

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

## **ANNUAL REPORT 2017**

**April 2018**

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

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

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

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

**Concerning the unqualified auditor' s report with explanatory paragraph issued by Ruihua Certified Public Accountant (LLP) for the financial report 2017 of the Company, board of the directors and supervisory committee are well-explained for relevant events, investors are advice to pay attention on reading.**

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

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# Paraphrase

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

### I. Company information

Short form of the stock	Zhonghua – A, Zhonghua -B	Stock code	000017, 200017
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳中华自行车(集团)股份有限公司		
Short form of the Company (in Chinese)	深中华		
Foreign name of the Company (if applicable)	Shenzhen China Bicycle Company (Holdings) Limited		
Short form of foreign name of the Company (if applicable)	CBC		
Legal representative	Li Hai		
Registrations add.	No. 3008, Buxin Rd., Shenzhen		
Code for registrations add	518020		
Offices add.	Room 1201, Wantong Building, No.3002, Sungang East Road, Shenzhen		
Codes for office add.	518023		
Company's Internet Web Site	www.cbc.com.cn		
E-mail	dmc@szcbc.com		

### II. Person/Way to contact

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

### III. Information disclosure and preparation place

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

### IV. Registration changes of the Company

Organization code	914403006188304524
Changes of main business since listing (if applicable)	N/A
Previous changes for controlling shareholders (if applicable)	<p>1. In March 1992, the Stock of the Company was listed in Shenzhen Stock Exchange, and 23.28% equity of the Company was held by Shenzhen Lionda Holding Co., Ltd. and Hong Kong Dahuan Bicycle Co., Ltd respectively. 2. In March 2002, legal shares 13.58% A-stock of the Company was obtained by China Huarong Asset Management Co., Ltd. through court auction, and became the first majority shareholder of the Company. 3. On 13 November 2006, the 65,098,412 legal shears of CBC held by Huarong Company was acquired by Shenzhen Guosheng Energy Investment Development Co., Ltd. via the “Equity Transfer Agreement” signed, and first majority of the Company comes to Guosheng Energy. Guosheng Energy is the wholly-owned subsidiary of National Investment, actual controller was Zhang Yanfeng. 4. In January 2011, controlling shareholder of Shenzhen Guosheng Energy Investment Development Co., Ltd.—Shenzhen National Investment Development Co., Ltd. entered into equity transfer agreement with Mr. Ji Hanfei, 100% equity of Guosheng Energy was transfer to Mr. Ji Hanfei with price of 70 million. Shenzhen Guocheng Energy Investment Development Co., Ltd. Shenzhen Guosheng Energy Investment Development Co., Ltd. holds 63,508,747 A-stock of the Company with 11.52% in total share capital of the Company. 5. On February 20, 2017, Ji Hanfei and Guocheng Energy made an “Explanation” to abandon the actual control of the Company, after Ji Hanfei made the declaration to abandon the actual control of the Company, the actual controller of the Company changed from Ji Hanfei to no actual control.</p>

### V. Other relevant information

CPA engaged by the Company

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

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

Applicable  Not applicable

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

Applicable  Not applicable

## VI. Main accounting data and financial indexes

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

Yes  No

	2017	2016	Changes over last year	2015
Operating income (RMB)	137,490,597.69	141,970,520.80	-3.16%	170,990,030.10
Net profit attributable to shareholders of the listed company (RMB)	1,529,587.27	2,603,637.47	-41.25%	-138,355.58
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	1,189,700.50	2,029,248.99	-41.37%	-416,262.14
Net cash flow arising from operating activities (RMB)	-3,431,578.40	634,446.01	-640.88%	-3,029,023.82
Basic earnings per share (RMB/Share)	0.003	0.005	-40.00%	-0.0003
Diluted earnings per share (RMB/Share)	0.003	0.005	-40.00%	-0.0003
Return on Equity	10.11%	19.93%	-9.82%	-1.17%
	End of 2017	End of 2016	Changes over end of last year	End of 2015
Total assets (RMB)	73,559,961.28	54,088,275.72	36.00%	45,869,094.97
Net assets attributable to shareholder of listed company (RMB)	15,898,270.85	14,368,683.58	10.65%	11,765,046.11

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

## VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	23,303,201.13	25,626,475.14	46,587,182.39	41,973,739.03
Net profit attributable to shareholders of the listed company	212,322.25	-1,903,700.69	327,866.56	2,893,099.15
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	94,639.00	-1,997,458.26	247,560.69	2,844,959.07
Net cash flow arising from operating activities	-1,437,760.37	-7,368,281.86	2,466,590.35	2,907,873.48

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

Yes  No

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

Applicable  Not applicable

In RMB

Item	2017	2016	2015	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-2,464.81	-11,450.00		
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	278,664.18			
Other non-operating income and expenditure except for the aforementioned items	281,545.89	595,720.77	369,201.08	
Less: Impact on income tax	139,436.31	5,201.21	92,300.27	
Impact on minority shareholders' equity (post-tax)	78,422.18	4,681.08	-1,005.75	



Total	339,886.77	574,388.48	277,906.56	--
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Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable     Not applicable

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

## Section III. Summary of Company Business

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

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

No

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

### II. Major changes in main assets

#### 1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major change
Fixed assets	No major change
Intangible assets	No major change
Construction in progress	No major change

#### 2. Main overseas assets

Applicable  Not applicable

### III. Core Competitiveness Analysis

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

No

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

## Section IV. Discussion and Analysis of the Business

### I. Introduction

In 2017, the international political and economical situation was complex and severe, structural problems and deep-seated contradictions in the domestic economic development were highlighted, economic downturn pressure continued to increase, many unstable and uncertain factors still existed, which affected and impacted the traditional manufacturing industries and the social consumption structure demand. Under the leadership of central government and governments at all levels, the whole nation strengthened their confidence, overcame difficulties, and forged ahead, and achieved steady progress in economic and social development, and the economic fundamentals were continuously consolidated and developed. As a sector in the traditional manufacturing field, the bicycle industry continued the dilemma of rise in labor cost, manufacturing costs, cost of capital, and material costs. Due to the low entry barriers of the industry and the large number of manufacturers, the market competition was fierce and the industry reshuffle intensified. The shared bicycle brands like Mobike and ofo were quickly promoted with financial advantages, further met the users' needs, and squeezed the market space of traditional bicycle enterprises. At the same time, as a traditional manufacturing industry, the bicycle industry also ushered in the "Made in China 2025" strategy, under the guidance of the basic principles of "Innovation Driven, Quality First, Green Development, Structure Optimization, and Talent Based", took the important opportunity to speed up the transformation and upgrading, and also faced with the important challenges of e-commerce development impacts on channels, channel integration and Internet+.

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

not only are close to people's livelihood, but also improve the application space for lithium battery energy storage, and lithium battery electric bicycles usher in a new stage of development.

Under this background, in 2017, the company combined with its actual situation of weak economic foundation after restructuring, on the one hand, adhered to taking the traditional business model development as the principle, strengthened the product research and development efforts, and constantly optimized and adjusted the product structure and sales model transformation, according to the e-commerce transformation of business team and the cost control way of internal introduction and external connection, actively expanded the e-commerce business model, and achieved the good development and rapid growth of e-commerce retