62.98%	Revenue of bank interest decreased
Income tax expenses	11,629.41	195,895.21	-94.06%	Earns at same period of last year
Net cash flow arising from operating activities	-8,806,042.23	-4,748,614.78	85.44%	Mainly because, the current liability paid in the period, and inventory for stock increased and the settlement with bank acceptance from clients increased
Net cash flow arising from investment activities	-31,940.00	-2,959,824.00	-98.92%	Purchased real estate at same period of last year
Net increase of cash and cash equivalent	-8,837,982.23	-7,708,438.78	14.65%	Mainly because, the current liability paid in the period, and inventory for stock increased and the settlement with bank acceptance from clients increased
Monetary fund	15,177,305.48	24,015,287.71	-36.80%	Mainly because, the current liability paid in the period, and inventory for stock increased and the settlement with bank acceptance from clients increased
Note receivables	5,139,578.00	2,220,000.00	131.51%	The settlement with bank acceptance from clients increased
Inventory	6,085,173.94	3,118,440.26	95.14%	Stock increased for peak seasons from

				subsidiary in the period
Account received in advance	2,031,423.43	4,321,059.83	-52.99%	Account received in advance last period increased
Tax payable	419,444.08	1,565,153.77	-73.20%	The enterprise income tax for year of 2016 are paid in the period

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Sales of bicycles and accessories and fittings	48,929,676.27	45,686,272.83	6.63%	-25.61%	-24.26%	-1.66%
According to products						
Sales of bicycles and accessories and fittings	48,929,676.27	45,686,272.83	6.63%	-25.61%	-24.26%	-1.66%
According to region						
Domestic	48,929,676.27	45,686,272.83	6.63%	-25.61%	-24.26%	-1.66%

III. Analysis of the non-main business

Applicable Not applicable

IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of the Period		End of same period of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total	Amount	Ratio in total		

		assets		assets		
Monetary fund	15,177,305.48	31.00%	19,043,626.88	32.57%	-1.57%	
Account receivable	10,621,799.74	21.70%	10,772,804.96	18.42%	3.28%	
Inventory	6,085,173.94	12.43%	10,555,721.77	18.05%	-5.62%	Stock for peak seasons declined from a year earlier by subsidiary
Fix assets	3,615,758.14	7.39%	3,886,309.13	6.65%	0.74%	

2. Assets and liability measured by fair value

Applicable Not applicable

3. Assets rights restricted till end of the period

Purchasing six properties of Lianxin Garden with original value of 2,959,824.00 Yuan in 2016; the property purchasing refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District. According to the agreement, the enterprise shall not carrying any kind of property trading with any units or individuals except the government, and the company has no property certification on the above mentioned properties.

V. Investment

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment in Period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in Period.

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company has no sales of major assets in Period.

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Industry	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenzhen Emmelle Industry Co., Ltd.	Subsidiary	Sales of bicycles and accessories	Wholesale of other machinery equipment and electronic products	2000000	38,475,160.97	8,257,467.01	46,225,592.77	-1,473,960.06	-1,452,957.89

Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Notes of holding and shareholding companies

The Company holds 70 percent equity of the Shenzhen Emmelle Industry Co., Ltd., the balance of minority equity at period-end amounting to 2,477,240.10 Yuan.

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prediction of business performance from January – September 2017

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

Applicable Not applicable

X. Risks and countermeasures

Risk factors adverse to the Company's development: The tough international economic situation has a deep impact on the domestic consumption market where significant amount of export-oriented manufacturing enterprises has shifted. The bicycle and electric bicycle market is facing a complex environment that price war is a major competition means. Since the domestic economy is at the structural adjustment stage, coupled with a difficult situation of continuously rising labor cost, manufacturing cost, financing cost and parts the bicycle industry as a conventional manufacturing field recorded a decline in the market turnover. Due to the low entry threshold and numerous manufacturers, the competition in the market is extremely fierce.

Section V Important Events

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

1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
First Extraordinary shareholders general meeting 2017	Extraordinary shareholders general meeting	13.54%	2017-03-24	2017-03-25	Notice of Resolution of First Extraordinary shareholders general meeting 2017 (No.: 2017019)
Second Extraordinary shareholders general meeting 2017	Extraordinary shareholders general meeting	14.81%	2017-06-19	2017-06-20	Notice of Resolution of Second Extraordinary shareholders general meeting 2017 (No.: 2017032)
Annual General Meeting 2016	Annual General Meeting	15.44%	2017-06-29	2017-06-30	Notice of Resolution of Annual General Meeting 2016 (No.: 2017033)

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

Applicable Not applicable

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

Applicable Not applicable

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

III. Commitments that actual controller, shareholder, related parties, buyer and committed party as the

Company etc. have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

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

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

Financial report has been audit or not

Yes No

Not been audited.

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

Applicable Not applicable

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

Applicable Not applicable

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

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

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in Period.

VIII. Lawsuits

Material lawsuits and arbitration

Applicable Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

Other lawsuits events

Applicable Not applicable

IX. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in Period.

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

Applicable Not applicable

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

Applicable Not applicable

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

XII. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

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

2. Related transactions by assets acquisition and sold

Applicable Not applicable

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

3. Main related transactions of mutual investment outside

Applicable Not applicable

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

4. Contact of related credit and debt

Applicable Not applicable

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

Yes No

Claim receivable from related party:

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

Debts payable to related party:

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

5. Other significant related transactions

Applicable Not applicable

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

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

Applicable Not applicable

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

XIV. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in Period.

(2) Contract

Applicable Not applicable

No contract for the Company in Period.

(3) Leasing

Applicable Not applicable

No leasing for the Company in Period.

2. Major guarantees

Applicable Not applicable

No guarantee for the Company in Period.

3. Other material contracts

Applicable Not applicable

No other material contracts for the Company in Period.

XV. Social responsibility

1. Fulfill the precise social responsibility for poverty alleviation

(1) Summary of annual precision poverty alleviation

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

(2) Annual precision poverty alleviation

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

(3) Subsequent precision poverty alleviation program

Nil

2. Major environmental protection

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

No

XVI. Other major events

Applicable Not applicable

In July 2016, the company initiated the planning for non-public offering of shares; the company's Board of Directors reviewed and approved the Plan for Non-public Offering of A Shares in 2016. On the basis of the due diligence, audit evaluation and commercial negotiation of the intermediary institution, and combined with the actual situation of the capital market and the company, in February 2017, the Board of Directors of the company considered and approved the Proposal on Adjusting the Company's Non-public Offering of A Shares, the Plan for Non-public Offering of A Shares in 2016 (Revision) and so on. According to the revision of the plan, the total amount of this private placement was no more than 1.2 billion Yuan, after deducting the issue costs, the company planned to invest 800 million Yuan of funds for the "intelligent community building talk-back equipment and system platform construction project", and invest 400 million Yuan of funds for the "sports experience online and offline sales platform and R & D center construction project". In May 2017, the Board of Directors of the Company examined and approved the Proposal on Adjusting the Scheme of Non-Public Offering of Shares by the Company. According to the plan revision, the total amount of raised funds for this non-public offering should not exceed RMB 800 million, after deducting the issuance expenses, the company planned to invest RMB

660 million of funds for “online and offline marketing network platform construction and upgrading project”, and planned to invest RMB 140 million of funds for “R & D center construction project”. On June 19, 2017, the company convened the second extraordinary general meeting of shareholders in 2017 which approved the aforesaid proposal on non-public offering of shares. Further works still in process

XVII. Major event of the subsidiaries

Applicable Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	4,707	0.00%						4,707	0.00%
1. State-owned shares	0	0.00%						0	0.00%
2. State-owned legal person's shares	0	0.00%						0	0.00%
3. Other domestic shares	4,707	0.00%						4,707	0.00%
Including: Domestic legal person's shares	0	0.00%						0	0.00%
Domestic natural person's shares	4,707	0.00%						4,707	0.00%
4. Foreign shares	0	0.00%						0	0.00%
Including: Foreign legal person's shares	0	0.00%						0	0.00%
Foreign natural person's shares	0	0.00%						0	0.00%
II. Unrestricted shares	551,343,240	100.00%						551,343,240	100.00%
1. RMB Ordinary shares	302,980,258	54.95%						302,980,258	54.95%
2. Domestically listed foreign shares	248,362,982	45.05%						248,362,982	45.05%
3. Overseas listed foreign shares	0	0.00%						0	0.00%
4. Others	0	0.00%						0	0.00%
III. Total shares	551,347,947	100.00%						551,347,947	100.00%

Reasons for share changed

 Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issuance and listing

Applicable Not applicable

III. Number of shares and shares held

In Share

Total common shareholders at period-end	56,305		Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (note8)	0				
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Shareholders	Nature of shareholder	Proportion of shares held	Number of common shares held at period-end	Changes in reporting period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Guocheng Energy Investment Development Co., Ltd.	Domestic non-State-owned legal person	11.52%	63,508,747	0	0	63,508,747	Pledged	11,000,000
UOB Koy Hian (Hong	Foreign legal person	2.89%	15,907,850	0	0	15,907,850		0

Kong) Co., Ltd.								
Guosen Securities (Hong Kong) brokerage Co., Ltd.	Foreign legal person	2.54%	13,988,425	0	0	13,988,425		0
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.10%	6,043,657	84,300	0	6,043,657		0
Zhongrong International Trust Co., Ltd. – ZR-DF No.13 Structured Stock Collection Fund Trust Plan	Other	0.87%	4,770,923	4,770,923	0	4,770,923		0
Zhongrong International Trust Co., Ltd. – ZR-DF No.14 Structured Stock Collection Fund Trust Plan	Other	0.83%	4,547,797	4,547,797		4,547,797		
Li Huili	Domestic nature person	0.71%	3,891,124	0	0	3,891,124		0
China Merchants Securities Hong Kong Co., Ltd.	State-owned legal person	0.68%	3,767,235	-388,107	0	3,767,235		0
Zhongrong International Trust Co.,	Other	0.67%	3,721,600	3,721,600		3,721,600		0

Ltd. – ZR-DF No.12 Structured Stock Collection Fund Trust Plan								
Zong Bin	Domestic nature person	0.58%	3,187,180	73,000	0	3,187,180		0
Strategy investors or general corporation comes top 10 common stock shareholders due to rights issue (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Li Huili, spouse of the Ji Hanfei, the actual controller of first majority shareholders of the Company- Shenzhen Guosheng Energy Investment Development Co., Ltd., holding B-share of the Company on behalf of Shenzhen Guocheng Energy Investment Development Co., Ltd., beyond that, the Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.							
Particular about top ten common shareholders with un-restrict shares held								
Shareholders	Amount of un-restrict common shares held at period-end	Type of shares						
		Type	Amount					
Shenzhen Guocheng Energy Investment Development Co., Ltd.	63,508,747	RMB ordinary shares	63,508,747					
UOB Koy Hian (Hong Kong) Co., Ltd.	15,907,850	Domestically listed foreign shares	15,907,850					
Guosen Securities (Hong Kong) brokerage Co., Ltd.	13,988,425	Domestically listed foreign shares	13,988,425					
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	6,043,657	Domestically listed foreign shares	6,043,657					
Zhongrong International Trust Co., Ltd. – ZR- DF No.13 Structured Stock Collection Fund Trust Plan	4,770,923	RMB ordinary shares	4,770,923					
Zhongrong International Trust Co., Ltd. – ZR- DF No.14 Structured Stock Collection Fund Trust Plan	4,547,797	RMB ordinary shares	4,547,797					
Li Huili	3,891,124	Domestically listed foreign shares	3,891,124					

China Merchants Securities Hong Kong Co., Ltd.	3,767,235	Domestically listed foreign shares	3,767,235
Zhongrong International Trust Co., Ltd. – ZR- DF No.12 Structured Stock Collection Fund Trust Plan	3,721,600	RMB ordinary shares	3,721,600
Zong Bin	3,187,180	RMB ordinary shares	3,187,180
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Li Huili, spouse of the Ji Hanfei, the actual controller of first majority shareholders of the Company- Shenzhen Guosheng Energy Investment Development Co., Ltd., holding B-share of the Company on behalf of Shenzhen Guocheng Energy Investment Development Co., Ltd., beyond that, the Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	N/A		

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

Yes No

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

IV. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable Not applicable

Name of new controlling shareholder	No controlling shareholder
Date of change	2017-02-20
Inquiry index on appointed website	2016 Annual Report in Juchao website
Disclosure date on appointed website	2017-04-27

Changes of actual controller in reporting period

Applicable Not applicable

Name of new actual controller	No actual controller
Date of change	2017-02-20
Inquiry index on appointed website	2016 Annual Report in Juchao website
Disclosure date on appointed website	2017-04-27

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Directors, Supervisors and Senior Executives

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

Applicable Not applicable

Name	Title	Working status	Shares held at period-begin (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Shares held at period-end (Share)	Restricted shares awarded at period-begin (Share)	Restricted shares awarded in the period (Share)	Restricted shares awarded at period-end (Share)
Zheng Zhonghuan	Supervisor	Currently in office	6,267	0	991	5,276	0	0	0
Total	--	--	6,267	0	991	5,276	0	0	0

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

Applicable Not applicable

Name	Title	Type	Date	Reason
Li Hai	Director, Chairman	Be elected	2017-06-29	Change the term of the Board
Yao Zhengwang	Director	Be elected	2017-06-29	Change the term of the Board
Cao Fang	Director	Be elected	2017-06-29	Change the term of the Board
Yang Fenbo	Director	Be elected	2017-06-29	Change the term of the Board
Sun Longlong	Director	Be elected	2017-06-29	Change the term of the Board
Zhong Hua	Director	Be elected	2017-06-29	Change the term of the Board
Song Xishun	Independent director	Be elected	2017-06-29	Change the term of the Board
Yang Lan	Independent director	Be elected	2017-06-29	Change the term of the Board
Zhang Zhigao	Independent director	Be elected	2017-06-29	Change the term of the Board
Sun Longlong	CFO	Appointment	2017-02-28	New-engagement
Sun Longlong	Secretary of Board	Appointment	2017-07-05	Re-engagement
Kong Na	Director	Office-leaving while term	2017-06-29	Change the term of the Board

		ends		
Chen Shujun	Independent director	Office-leaving while term ends	2017-06-29	Change the term of the Board
Cui Jun	Independent director	Office-leaving while term ends	2017-06-29	Change the term of the Board
Li Bing	Independent director	Office-leaving while term ends	2017-06-29	Change the term of the Board

Section IX Corporate Bonds

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

No

Section X. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

Yes No

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

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated Balance Sheet

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

2017-06-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	15,177,305.48	24,015,287.71
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	5,139,578.00	2,220,000.00
Accounts receivable	10,621,799.74	12,371,386.82
Accounts paid in advance	1,496,894.88	1,867,424.89
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	593,588.25	658,754.09
Purchase restituted finance asset		

Inventories	6,085,173.94	3,118,440.26
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	2,555,611.75	2,050,830.55
Total current assets	41,669,952.04	46,302,124.32
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment property		
Fixed assets	3,615,758.14	3,728,955.11
Construction in progress		
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	2,635,500.00	3,012,000.00
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	633,566.88	645,196.29
Other non-current asset	400,000.00	400,000.00
Total non-current asset	7,284,825.02	7,786,151.40
Total assets	48,954,777.06	54,088,275.72
Current liabilities:		
Short-term loans		
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		

Derivative financial liability		
Notes payable		
Accounts payable	11,751,606.32	9,751,977.78
Accounts received in advance	2,031,423.43	4,321,059.83
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	641,747.85	770,985.97
Taxes payable	419,444.08	1,565,153.77
Interest payable		
Dividend payable		
Other accounts payable	18,956,010.14	20,397,287.32
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	33,800,231.82	36,806,464.67
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	33,800,231.82	36,806,464.67

Owner's equity:		
Share capital	551,347,947.00	551,347,947.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	627,834,297.85	627,834,297.85
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	32,673,227.01	32,673,227.01
Provision of general risk		
Retained profit	-1,199,178,166.72	-1,197,486,788.28
Total owner's equity attributable to parent company	12,677,305.14	14,368,683.58
Minority interests	2,477,240.10	2,913,127.47
Total owner's equity	15,154,545.24	17,281,811.05
Total liabilities and owner's equity	48,954,777.06	54,088,275.72

Legal Representative: Li Hai

Person in charge of Accounting Works: Sun Longlong

Person in charge of Accounting Institution: Zhong Xiaojin

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	1,391,537.61	1,143,418.29
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable		
Account paid in advance		16,000.00
Interest receivable		
Dividends receivable		

Other receivables	7,035,631.74	9,364,086.29
Inventories		
Divided into assets held for sale		
Non-current assets maturing within one year		
Other current assets	2,391,678.18	2,050,830.55
Total current assets	10,818,847.53	12,574,335.13
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	10,379.73	10,379.73
Investment property		
Fixed assets	3,410,303.75	3,528,684.59
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	2,635,500.00	3,012,000.00
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	400,000.00	400,000.00
Total non-current assets	6,456,183.48	6,951,064.32
Total assets	17,275,031.01	19,525,399.45
Current liabilities:		
Short-term borrowings		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	7,440.00	

Accounts received in advance		1,086,507.70
Wage payable	112,724.95	112,700.06
Taxes payable	78,934.95	81,512.92
Interest payable		
Dividend payable		
Other accounts payable	10,168,473.15	10,662,912.89
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	10,367,573.05	11,943,633.57
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	10,367,573.05	11,943,633.57
Owners' equity:		
Share capita	551,347,947.00	551,347,947.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	627,834,297.85	627,834,297.85
Less: Inventory shares		
Other comprehensive income		

Reasonable reserve		
Surplus reserve	32,673,227.01	32,673,227.01
Retained profit	-1,204,948,013.90	-1,204,273,705.98
Total owner's equity	6,907,457.96	7,581,765.88
Total liabilities and owner's equity	17,275,031.01	19,525,399.45

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	48,929,676.27	65,774,013.33
Including: Operating income	48,929,676.27	65,774,013.33
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	51,337,023.25	65,399,767.36
Including: Operating cost	45,686,272.83	60,321,233.37
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	91,353.05	71,125.39
Sales expenses	2,468,701.87	3,228,182.36
Administration expenses	3,339,531.50	2,348,640.07
Financial expenses	-201,564.91	-544,525.55
Losses of devaluation of asset	-47,271.09	-24,888.28
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed		

with “-”)		
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
Other income		
III. Operating profit (Loss is listed with “-”)	-2,407,346.98	374,245.97
Add: Non-operating income	291,710.58	342,089.82
Including: Disposal gains of non-current asset		
Less: Non-operating expense		1,509.00
Including: Disposal loss of non-current asset		
IV. Total Profit (Loss is listed with “-”)	-2,115,636.40	714,826.79
Less: Income tax expense	11,629.41	195,895.21
V. Net profit (Net loss is listed with “-”)	-2,127,265.81	518,931.58
Net profit attributable to owner’s of parent company	-1,691,378.44	448,356.29
Minority shareholders’ gains and losses	-435,887.37	70,575.29
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified		

subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-2,127,265.81	518,931.58
Total comprehensive income attributable to owners of parent Company	-1,691,378.44	448,356.29
Total comprehensive income attributable to minority shareholders	-435,887.37	70,575.29
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0031	0.0008
(ii) Diluted earnings per share	-0.0031	0.0008

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

Legal Representative: Li Hai

Person in charge of Accounting Works: Sun Longlong

Person in charge of Accounting Institution: Zhong Xiaojin

4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
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I. Operating income	3,228,905.96	3,476,770.26
Less: Operating cost	1,994,075.80	2,092,043.56
Operating tax and extras		27,518.91
Sales expenses		
Administration expenses	2,165,755.45	1,314,903.41
Financial expenses	2,461.63	172.23
Losses of devaluation of asset		
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
Other income		
II. Operating profit (Loss is listed with “-”)	-933,386.92	42,132.15
Add: Non-operating income	259,079.00	337,615.00
Including: Disposal gains of non-current asset		
Less: Non-operating expense		1,509.00
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with “-”)	-674,307.92	378,238.15
Less: Income tax expense		94,557.55
IV. Net profit (Net loss is listed with “-”)	-674,307.92	283,680.60
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method		

which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	-674,307.92	283,680.60
VII. Earnings per share:		
(i) Basic earnings per share	-0.0012	0.0005
(ii) Diluted earnings per share	-0.0012	0.0005

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	23,451,451.79	26,522,475.87
Net increase of customer deposit and interbank deposit		

Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received		
Other cash received concerning operating activities	2,324,298.02	3,684,052.35
Subtotal of cash inflow arising from operating activities	25,775,749.81	30,206,528.22
Cash paid for purchasing commodities and receiving labor service	23,835,363.39	25,154,241.71
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	3,517,233.68	3,469,307.38
Taxes paid	1,649,135.49	1,339,712.12

Other cash paid concerning operating activities	5,580,059.48	4,991,881.79
Subtotal of cash outflow arising from operating activities	34,581,792.04	34,955,143.00
Net cash flows arising from operating activities	-8,806,042.23	-4,748,614.78
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets	31,940.00	2,959,824.00
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	31,940.00	2,959,824.00
Net cash flows arising from investing activities	-31,940.00	-2,959,824.00
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders'		

investment by subsidiaries		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities		
Net cash flows arising from financing activities		
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-8,837,982.23	-7,708,438.78
Add: Balance of cash and cash equivalents at the period -begin	24,015,287.71	26,752,065.66
VI. Balance of cash and cash equivalents at the period -end	15,177,305.48	19,043,626.88

6. Cash Flow Statement of Parent Company

In RMB

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

Other cash received concerning operating activities	4,981,778.23	7,109,161.66
Subtotal of cash inflow arising from operating activities	4,981,778.23	7,109,161.66
Cash paid for purchasing commodities and receiving labor service		32,356.80
Cash paid to/for staff and workers	1,439,294.18	1,005,191.83
Taxes paid	186,158.39	242,875.18
Other cash paid concerning operating activities	3,108,206.34	2,949,997.90
Subtotal of cash outflow arising from operating activities	4,733,658.91	4,230,421.71
Net cash flows arising from operating activities	248,119.32	2,878,739.95
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets		2,959,824.00
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing		2,959,824.00

activities		
Net cash flows arising from investing activities		-2,959,824.00
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities		
Net cash flows arising from financing activities		
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	248,119.32	-81,084.05
Add: Balance of cash and cash equivalents at the period -begin	1,143,418.29	1,199,934.09
VI. Balance of cash and cash equivalents at the period -end	1,391,537.61	1,118,850.04

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

This Period

In RMB

Item	This Period												
	Owners' equity attributable to parent company											Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
		Preferred stock	Perpetual capital securities	Other									
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01		-1,197,486,788.28	2,913,127.47	17,281,811.05
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	551,347,947.00				627,834,297.85				32,673,227.01		-1,197,486,788.28	2,913,127.47	17,281,811.05
III. Increase/Decrease in this year (Decrease is listed with "-")											-1,691,378.44	-435,887.37	-2,127,265.81
(i) Total comprehensive income											-1,691,378.44	-435,887.37	-2,127,265.81
(ii) Owners' devoted and decreased capital													
1. Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based													

payment													
4. Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85			32,673,227.01		-1,199,178,166.72	2,477,240.10	15,154,545.24	

Last Period

In RMB

Item	Last Period												Minority interests	Total owners' equity
	Owners' equity attributable to parent company													
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk				
	Preferred	Perpetual	Other											

		stock	capita 1 securi ties										
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01		-1,200,090,425.75	1,625,185.21	13,390,231.32
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	551,347,947.00				627,834,297.85				32,673,227.01		-1,200,090,425.75	1,625,185.21	13,390,231.32
III. Increase/Decrease in this year (Decrease is listed with "-")											2,603,637.47	1,287,942.26	3,891,579.73
(i) Total comprehensive income											2,603,637.47	1,287,942.26	3,891,579.73
(ii) Owners' devoted and decreased capital													
1.Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													

3. Distribution for owners (or shareholders)														
4. Other														
(IV) Carrying forward internal owners' equity														
1. Capital reserves converted to capital (share capital)														
2. Surplus reserves converted to capital (share capital)														
3. Remediating loss with surplus reserve														
4. Other														
(V) Reasonable reserve														
1. Withdrawal in the report period														
2. Usage in the report period														
(VI) Others														
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85				32,673,227.01			-1,197,486,788.28	2,913,127.47	17,281,811.05

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

This Period

In RMB

Item	This Period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01	-1,204,273,705.98	7,581,765.88

Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	551,347,947.00				627,834,297.85				32,673,227.01	-1,204,273,705.98	7,581,765.88
III. Increase/Decrease in this year (Decrease is listed with “-”)										-674,307.92	-674,307.92
(i) Total comprehensive income										-674,307.92	-674,307.92
(ii) Owners' devoted and decreased capital											
1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves conversed to capital (share capital)											
2. Surplus reserves											

converted to capital (share capital)												
3. Remediating loss with surplus reserve												
4. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85				32,673,227.01	-1,204,948,013.90	6,907,457.96	

Last period

In RMB

Item	Last period											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity	
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	551,347,947.00				627,834,297.85				32,673,227.01	-1,203,872,144.83	7,983,327.03	
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	551,347,947.00				627,834,297.85				32,673,227.01	-1,203,872,144.83	7,983,327.03	
III. Increase/Decrease in this year (Decrease is listed with "-")										-401,561.15	-401,561.15	

(i) Total comprehensive income												-401,561.15	-401,561.15
(ii) Owners' devoted and decreased capital													
1.Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Distribution for owners (or shareholders)													
3. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI)Others													

IV. Balance at the end of the report period	551,347,947.00				627,834,297.85				32,673,227.01	-1,204,273,705.98	7,581,765.88
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III. Company Profile

1. History and Reform

According to the Approval Document SFBF (1991) No. 888 issued by the People's Government of Shenzhen, Shenzhen China Bicycle Company (Holdings) Limited (hereinafter referred to as the Company) was reincorporated as the company limited by shares in November 1991. On 28 December 1991, upon the Approval Document SRYFZ(1991) No. 119 issued by Shenzhen Special Economic Zone Branch of the People's Bank of China, the Company got listed on Shenzhen Stock Exchange. The Company reserves the business license for the enterprise legal person (QGYSZFZ No.101165) [Uniform social credit code: 914403006188304524] and the registered capital of RMB551, 347,947.00.

2. Industry nature

The company's industry: machinery manufacturing industry

3. Business scope

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

4. Major products and services provided

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

5. Business change

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

6. Disclosure date approved

The financial statement approved for report has been deliberated by the second meeting of 10th BOD held 28 August 2017

IV. Compilation Basis of Financial Statement

1. Compilation Basis

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

2. Going concern

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

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

V. Main accounting policy and Accounting Estimate

Tips for specific accounting policy and estimate:

Nil

1. Declaration on compliance with accounting standards

The financial statement prepared by the Company, based on follow compilation basis, is comply with the requirement of new accounting standards for business enterprise issued by Ministry of Finance and its application

guide, commentate as well as other regulations (called by a joint name as Accounting Standards for Business Enterprise), which is reflect a real and truth financial status of the Company, as well as operation results and cash flow situations.

Furthermore, the statement has reference to the listing and disclosure requirement from “Rules Governing the Disclosure of Information for Enterprise with Stock Listed No.15-general regulation of financial report” (2014 Revised) (hereinafter referred to as NO. 15 (2014 Revised) document)

2. Accounting period

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

3. Business cycles

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

4. Recording currency

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

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

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

① The business combination under the same control

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

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

②The business combinations not involving enterprises under common control

The Company will validate the difference that the combined cost is more than the fair value of the net identifiable

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

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

- A. Adjust the initial investment cost of long-term equity investments. As for stock equities held before the acquisition date accounted according to the equity method, re-measurement is carried out according to the fair value of the equity on the acquisition date. The balance between the fair value and the book value is included in the current investment income. If the acquiree's stock equities held before the acquisition date involves changes of other comprehensive incomes and other owner's equities under accounting with the equity method, the balance between the fair value and the book value is included in the current investment income on the acquisition date, excluding other comprehensive incomes incurred by changes due to re-measurement of net liabilities or net assets of the defined benefit plan.
- B. Confirm the goodwill (or include the amount in the profits and losses). The initial investment cost of long-term equity investments adjusted in step 1 is compared with the fair value of net identifiable assets of the subsidiary shared on the acquisition date. If the former is greater than the latter, the balance is confirmed as goodwill; if the former is less than the latter, the balance is included in the current profits and losses.

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

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

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

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

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

If each of the multiple transactions forms part of a bundled transactions which eventually results in loss of control the subsidiary, these multiple transactions should be accounted for as a single transaction. In the consolidated

financial statements, the difference between the consideration received and the corresponding percentage of the subsidiary's net assets in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to the profit or loss when the parent eventually loses control of the subsidiary.

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

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

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

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

6. Compilation method of consolidated financial statement

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

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

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

(1) Affirmation and classification of joint venture arrangement

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

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

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

(2) Accounting treatment of joint venture arrangement

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

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

8. Recognition of cash and cash equivalents

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

9. Foreign currency transaction and financial statement conversion

(1) Conversion for foreign currency transaction

When initially recognized, the foreign currency for the transaction shall be converted into CNY amount according

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

(2) Conversion of financial statements presented in foreign currencies

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

10. Financial instruments

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

(1) Classification of financial instruments

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

(2) Recognition and measurement of financial instruments

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

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

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

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

②Held to maturity investments

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

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

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

③Receivable accounts

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

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

④Financial assets available for sale

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

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

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

⑤Other financial liabilities

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

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

Where the Company sells its outstanding held-to-maturity investment within the current accounting year or

re-classifies it as the amount of available-for-sale financial asset, and the amount is considerably large as compared with the amount before such investment is sold or re-classified, the surplus of such investment shall be re-classified as an available-for-sale financial asset. However, the following circumstances shall be excluded:

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

(3) Recognition and measurement of transfer of financial assets

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

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

- ① the book value of the financial asset transferred;
- ② The sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized directly in owner's equity (applicable to transfer of available-for-sale financial assets).

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

- ① the book value allocated to the part derecognized;
- ② the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized directly in equity (applicable to transfer of available-for-sale financial assets).

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

(4) Conditions for derecognizing financial liabilities

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

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

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

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

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

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

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

On balance sheet date, the carrying amounts of financial assets (except for those measured at fair value through profit or loss of the period) are assessed for impairment. Provision for impairment is made when there exists objective evidence that impairment of a financial asset has occurred.

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

- ① significant financial difficulty of the issuer or debtor;
- ② breach of contract, such as delinquency or default in interest and principal payments made by the debtor;

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

Specific method for impairment of financial assets:

①Impairment of available-for-sale financial asset

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

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

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

delivery of the equity instrument, shall not be reverted.

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

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

11. Account receivable

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

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

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

Combination	Bad debt provision accrual
Aging of accounts group	Age analysis method

Group with bad debt provision accrual by aging:

Applicable Not applicable

Age	Accrual ratio	Accrual ratio for other receivable
Within one year (one year included)	0.30%	0.30%
1—2 years	0.30%	0.30%
2—3 years	0.30%	0.30%
Over 3 years	100.00%	100.00%
3—4 years	100.00%	100.00%
4—5 years	100.00%	100.00%
Over 5 years	100.00%	100.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

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

12. Inventory

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

No

(1) Classification of inventory

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

(2) Valuation of inventories

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

(3) Inventory system

Perpetual inventory system is adopted.

(4) Provision for inventory impairment

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

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

measured separately are combined for provision for impairment.

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

13. Classified as assets held for sale

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

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

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

14. Long-term equity investments

(1) Determination of investment costs

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

As for business combination under the common control realized by the Company through several transactions, the initial investment cost of the investment shall be determined based on the share of the carrying value of the owners' equity of the consolidated party as calculated according to the shareholding proportion on the consolidation date. Difference between initial investment cost and the carrying value of long-term equity

investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust capital reserve (capital premium or equity premium). If the balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

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

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

(2) Subsequent measurement and profit or loss recognition

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

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

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

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

the Group has the obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in owners' equity of the investee (other than net profits or losses) and includes the corresponding adjustments in the owners' equity of the Group.

(3) Determination of control and significant influence on investee

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

(4) Disposal of long-term equity investment

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

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

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

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

(5) Impairment test and provision for impairment

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

15. Investment property

Measurement mode

Measured by cost method

Depreciation or amortization method

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

Investment properties of the Company include:

- (1) Land use right which has been rented out;
- (2) Land use right which is held for transfer upon appreciation;

(3) Buildings which has been rented out.

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

16. Fixed assets

(1) Confirmation conditions

Fixed assets refer to the tangible assets for production of products, provision of labor, lease or operation, and with a service life in excess of 1 financial year.

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

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

(2) Depreciation methods

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

The fixed assets accrued full provisions for diminution in value should no long accrue the depreciation of fixed assets. The fixed assets accrued provisions for diminution in value should deduct the accrued amounts of the provision for impairment of fixed assets, and recalculate and confirm the depreciation rate and depreciation amount according to the useful life.

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee and titles to the assets may or may not eventually be transferred. For fixed assets acquired under finance leases, the basis for provision of leased assets depreciation is the same as that

of self-owned fixed assets. When it can be reasonably determined that the ownership of a leased asset will be transferred at the end of the lease term, it is depreciated over the period of expected use; otherwise, the lease asset is depreciated over the shorter period of the lease term and the period of expected use.

17. Project under Construction

(1) Class of construction in progress

Construction in progress is measured case by case.

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

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

18. Borrowing expenses

(1) Principles of recognizing capitalization of borrowing expenses

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

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

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

- ①the asset expense has occurred, which includes expenses in the form of cash paid, nonmonetary asset transferred or interest-bearing obligations assumed for the construction or product of an asset that meets capitalization conditions;
- ②the borrowing expenses have occurred;
- ③the necessary construction or production activities for bringing the asset to the expected usable or saleable conditions have started.

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

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

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

(2) Capitalization period of borrowing expenses

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

(3) Calculation of capitalized amount of borrowing expenses

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

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

19. Biological assets

Nil

20. Oil-and-gas assets

Nil

21. Intangible assets

(1) Valuation method, service life and impairment test

(1) Measurement of intangible assets

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

For intangible asset obtained through debt restructuring for offsetting the debt of the debtor, the entry value of the intangible asset is determined based on its fair value, and the difference between the carrying amount of the

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

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

(2) Amortization of intangible assets

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

(3) Regular review of useful life

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

(4) Impairment of intangible assets

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

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

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

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

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

22. Impairment of long-term assets

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

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

The estimate of the recoverable amount of the assets are determined at the higher of the net amount of the fair value less the disposal expenses and the present value of the estimated future cash flows.

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

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

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

23. Long-term deferred expenses

Long-term deferred expenses are those prepaid expenses with an amortization period of more than one year

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

24. Employee compensation

(1) Accounting treatment for short-term compensation

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

(2) Accounting treatment for post-employment benefit

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

(3) Accounting for retirement benefits

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

(4) Accounting for other long-term employee benefits

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

25. Accrued liabilities

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

(2) Projected liabilities are initially measured at the best estimate on the expenses required to perform the relevant

present obligation by the Company, and the carrying value of project liabilities are reviewed on each balance sheet date.

26. Share-based payment

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

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

27. Other financial instruments including senior shares and perpetual bonds

(1) Distinguish of senior shares and perpetual bonds

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

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

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

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

(2) Accounting for perpetual bonds and senior shares

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

For perpetual bonds and senior shares classified into equity instruments, their issuance (including refinancing), repurchase, sale or cancel are treated as change of equity, and relevant transaction fees are also deducted from

equity. The Company accounts for allocation of holders of equity instruments as profit distribution. The Company does not recognize change of fair value of equity instruments.

28. Revenue

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

No

(1) Goods sales

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

(2) Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred can be measured reliably), revenue from rendering of services is recognized using the percentage of completion method, and the stage of completion is determined at the proportion of costs incurred to the estimated total costs. When the outcome of the transaction cannot be estimated reliably at the balance sheet date, revenue is recognized based on the amount of the costs incurred and the costs incurred are charged off at the same amount when the costs incurred are expected to be recoverable; and no revenue is recognized and the costs incurred are charged off as an expense of the period when the costs incurred are not expected to be recovered.

(3) Transfer of asset use right

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

(4) Interest income

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

29. Government Grants

(1) Determination basis for government grant related to assets and accounting treatment thereof

1) Type

Government grant refers to those monetary assets and non-monetary assets received by the Company from government at nil consideration. Based on the grantee as stipulated by the relevant government documents, government grants are classified into those related to assets and those related to income.

Government grant related to assets refers to those obtained by the Company for construction or otherwise formation of long term assets. Government grant related to income refers to such government grant other than those related to assets.

2) Recognition of government grant

Amount of receivables relating to which there is evidence showing that the Company is able to meet relevant financial supporting policies and is expected to be able for the Company to receive financial supporting funds shall be recognized as government grant as at the end of a specific period, otherwise it shall be recognized upon actual receipt.

Where government grant is monetary assets, it shall be measured based on the amount received or receivable. Where government grant is non-monetary assets, it shall be measured at fair value, and if the fair value cannot be measured reliably, it shall be measured at nominal value (RMB1.00). For those government grants measured at nominal value, they shall be recorded in profit and loss for the period directly.

3) Accounting

A. Government grant related to assets shall be accounted to offset the carrying value of relevant assets or recognized as deferred income. In case this kind of government grant has been recognized as deferred income, it shall be recorded in profit or loss installment during the service life of the relevant assets under reasonable and systematic methods. Government grant measured at nominal value shall be recorded in profit or loss for the period directly.

In case that the relevant assets are disposed of, transferred, regarded as useless or destroyed prior to the end of their service life, the deferred income balance not allocated yet shall be transferred into gains or loss from assets disposal for the period.

Government grant associated with a company's normal operation shall be recorded in other income or used to offset relevant cost expenses based on the substance of economic business.

B. It is a common practice for governmental finance authorities to pay an enterprise discounted interests, and the enterprise shall apply the discounted interests to offset relevant borrowing expense.

C. In respect of recognized government grant which is required to return, it shall be accounted for during the return period based on the following cases:

- a. in case of offset of relevant assets' carrying value upon initial recognition, the carrying value shall be adjusted;
- b. in case of existence of deferred income, carrying balance of deferred income shall be offset, and the surplus portion (if any) shall be recorded in profit or loss for the period.
- c. otherwise it shall be recorded in profit or loss for the period directly.

(2) Determination basis for government grant related to income and accounting treatment thereof

Government grant related to income shall be accounted for as follows:

- 1) recognized as deferred income in case that the grant is used to compensate the relevant cost expense or loss of a company in future periods, and recorded in profit or loss for the period or offset relevant costs during the period when the relevant cost expense or loss is recognized;
- 2) recorded in profit or loss for the period or offset relevant costs directly in case that the grant is used to compensate the relevant cost expense or loss occurred by a company.

In respect of government grant which comprises portions related to assets and income both, different accounting shall be adopted for different portions. Where it is difficult to distinguish these two portions, the grant shall be classified as grant related to income in its entirety.

30. Deferred tax assets / deferred income tax liabilities

- (1) Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.
- (2) A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.
- (3) At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.
- (4) The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: ① business combination; and ② the

transactions or items directly recognized in equity.

31. Lease

(1) Accounting for operating lease

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

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

(2) Accounting for financing lease

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

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

32. Other important accounting policy and estimation

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

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

33. Major accounting policy and changes

(1) Main accounting policy changes

√ Applicable □ Not applicable

Content and reasons	Approval procedures	Note
Pursuant to the notice issued by the Ministry of Finance on 10 May 2017 relating to issuance of the amended No.16 of Enterprise Accounting Standards – Government Grant (No. CK[2017]15), government grant associated with a company's normal operation shall be recorded in "other income" or used to offset relevant cost expenses based on economic substance; government grant not associated with a company's normal operation should be recognized as non-operating income or expense. These provisions have come into effect since 12 June 2017. Government grants existed as at 1 January 2017 shall be accounted for under prospective application method, and those new government grants increased between 1 January 2017 and the date when the new provision came into effect are subject to adjustments under the new government grant standards.	2 nd Meeting of 10 th BOD	Impact of this change of accounting policies in our consolidated financial statement is the change of accounting item for government grant: government grant related to our normal operation shall be recorded as "other income" and reported separately under the item of "operating profit" in profit statement. These adjustments are only made to the reporting items and structure of profit statement, with no impact on the Company's profit for the period or shareholders' interests, no impact on our financial condition and operating results and no involvement of the retrospective adjustment for the previous years.

(2) Changes of important accounting estimate

□ Applicable √ Not applicable

34. Other

Nil

VI. Taxes

1. Main tax category and tax rate

Tax category	Tax calculation evidence	Tax rate
Value added tax	Sales of goods, taxable labor service revenue and taxable income	17%
Tax for maintaining and building cities	Turnover tax payable	7%
Business income tax	Taxable income	25.00%

Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%
Stamp tax	Amount of the purchasing and sales contract	0.03%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
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2. Tax preference

Nil

3. Other

Nil

VII. Notes to Items in Consolidated Financial Statements

1. Monetary fund

In RMB

Item	Ending balance	Opening balance
Cash on hand	77,429.04	132,652.06
Cash in bank	15,099,876.44	23,768,774.82
Other monetary fund		113,860.83
Total	15,177,305.48	24,015,287.71

Other explanation

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

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

In RMB

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

Other explanation:

Nil

3. Derivative financial assets

Applicable Not applicable

4. Note receivables

(1) Classification of notes receivable

In RMB

Item	Ending balance	Opening balance
Bank acceptance bill	5,139,578.00	2,220,000.00
Total	5,139,578.00	2,220,000.00

(2) Pledge at period-end

In RMB

Item	Amount pledge at period-end
Total	0.00

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

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance bill	25,066,473.00	
Total	25,066,473.00	

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

In RMB

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

Other explanation

There are no notes that transfer to account receivable due for the drawer failure to perform the contract at period-end.

5. Accounts receivable

(1) Accounts receivable by category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	

Receivables with bad debt provision accrual by credit portfolio	10,787,375.68	85.23%	1,287,542.32	11.94%	9,499,833.36	12,479,037.76	86.34%	1,292,617.31	10.36%	11,186,420.45
Accounts with single significant amount and bad debts provision accrued individually	1,869,943.96	14.77%	747,977.58	40.00%	1,121,966.38	1,974,943.96	13.66%	789,977.59	40.00%	1,184,966.37
Total	12,657,319.64	100.00%	2,035,519.90	16.08%	10,621,799.74	14,453,981.72	100.00%	2,082,594.90	14.41%	12,371,386.82

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Age	Ending balance		
	Account receivable	Bad debt provision	Accrual ratio
Within one year			
Within 1 year	9,006,798.39	27,020.40	0.30%
Subtotal within one year	9,006,798.39	27,020.40	0.30%
1-2 years	79,894.08	239.68	0.30%
2-3 years	441,726.15	1,325.18	0.30%
Over 3 years	1,258,957.06	1,258,957.06	100.00%
Total	10,787,375.68	1,287,542.32	11.94%

Explanation on combination determines:

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

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

Applicable Not applicable

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

Nil

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 0 Yuan; the amount collected or switches back amounting to 47,075.00 Yuan.

Important bad debt provision collected or switch back:

In RMB

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

Nil

(3) Account receivable actual charge off in the Period

In RMB

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

Written-off for the major receivable:

In RMB

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

Explanation for write-off of receivables:

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

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

Item	Relationship with the company	Amount	Account age	Ratio in total receivables (%)	Nature
Jinan Yuxintai Sales Co., Ltd.	Unrelated party	3,499,296.65	Within one year	27.65%	Trade receivable
Suzhou Jiaxin Economy and Trade Co., Ltd.	Unrelated party	1,457,049.92	Within one year	11.51%	Trade receivable
Jinan Daming Kemao Co., Ltd.	Unrelated party	1,294,549.38	Within one year	10.23%	Trade receivable
Shijiazhuang Dasong Technology Co., Ltd.	Unrelated party	1,278,283.50	Within one year	10.10%	Trade receivable
Hebei Branch of CBC Group	Unrelated party	1,144,690.91	Over 3 years	9.04%	Trade receivable
<u>Total</u>	-	<u>8,673,870.36</u>	-	<u>68.53%</u>	-

(5) Receivable derecognition due to transfer of financial assets

Note: explain the transfer way for financial assets, amount of receivable that re-recognized, and gains/losses while re-recognized.

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

Note: explain the transfer way for financial assets, and amount of assets or liabilities continuous involvement item by item

Other explanation:

6. Advance payment**(1) Listed by account age**

In RMB

Age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	1,296,894.88	89.20%	1,667,424.89	89.29%
1- 2 years	200,000.00	10.80%	200,000.00	10.71%
2-3 years				
Over 3 years				
Total	1,496,894.88	--	1,867,424.89	--

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

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

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

Item	Relationship with the company	Amount	Account age	Ratio in total advance payment (%)	Nature
Tianjin Shuntian Electric Bicycle Co., Ltd.	Unrelated	1,279,523.55	Within one year	85.48%	Prepayments for materials
Huihuangda Bicycle (Shenzhen) Co., Ltd.	Unrelated	200,000.00	1-2 years	13.36%	Prepayments for materials
Shenzhen ZHengyijia Technology Co.,Ltd.	Unrelated	10,800.00	Within one year	0.72%	Prepayments for materials
Shenzhen Jiekang Industrial Co., Ltd.	Unrelated	3,375.00	Within one year	0.22%	Prepayments for materials

Item	Relationship with the company	Amount	Account age	Ratio in total advance payment (%)	Nature
Shenzhen Yuanshun Sports Apparatus Co., Ltd.	Unrelated	1,890.00	Within one year	0.13%	Prepaid service charge
<u>Total</u>	-	<u>1,495,588.55</u>	-	<u>99.91%</u>	-

Note: In accordance with the concentration ratio, aggregation or closing balance of prepayment of the top five closing balance respectively disclosed and the proportion of the total number of closing balance of prepayment

Other explanation:

7. Interest receivable

(1) Interest receivable

In RMB

Item	Ending balance	Opening balance
Time deposit		
Loan by mandate		
Debt investment		
Total	0.00	0.00

(2) Important overdue interest

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

Other explanation:

Nil

8. Dividend receivables

(1) Dividend receivables

In RMB

Item (or the invested entity)	Ending balance	Opening balance

(2) Major dividend receivables with over one year age

In RMB

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

Other explanation:

Nil

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

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other receivables with bad debt provision accrual by credit portfolio	1,046,109.89	100.00%	452,521.64	43.26%	593,588.25	1,111,471.82	100.00%	452,717.73	40.73%	658,754.09
Total	1,046,109.89	100.00%	452,521.64	43.26%	593,588.25	1,111,471.82	100.00%	452,717.73	40.73%	658,754.09

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

 Applicable Not applicable

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

 Applicable Not applicable

In RMB

Age	Ending balance		
	Other accounts receivable	Bad debt provision	Accrual ratio
Within one year			
Within one year	314,641.37	943.92	0.30%
Subtotal within one year	314,641.37	943.92	0.30%
1-2 years	208,705.00	626.12	0.30%
2-3 years	72,028.00	216.08	0.30%
Over 3 years	450,735.52	450,735.52	100.00%
Total	1,046,109.89	452,521.64	43.26%

Explanations on combination determine:

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

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

Applicable Not applicable

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

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 0 Yuan; the amount collected or switches back amounting to 196.09 Yuan.

Important bad debt provision collected or switch back:

In RMB

Company	Amount reversal or collected	Collection way
Total	0.00	--

Nil

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

In RMB

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

Written-off for the major other receivable:

In RMB

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

Explanation for write-off of other receivables:

Nil

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin or deposit	584,750.00	503,614.00
Equipment money	311,400.00	311,400.00
Staff personal loans	72,098.50	111,870.60
Other	77,861.39	184,587.22

Total	1,046,109.89	1,111,471.82
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(5) Top 5 other receivables at ending balance by arrears party

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Shenzhen Luwei Machine nary Equipment Co., Ltd.	Equipment money	300,000.00	Over 3 years	28.68%	300,000.00
Shenzhen Anjingheng Industrial Co., Ltd.	Margin or deposit	150,900.00	1-2 year	14.43%	452.70
Shenzhen Material Group Co., Ltd.	Margin or deposit	135,723.00	1-2 year	12.97%	407.17
Tianjin Lvchi E-Business Co., Ltd.	Margin or deposit	72,000.00	1-2 year	6.88%	216.00
Alipay (China) Network Technology Co., Ltd.	Margin or deposit	50,000.00	1-2 year	4.78%	150.00
Total	--	708,623.00	--	67.74%	301,225.87

(6) Account receivable with government grants involved

In RMB

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

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

Nil

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

Nil

Other explanation:

Nil

10. Inventory

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

No

(1) Inventory classification

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	535,609.59	40,706.54	494,903.05	785,399.89	40,706.54	744,693.35
Finished goods	5,595,790.29	5,519.40	5,590,270.89	2,379,266.31	5,519.40	2,373,746.91
Total	6,131,399.88	46,225.94	6,085,173.94	3,164,666.20	46,225.94	3,118,440.26

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

No

(2) Inventory depreciation reserve

In RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual	Other	Switch back or write-off	Other	
Raw materials	40,706.54					40,706.54
Finished goods	5,519.40					5,519.40
Total	46,225.94					46,225.94

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

Nil

(4) Assets that completed without settlement from construction contract

In RMB

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

Other explanation:

Nil

11. Assets holding ready for sold

In RMB

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

Other explanation:

Nil

12. Non-current assets due within one year

In RMB

Item	Ending balance	Opening balance
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Other explanation:

Nil

13. Other current assets

In RMB

Item	Ending balance	Opening balance
Prepaid intermediary fee	1,792,452.81	1,509,433.95
Prepaid tax	763,158.94	541,396.60
Total	2,555,611.75	2,050,830.55

Other explanation:

Nil

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

In RMB

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

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

In RMB

Type	Equity instrument	Debt instrument		Total
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	available for sale	available for sale		
--	--------------------	--------------------	--	--

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

In RMB

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

(4) Changes of impairment in Period

In RMB

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

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

In RMB

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

Other explanation

Nil

15. Held-to-maturity investment

(1) Held-to-maturity investment

In RMB

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

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

In RMB

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

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

Nil

Other explanation

Nil

16. Long-term account receivable

(1) Long-term account receivable

In RMB

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

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

Nil

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

Nil

Other explanation

Nil

17. Long-term equity investment

In RMB

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

Other explanation

Nil

18. Investment real estate**(1) Investment real estate measured at cost** Applicable Not applicable**(2) Investment real estate measured at fair value** Applicable Not applicable**(3) Certificate of title un-completed**

In RMB

Item	Book value	Reasons for un-completed
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Other explanation

Nil

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

In RMB

Item	Houses and buildings	Transport tools	Machines equipment	Electronic equipment and	Total
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				other	
I. Original book value:					
1. Opening balance	2,959,824.00	564,123.99	416,629.06	635,351.81	4,575,928.86
2. Increased in the Period	0.00	0.00	0.00	31,940.00	31,940.00
(1) Purchase	0.00	0.00	0.00	31,940.00	31,940.00
(2) construction in process transfer-in	0.00	0.00	0.00	0.00	0.00
(3) the increase in business combination	0.00	0.00	0.00	0.00	0.00
3. Decreased in the Period	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	0.00	0.00	0.00	0.00
4. Ending balance	2,959,824.00	564,123.99	416,629.06	667,291.81	4,607,868.86
II. accumulated depreciation					
1. Opening balance	66,596.04	229,871.16	71,749.48	478,757.07	846,973.75
2. increased in the Period	66,596.04	50,771.16	18,748.32	9,021.45	145,136.97
(1) provision	66,596.04	50,771.16	18,748.32	9,021.45	145,136.97
3. Decreased in the Period	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	0.00	0.00	0.00	0.00
4. Ending balance	133,192.08	280,642.32	90,497.80	487,778.52	992,110.72

III. impairment of preparation					
1. Opening balance	0.00	0.00	0.00	0.00	0.00
2. increased in the Period	0.00	0.00	0.00	0.00	0.00
(1) provision	0.00	0.00	0.00	0.00	0.00
3. Decreased in the Period	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	0.00	0.00	0.00	0.00
IV. book value					
1. Ending book value	2,826,631.92	283,481.67	326,131.26	179,513.29	3,615,758.14
2. Opening book value	2,893,227.96	334,252.83	344,879.58	156,594.74	3,728,955.11

(2) Fixed assets temporary idle

In RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Note

(3) Fixed assets leased through operating lease

In RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value

(4) Fixed assets leased through operating lease

In RMB

Item	Ending book value

(5) Certificate of title un-completed

In RMB

Item	Book value	Reasons
Six properties in Lianxin Garden	2,826,631.92	Purchasing six properties of Lianxin Garden with original value of 2,959,824.00 Yuan in 2016. The property purchasing refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District. According to the agreement, the enterprise shall not carrying any kind of property trading with any units or individuals except the government, and the company has no property certification on the above mentioned properties.

Other explanation

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

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

In RMB

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

(2) Changes in significant construction in progress

In RMB

Item	Budget	Opening balance	increased in the Period	Fixed assets transfer-in in the Period	Other decrease in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including interest capitalized amount of the period	Interest capitalization rate of the period	Source of funds
Total	0.00	0.00	0.00	0.00	0.00	0.00	--	--	0.00	0.00	0.00%	--

(3) Depreciation reserves accrual

In RMB

Item	Accrual Amount	Reasons
Total	0.00	--

Other explanation

Nil

21. Engineering materials

In RMB

Item	Ending balance	Opening balance
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Other explanation:

Nil

22. Disposal of fixed assets

In RMB

Item	Ending balance	Opening balance
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Other explanation:

Nil

23. Productive biological assets

(1) Productive biological assets measured by cost

Applicable Not applicable

(2) Productive biological assets measured by fair value

Applicable Not applicable

24. Oil-and-gas assets

Applicable Not applicable

25. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent	Trademark	Total
------	----------------	--------	------------	-----------	-------

			technology		
I. original book value:					
1. Opening balance				5,271,000.00	5,271,000.00
2. increased in the Period				0.00	0.00
(1) Purchase				0.00	0.00
(2) internal R & D				0.00	0.00
(3) the increase in business combination				0.00	0.00
3. Decreased Amount				0.00	0.00
(1) Disposal				0.00	0.00
4. Ending balance				5,271,000.00	5,271,000.00
II. accumulated depreciation					
1. Opening balance				2,259,000.00	2,259,000.00
2. increased in the Period				376,500.00	376,500.00
(1) provision				376,500.00	376,500.00
3. Decreased Amount				0.00	0.00
(1) Disposal				0.00	0.00
4. Ending balance				2,635,500.00	2,635,500.00
III. impairment of preparation					
1. Opening balance				0.00	0.00
2. increased in the Period				0.00	0.00
(1) provision				0.00	0.00
3. Decreased Amount				0.00	0.00
(1) Disposal				0.00	0.00
4. Ending balance				0.00	0.00
IV. book value					
1. Ending book value				2,635,500.00	2,635,500.00

2. Opening book value				3,012,000.00	3,012,000.00
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Ratio of intangible assets resulted from internal R&D in balance of intangible assets at period-end

(2) Land use right without certificate of title completed

In RMB

Item	Book value	Reasons
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Other explanation:

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

26. Development expense

In RMB

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

Other explanation

Nil

27. Goodwill

(1) Original book value of goodwill

In RMB

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

(2) Depreciation reserves of goodwill

In RMB

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

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

Nil

Other explanation:

Nil

28. Long-term unamortized expenses

In RMB

Item	Opening balance	increased in the Period	Amortized in the Period	Other decrease	Ending balance
Total		0.00	0.00	0.00	

Other explanation

Nil

29. Deferred income tax assets and deferred income tax liabilities**(1) Deferred income tax assets un-offset**

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset depreciation reserves	2,534,267.48	633,566.88	2,580,785.12	645,196.29
Total	2,534,267.48	633,566.88	2,580,785.12	645,196.29

(2) Deferred income tax liabilities un-offset

In RMB

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

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

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		633,566.88		645,196.29

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Total	0.00	0.00

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

In RMB

Year	Ending amount	Opening amount	Note
Total	0.00	0.00	--

Other explanation:

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

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

30. Other non-current assets

In RMB

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

Other explanation:

In2016, the Company paid the four houses in advance for enterprise talent, located in Yinhu Lanshan, to Shenzhen Housing and Construction Bureau of Luohu District, the event still in process.

31. Short-term loans

(1)Types of short-term loans

In RMB

Item	Ending balance	Opening balance
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Explanation on short-term loans category:

Nil

(2) Overdue outstanding short-term loans

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

In RMB

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

Other explanation:

Nil

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

In RMB

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

Other explanation:

Nil

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

In RMB

Type	Ending balance	Opening balance
------	----------------	-----------------

Notes expired at year-end without paid was 0.00 Yuan

35. Account payable

(1) Account payable

In RMB

Item	Ending balance	Opening balance
Within 1 year (including 1 year)	11,562,728.53	9,563,099.99
1-2 year (including 2 year)	3,084.95	3,084.95
Over 3 years	185,792.84	185,792.84
Total	11,751,606.32	9,751,977.78

(2) Account payable with over one year book age

In RMB

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

Other explanation:

(3) Top 5 payables at Period-end

Item	Relationship	Amount	Account	Ratio in total payables in	Nature
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	with the company		age	advance (%)	
Baodao Vehicles Group Co., Ltd.	Unrelated party	3,859,528.31	Within one year	32.84	Trade payable
Tianjin Luying Vehicles Co., Ltd.	Unrelated party	2,776,581.32	Within one year	23.63	Trade payable
Jinda Intelligent Technology Co., Ltd.	Unrelated party	2,506,554.35	Within one year	21.33	Trade payable
Tianjin Jianya Electronic Technology Co., Ltd.	Unrelated party	1,100,395.34	Within one year	9.36	Trade payable
Taizhou Huangyan Jisheng Industrial & Trade Co., Ltd.	Unrelated party	231,274.77	Within one year	1.97	Trade payable
<u>Total</u>		<u>10,474,334.09</u>		<u>89.13</u>	

36. Account received in advance

(1) Account received in advance

In RMB

Item	Ending balance	Opening balance
Within one year (one year included)	968,316.34	3,257,952.74
1-2 years (2 years included)	503,352.22	503,352.22
2-3 years (3 years included)	141,481.50	141,481.50
Over 3 years	418,273.37	418,273.37
Total	2,031,423.43	4,321,059.83

(2) Top 5 account received in advance at Period-end

Item	Relationship with the company	Amount	Account age	Ratio in total account received in advance (%)	Nature
Zhengzhou Daming Kemao Co., Ltd.	Unrelated party	404,013.70	Over 3 years	19.89	Goods received in advance
Henan Xinming Electro car Sales Co., Ltd.	Unrelated party	200,689.00	1-2 years	9.88	Goods received in advance
Nanchang Ledao Industrial Co., Ltd.	Unrelated party	200,462.80	1-2 years	9.87	Goods received

					in advance
Zhigao (Tianjin) Vehicles Co., Ltd	Unrelated party	68,433.61	Within 1 year	3.37	Goods received in advance
Changzhou Wujin Legou Life Shopping Co., Ltd.	Unrelated party	62,633.88	1-2 years	3.08	Goods received in advance
Total	-	936,232.99	-	46.09	-

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

In RMB

Item	Ending balance	Reasons of un-paid or carry-over
Zhengzhou Daming Kemao Co., Ltd.	404,013.70	
Henan Xinming Electro car Sales Co., Ltd.	200,689.00	
Nanchang Ledao Industrial Co., Ltd.	200,462.80	
Total	805,165.50	--

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

In RMB

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

Other explanation:

37. Wages payable**(1) Wages payable**

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
Short-term compensation	770,985.97	3,001,725.32	3,130,963.44	641,747.85
Post-employment benefit – defined contribution plan	-	226,101.91	226,101.91	-

Total	770,985.97	3,227,827.23	3,357,065.35	641,747.85
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(2) Short-term compensation

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
1. Wages, bonuses, allowances and subsidies	764,217.25	2,630,407.18	2,759,581.18	635,043.25
3. Social insurance		91,473.54	91,473.54	
Including: Medical insurance		74,268.56	74,268.56	
Work injury insurance		3,773.80	3,773.80	
Maternity insurance		13,431.18	13,431.18	
4. Housing accumulation fund		241,319.36	241,319.36	
5. Labor union expenditure and personnel education expense	6,768.72	38,525.24	38,589.36	6,704.60
Total	770,985.97	3,001,725.32	3,130,963.44	641,747.85

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the period	Decreased	Ending balance
1. Basic endowment insurance		216,041.04	216,041.04	
2. Unemployment insurance		10,060.87	10,060.87	
Total		226,101.91	226,101.91	

Other explanation:

Nil

38. Tax payable

In RMB

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

Value-added tax	331,800.99	988,097.16
Enterprise income tax		506,828.92
Individual income tax	27,133.26	10,263.10
Urban maintenance and construction tax	11,817.23	11,499.17
House property tax	45,070.60	45,070.60
Educational surtax	3,622.00	3,394.82
Total	419,444.08	1,565,153.77

Other explanation:

Nil

39. Interest payable

In RMB

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

Interest overdue without paid:

In RMB

Borrower	Amount overdue	Reasons
Total	0.00	--

Other explanation:

Nil

40. Dividends payable

In RMB

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

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

Nil

41. Other payable

(1) Classification of other payable according to nature of account

In RMB

Item	Ending balance	Opening balance
With 1 year (including 1 year)	165,800.00	1,150,299.74
1-2 years	913,734.06	1,361,511.50
2-3 years	2,530,934.97	2,530,934.97
Over 3 years	15,345,541.11	15,354,541.11

Total	18,956,010.14	20,397,287.32
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(2) Significant other payable with over one year age

In RMB

Item	Ending balance	Reasons of un-paid or carry-over
Custodian and common benefit debts	9,511,005.85	
Guosheng Energy	6,500,000.00	Interest-free loans
Total	16,011,005.85	--

Other explanation

Nil

42. Liability holding ready for sold

In RMB

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

Other explanation:

Nil

43. Non-current liability due within one year

In RMB

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

Other explanation:

Nil

44. Other current liability

In RMB

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

Changes of short-term bond payable:

In RMB

Bond	Face value	Release date	Bond period	Issuing amount	Opening balance	Issued in the Period	Accrual interest by face value	Premium/discount amortization	Paid in the Period	Ending balance
Total	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other explanation:

Nil

45. Long-term loans

(1) Classification of long-term loans

In RMB

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

Explanation:

Nil

Other explanation, including interest rate section:

Nil

46. Bonds payable

(1) Bonds payable

In RMB

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

(2) Changes of bonds payable (not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

In RMB

Total	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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(3) Convertible conditions and time for shares transfer for the convertible bonds

Nil

(4) Other financial instruments classify as financial liability

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

Nil

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

In RMB

Outstanding financial instrument	Period-begin		Increase during the period		Decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Total	0	0.00	0	0.00	0	0.00	0	0.00

Basis for financial liability classification for other financial instrument

Nil

Other explanation

Nil

47. Long-term account payable

(1) Listed by nature

In RMB

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

Other explanation:

Nil

48. Long-term employee payable

(1) Long-term employee payable

In RMB

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

(2) Changes of defined benefit plans

Present value of the defined benefit plans:

In RMB

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

Scheme assets:

In RMB

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

Net liability (assts) of the defined benefit plans

In RMB

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

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

Nil

Major actuarial assumption and sensitivity analysis:

Nil

Other explanation:

Nil

49. Special payable

In RMB

Item	Opening balance	Increase during the	Decreased	Ending balance	Causes
------	-----------------	---------------------	-----------	----------------	--------

		period			
Total		0.00	0.00		--

Other explanation:

Nil

50. Accrued liability

In RMB

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

Other explanation, including relevant important assumptions and estimation:

Nil

51. Deferred income

In RMB

Item	Opening balance	Increase during the period	Decreased	Ending balance	Causes
Total		0.00	0.00		--

Item with government grants involved:

In RMB

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

Other explanation:

Nil

52. Other non-current liability

In RMB

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

Other explanation:

Nil

53. Share capital

In RMB

	Opening balance	Change during the period(+,-)					Ending balance
		New shares issued	Bonus share	Shares transferred	Other	Subtotal	

				from capital reserve			
Total shares	551,347,947.00						551,347,947.00

Other explanation:

54. Other equity instrument

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

Nil

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

In RMB

Outstanding financial instrument	Period-begin		Increase during the period		Decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Total	0		0	0.00	0	0.00	0	

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

Nil

Other explanation:

Nil

55. Capital reserve

In RMB

Item	Opening balance	Increase during the period	Decreased	Ending balance
Other capital reserve	627,834,297.85			627,834,297.85
1. Debt restructuring income	482,580,588.23			482,580,588.23
2. Other	145,253,709.62			145,253,709.62
Total	627,834,297.85	0.00	0.00	627,834,297.85

Other explanation, including changes and reasons for changes:

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

56. Treasury stock

In RMB

Item	Opening balance	Increase during the period	Decreased	Ending balance
Total		0.00	0.00	

Other explanation, including changes and reasons for changes:

Nil

57. Other comprehensive income

In RMB

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

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

Nil

58. Special reserves

In RMB

Item	Opening balance	Increase during the period	Decreased	Ending balance
Total		0.00	0.00	

Other explanation, including changes and reasons for changes:

Nil

59. Surplus reserves

In RMB

Item	Opening balance	Increase during the period	Decreased	Ending balance
Statutory surplus reserve	32,673,227.01			32,673,227.01
Total	32,673,227.01	0.00	0.00	32,673,227.01

Other explanation, including changes and reasons for changes:

Nil

60. Retained profit

In RMB

Item	Current period	Last period
Retained profit at period-end before adjustment	-1,197,486,788.28	-1,200,090,425.75
Retained profit at period-begin after adjustment	-1,197,486,788.28	-1,200,090,425.75
Add: net profit attributable to shareholders of parent company for this year	-1,691,378.44	2,603,637.47
Retained profit at period-end	-1,199,178,166.72	-1,197,486,788.28

Adjustment for retained profit at period-begin:

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

61. Operating income and operating cost

In RMB

Item	Current amount		Last amount	
	Income	Cost	Income	Cost
Main business	45,537,967.15	43,692,197.03	62,897,880.97	58,317,911.87
Other business	3,391,709.12	1,994,075.80	2,876,132.36	2,003,321.50
Total	48,929,676.27	45,686,272.83	65,774,013.33	60,321,233.37

62. Business tax and surcharge

In RMB

Item	Current amount	Last amount
Urban maintenance and construction tax	45,604.48	24,281.09
Educational surtax	32,574.63	17,077.44
Stamp tax	13,173.94	
Business tax		29,766.86
Total	91,353.05	71,125.39

63. Sales expense

In RMB

Item	Current amount	Last amount
Employee compensation	1,126,682.80	1,642,059.12
Development cost for new products	4,122.39	378,545.62
Market promotion costs	19,287.44	327,449.25
Rental property charges	180,047.47	324,646.28
Travel expenses	218,695.40	266,170.42
Net work sales costs	476,089.26	
Other	443,777.11	289,311.67
Total	2,468,701.87	3,228,182.36

Other explanation:

Nil

64. Administration expense

In RMB

Item	Current amount	Last amount
Salary	2,079,149.94	1,310,472.25
Rental and property charges	702,602.38	592,893.94
Other	557,779.18	445,273.88
Total	3,339,531.50	2,348,640.07

Other explanation:

Nil

65. Financial expense

In RMB

Item	Current amount	Last amount
Interest income	-213,713.97	-551,941.52
Commission charge etc.	12,149.06	7,415.97
Total	-201,564.91	-544,525.55

Other explanation:

Nil

66. Loss from Assets depreciation

In RMB

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

I. Bad debt losses	-47,271.09	-24,888.28
Total	-47,271.09	-24,888.28

Other explanation:

Nil

67. Changes in fair value gains

In RMB

Changes resources	Current amount	Last amount
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Other explanation:

Nil

68. Investment income

In RMB

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

Other explanation:

Nil

69. Other income

In RMB

Resources	Current amount	Last amount
-----------	----------------	-------------

70. Non-operation revenue

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the period
Other	291,710.58	342,089.82	291,710.58
Total	291,710.58	342,089.82	291,710.58

Government grants reckoned into current gains/losses:

In RMB

Item	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related
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Total	--	--	--	--	--	0.00	0.00	--
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Other explanation:

Nil

71. Non-operating expenditure

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the period
Other		1,509.00	
Total		1,509.00	0.00

Other explanation:

Nil

72. Income tax expense

(1) Income tax expense

In RMB

Item	Current amount	Last amount
Current income tax		195,895.21
Deferred income tax	11,629.41	
Total	11,629.41	195,895.21

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current amount
Total profit	-2,115,636.40
Impact of deductible temporary difference and deductible loss for the deferred income tax recognized in previous year	11,629.41
income tax expenses	11,629.41

Other explanation

The income tax expenses: declined of the bad debt provision for deductible temporary difference last year, than the “deferred income tax” decreased and “income tax – deferred income tax” increased in the period

73. Other comprehensive income

Found more in Note 57.

74. Items of cash flow statement

(1) Other cash received in relation to operation activities

In RMB

Item	Current amount	Last amount
Interest and Rent and utilities etc.	1,603,116.82	1,626,821.50
Other Current money	721,181.20	2,057,230.85
Total	2,324,298.02	3,684,052.35

Explanation on other cash received in relation to operation activities:

Nil

(2) Other cash paid in relation to operation activities

In RMB

Item	Current amount	Last amount
Period expenses, operation costs and common benefit debts paid	5,580,059.48	4,991,881.79
Total	5,580,059.48	4,991,881.79

Explanation on other cash paid in relation to operation activities:

Nil

(3) Cash received from other investment activities

In RMB

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

Explanation on cash received from other investment activities:

Nil

(4) Cash paid related with investment activities

In RMB

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

Explanation on cash paid related with investment activities

Nil

(5) Other cash received in relation to financing activities

In RMB

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

Explanation on other cash received in relation to financing activities:

Nil

(6) Cash paid related with financing activities

In RMB

Item	Current amount	Last amount
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Explanation on cash paid related with financing activities:

Nil

75. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	-2,127,265.81	518,931.58
Add: Assets impairment provision	-47,271.09	-24,888.28
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	145,136.97	81,421.30
Amortization of intangible assets	376,500.00	376,500.00
Financial expense(gain listed with “-”)		-544,525.55
Decrease of deferred income tax asset((increase is listed with “-”)	11,629.41	
Decrease of inventory (increase is listed with “-”)	-2,966,733.68	-6,498,474.09
Decrease of operating receivable accounts (increase is listed with “-”)	1,556,935.35	-11,317,496.10
Increase of operating payable accounts (decrease is listed with “-”)	-5,754,973.38	12,659,916.36
Net cash flow arising from operating activities	-8,806,042.23	-4,748,614.78
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--

Balance of cash at period end	15,177,305.48	19,043,626.88
Less: Balance of cash at year-begin	24,015,287.71	26,752,065.66
Net increasing of cash and cash equivalents	-8,837,982.23	-7,708,438.78

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

In RMB

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

Other explanation:

Nil

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

In RMB

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

Other explanation:

Nil

(4) Constitution of cash and cash equivalent:

In RMB

Item	Ending balance	Opening balance
I . Cash	15,177,305.48	24,015,287.71
Including: Cash on hand	77,429.04	132,652.06
Bank deposit available for payment at any time	15,099,876.44	23,768,774.82
Other monetary fund available for payment at any time		113,860.83
III. Balance of cash and cash equivalent at period-end	15,177,305.48	24,015,287.71

Other explanation:

Nil

76. Notes of changes of owners' equity

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

Nil

77. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Total	0.00	--

Other explanation:

Nil

78. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

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

Other explanation:

Nil

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

Applicable Not applicable

79. Hedging

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

Nil

80. Other

Nil

VIII. Changes of consolidation range

1. Enterprise combined under different control

(1) Enterprise combined under different control in the Period

In RMB

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

Other explanation:

Nil

(2) Combination cost and goodwill

In RMB

Combination cost

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

Nil

Main reasons for large goodwill resulted:

Nil

Other explanation:

Nil

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

In RMB

	Fair value on purchasing date	Book value on purchasing date

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

Nil

Contingent liability of the acquiree bear during combination:

Nil

Other explanation:

Nil

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

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in

the Period or not

Yes No

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

Nil

(6) Other explanation

Nil

2. Enterprise combined under the same control

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

In RMB

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

Other explanation:

Nil

(2) Combination cost

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

Explanation on contingent consideration and its changes:

Nil

Other explanation:

Nil

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

	On purchasing date
	At end of last period

Contingent liability of the combined party bear during combination:

Nil

Other explanation:

Nil

3. Counter purchase

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

Nil

4. Subsidiary disposal

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

Yes No

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

Yes No

5. Other reasons for consolidation range changed

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

Nil

6. Other

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

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

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

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

Nil

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

Nil

Controlling basis for the structuring entity included in consolidated range

Nil

Basis on determining to be an agent or consignor:

Nil

Other explanation:

Nil

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shenzhen Emmelle Industrial Co., Ltd.	30.00%	-435,887.37		2,477,240.10

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

Nil

Other explanation:

Nil

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

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Shenzhen Emmelle Industrial Co., Ltd.	37,636,139.70	839,021.27	38,475,160.97	30,217,693.96	0.00	30,217,693.96	42,841,478.93	845,466.81	43,686,945.74	33,976,520.84	0.00	33,976,520.84

In RMB

Subsidiary	Current amount				Last amount			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Shenzhen	46,225,592.7	-1,452,957.89	-1,452,957.89	-9,054,161.55	63,060,684.1	235,250.98	235,250.98	-7,627,354.73

Emmelle Industrial Co., Ltd.	7				3			
------------------------------	---	--	--	--	---	--	--	--

Other explanation:

Nil

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

Nil

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

Nil

Other explanation:

Nil

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

(1) Owners equity shares changed in subsidiary

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

In RMB

--	--

Other explanation

3. Equity in joint venture and cooperative enterprise

(1) Important joint venture and cooperative enterprise

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

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

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

(2) Main financial information of the important joint venture

	Closing balance/current amount	Opening balance /last period amount

Other explanation

(3) Main financial information of the important cooperative enterprise

	Closing balance/current amount	opening balance /last period amount

Other explanation

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

In RMB

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

Other explanation

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

(6) Excess losses from joint venture or cooperative enterprise

In RMB

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

Other explanation

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

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

4. Co-runs operation

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

				Directly	Indirectly
--	--	--	--	----------	------------

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

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

Other explanation

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

Relevant explanation:

6. Other

X. Risk related with financial instrument

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

1. Risk management targets and policies

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

(1) Credit risk

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

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

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

(2) Liquidity risk

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

When managing liquidity risk, the Company maintains and monitors such cash and cash equivalents as deemed adequate by the

management, so as to satisfy its operation needs and minimize influence of fluctuation of cash flow. Management of the Company monitors application of bank borrowings to make sure it complies with relevant borrowing agreements.

2. Capital management

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

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

The Company monitors capital structure based on gearing ratio (total liabilities divided by total assets). As at 30 June 2017, the gearing ratio of the Company was 69.04% (31 December 2016: 68.05%)

XI. Disclosure of fair value

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

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(I) Financial assets measured at fair value and changes accounted in the current profits and losses				0.00
1. Transaction financial assets				0.00
(1) Investment in debt instruments				0.00
(2) Investment in equity instruments				0.00
(3) Derivative financial assets				0.00
2. Financial assets appointed to measure at fair value and changes accounted in the current profits and losses				0.00
(1) Investment in debt instruments				0.00

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

II. Non-sustaining measured by fair value	--	--	--	--
(I) Assets held for sale				0.00
Total assets non-continuously measured by fair value				0.00
Total liabilities non-continuously measured by fair value				0.00

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

Nil

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

Nil

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

Nil

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

Nil

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

Nil

7. Changes of valuation technique in the Period

Nil

8. Financial assets and liability not measured by fair value

Nil

9. Other

Nil

XII. Related party and related transactions

1. Parent company of the enterprise

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

Explanation on parent company of the enterprise

We do not have parent company presently

Ultimate controlling party: Nil

Other explanation:

At the end of last year, the parent company of the Company, Shenzhen Guosheng Energy Investment & Development Co., Ltd., issued a document to the Company on February 20, 2017 to give up the status as the actual controller, this company held only 11.52% of the shares of the Company and could not control or govern the Company's personnel, finance, business and other matters, and also did not participate in the Company's business operations, nor nominated members of the board. Up to the current reporting period, Shenzhen Guosheng Energy Investment & Development Co., Ltd. is only the largest shareholder of the Company.

2. Subsidiary of the Enterprise

Found more in Note IX-1

3. Cooperative enterprise and joint venture

Found more in Note IX-3

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

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

Other explanation

Nil

4. Other related party

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

Other explanation

The Shenzhen Guosheng Energy Investment Development Co., Ltd. holds 11.52% equity of the Company, found more in 1. Parent company in above mentioned

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

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

Goods sold/labor service providing

In RMB

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

Explanation on goods purchasing, labor service providing and receiving

Nil

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

Trusteeship/contract

In RMB

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

Explanation on related trusteeship/contract

Nil

Delegated administration/outsourcing

In RMB

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

Explanation on related administration/outsourcing

Nil

(3) Related lease

As a lessor for the Company:

In RMB

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

As a lessee for the Company:

In RMB

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

Explanation on related lease

Nil

(4) Related guarantee

As a guarantor for the Company

In RMB

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

As a secured party for the Company

In RMB

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

Explanation on related guarantee

Nil

(5) Borrowed funds of related party

In RMB

Related party	Borrowed funds	Starting date	Maturity date	Note
Borrowing				
Lending				

(6) Assets transfer and debt restructuring of related party

In RMB

Related party	Transaction content	Current amount	Last amount
---------------	---------------------	----------------	-------------

(7) Remuneration of key manager

In RMB

Item	Current amount	Last amount
Remuneration of key manager	1,091,420.00	732,061.00

(8) Other related transactions

Nil

6. Receivable/payable items of related parties

(1) Receivable item

In RMB

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

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
Other account payable	Shenzhen Guosheng Energy Investment Development Co., Ltd.	6,500,000.00	6,500,000.00

7. Commitments of related party

Nil

8. Other

Nil

XIII. Share-based payment

1. General share-based payment

Applicable Not applicable

2. Share-based payment settled by equity

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Revised and termination on share-based payment

Nil

5. Other

Nil

XIV. Commitment or contingency

1. Important commitments

Important commitments in balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

Nil

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

The Company has no important contingency that need to disclosed.

3. Other

Nil

XV. Events after balance sheet date

1. Important non-adjustment items

In RMB

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

2. Profit distribution

In RMB

3. Sales return

Nil

4. Other events after balance sheet date

On June 19, 2017, the company convened the second extraordinary general meeting of shareholders in 2017 which approved the proposal on this non-public offering of shares. Pursuant to the subscription agreement for the non-public offering of shares, the four

subscribers should respectively pay 1% of the total amount of the subscription to the Company within 30 working days from the date of approval by the shareholders' general meeting as the performance bond. The Company has received the performance bond of RMB 8 million from the four subscribers after the balance sheet date.

XVI. Other important events

1. Previous accounting errors collection

(1) Retrospective restatement

In RMB

Content	Treatment procedures	Impact items of statement during a comparison	Cumulative impacted number

(2) Prospective application

Accounting error correction	Approval procedures	Reasons for prospective application adopted

2. Debt restructuring

Nil

3. Assets replacement

(1) Non-monetary assets change

Nil

(2) Other assets replacement

Nil

4. Pension plan

Nil

5. Discontinued operations

In RMB

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

						company
--	--	--	--	--	--	---------

Other explanation

Nil

6. Segment

(1) Recognition basis and accounting policy for reportable segment

Nil

(2) Financial information for reportable segment

In RMB

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

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

Nil

(4) Other explanation

Nil

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

Nil

8. Other

1. Instructions for continuing operations

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

down.

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

2. Proposed non-public issue of shares for purpose of assets acquisition in 2016

In July 2016, the Company started to plan a non-public issue of shares with proceeds to be utilized to acquire material assets. The Plan on Non-public Issue of A shares in 2016 was considered and approved by the Board of the Company. Based on the due diligence, audit, assessment and business negotiation with intermediates, taking into account the conditions of capital market and actual conditions of the Company, the Board of the Company considered and approved the Proposal Relating to Adjusting the Plan of non-public of A Shares and the Plan on Non-public Issue of A shares in 2016 (amended) in February 2017. According to the amended plan, the total proceeds to be raised from this non-public issue are estimated not to exceed RMB 0.8 billion after deduction of issuance expense. Among which, RMB 660 million is planned to be used in the “online and offline marketing network platform construction and upgrading project”, and RMB 140 million is planned to be used in the “R & D center construction project”. For additional details, please refer to the announcement issued by the Board on behalf of the Company. On June 19, 2017, the company convened the second extraordinary general meeting of shareholders in 2017 which approved the aforesaid proposal on non-public offering of shares.

As of the date the financial statement reported, the above said non-public offering should be approved in CSRC

XVII. Principle notes of financial statements of parent company

1. Accounts receivable

(1) Category

In RMB

Types	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Total	0.00	0.00%	0.00	0.00%		0.00	0.00%	0.00	0.00%	

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Nil

(2) Bad debt provision accrual, collected or reversed

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

Major bad debt provision reversal or collected in the Period

In RMB

Company	Amount reversal or collected	Collection way
Total	0.00	--

Nil

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

In RMB

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

Written-off for the major receivable

In RMB

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

Explanation for write-off of receivables

Nil

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

Nil

(5) Receivable derecognition due to transfer of financial assets

Nil

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

Nil

Other explanation:

Nil

2. Other accounts receivable

(1) Classification

In RMB

Type	Ending balance	Opening balance
------	----------------	-----------------

	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other account receivable with single major amount and withdrawal bad debt provision for single item	6,785,035.19	96.43%			6,785,035.19	9,113,689.74	97.32%			9,113,689.74
Other receivables with bad debt provision accrual by credit portfolio	251,350.00	3.57%	753.45	0.30%	250,596.55	251,150.00	2.68%	753.45	0.30%	250,396.55
Total	7,036,385.19	100.00%	753.45	0.01%	7,035,631.74	9,364,839.74	100.00%	753.45	0.01%	9,364,086.29

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

Applicable Not applicable

In RMB

Other receivables (unit)	Closing balance			
	Other receivables	Provision for bad debt	Accrue ratio	Accrue reason
Shenzhen Emmelle Industrial Co., Ltd.	6,785,035.19	0.00	0.00%	子公司往来款合并报表抵消项目
Total	6,785,035.19		--	--

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

Applicable Not applicable

In RMB

Age	Ending balance		
	Other receivable	bad debts provision	Accrual ratio
Within one year			
Within one year	68,588.00	205.16	0.30%
Subtotal of within one year	68,588.00	205.16	0.30%
1-2 year	182,762.00	548.29	0.30%
Total	251,350.00	753.45	0.30%

Explanations on combination determine:

Nil

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

Applicable Not applicable

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

Applicable Not applicable

(2) Bad debt provision accrual, collected or reversed

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

Major bad debt provision reversal or collected in the Period

In RMB

Company	Amount reversal or collected	Collection way
Total	0.00	--

Nil

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

In RMB

Item	Amount written off

Written-off for the major other receivable:

In RMB

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

Explanation for write-off of other receivables:

Nil

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Current money	6,785,035.19	9,113,689.74
Margin or deposit	239,950.00	239,750.00
Equipment amount	11,400.00	11,400.00
Total	7,036,385.19	9,364,839.74

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

In RMB

Company	Nature	Ending balance	Book age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Shenzhen Emmelle	Current money	6,785,035.19	Within one year	96.43%	0.00

Industrial Co., Ltd.					
Shenzhen Materials Group Co., Ltd.	Margin or deposit	135,723.00	0-2 year	1.93%	407.17
Shenzhen Anjingheng Industrial Co. Ltd.	Margin or deposit	90,100.00	1-2 year	1.28%	270.30
Shenzhen Baifanghe Property Co., Ltd.	Margin or deposit	13,627.00	1-2 year	0.19%	40.88
Shenzhen Hongkang Instrument Technology Co., Ltd.	Equipment amount	11,400.00	1-2 year	0.16%	34.20
Total	--	7,035,885.19	--	99.99%	752.55

(6) Account receivable with government subsidy involved

In RMB

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

Nil

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

Nil

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

Nil

Other explanation:

Nil

3. Long-term equity investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Investment for subsidiary	1,400,000.00	1,389,620.27	10,379.73	1,400,000.00	1,389,620.27	10,379.73

Total	1,400,000.00	1,389,620.27	10,379.73	1,400,000.00	1,389,620.27	10,379.73
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(1) Investment for subsidiary

In RMB

The invested entity	Opening balance	Increased	Decreased	Ending balance	Impairment accrual	Ending balance of impairment provision
Shenzhen Emmelle Industrial Co., Ltd.	1,400,000.00	0.00	0.00	1,400,000.00	0.00	1,389,620.27
Total	1,400,000.00	0.00	0.00	1,400,000.00	0.00	1,389,620.27

(2) Investment for associates and joint venture

In RMB

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

(3) Other explanation

Nil

4. Operating income and cost

In RMB

Item	Current amount		Last amount	
	Income	Cost	Income	Cost
Other business	3,228,905.96	1,994,075.80	3,476,770.26	2,092,043.56
Total	3,228,905.96	1,994,075.80	3,476,770.26	2,092,043.56

Other explanation:

Nil

5. Investment gains

In RMB

Item	Current amount	Last amount
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6. Other**Supplementary information to statement of cash flow**

Item	This Period	Last Period
I. Net profit adjusted to cash flow of operation activities:		
Net profit	-674,307.92	283,680.60
Add: Assets impairment provision	-	-
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	118,380.84	53,177.68
Amortization of intangible assets	376,500.00	376,500.00
Amortization of long-term deferred expenses	-	-
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	-	-
Loss of disposing fixed assets(gain is listed with “-”)	-	-
Loss from change of fair value (gain is listed with “-”)	-	-
Financial expenses (gain is listed with “-”)	-	-
Investment loss (gain is listed with “-”)	-	-
Decrease of deferred income tax asset((increase is listed with “-”)	-	-
Increase of deferred income tax liability (decrease is listed with “-”)	-	-
Decrease of inventory (increase is listed with “-”)	-	-
Decrease of operating receivable accounts (increase is listed with “-”)	2,003,606.92	2,435,690.70
Increase of operating payable accounts (decrease is listed with “-”)	-1,576,060.52	-270,309.03
Other	-	-
Net cash flow arising from operating activities	248,119.32	2,878,739.95
II. Material investment and financing not involved in cash flow:		

Item	This Period	Last Period
Conversion of debt into capital	-	-
Switching Company bonds due within one year	-	-
Financing lease of fixed assets	-	-
III. Net change of cash and cash equivalents:	-	-
Balance of cash at period end	1,391,537.61	1,118,850.04
Less: Balance of cash at period -begin	1,143,418.29	1,199,934.09
Add: Balance of cash equivalent at period-end	-	-
Less: Balance of cash equivalent at period-begin	-	-
Net increasing of cash and cash equivalents	248,119.32	-81,084.05

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

Applicable Not applicable

2. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/Share)	Diluted EPS (RMB/Share)
Net profits belong to common stock stockholders of the Company	-12.51%	-0.0031	-0.0031
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-14.07%	-0.0035	-0.0035

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

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

Applicable Not applicable

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

Applicable Not applicable

(3) Explain accounting difference over the accounting rules in and out of China; as for the difference adjustment for data audited by foreign auditing organ, noted the name of such foreign organ

Nil

4. Other

Nil

Section XI. Documents available for reference

1. Accounting statement carrying the signatures and seals of the legal representative, person in charge of accounting and person in charge of accounting organ.
2. Originals documents of the Company and manuscripts of public notices that disclosed in the newspaper designated by CSRC in the report period.
3. English version of the Semi-Annual Report 2017.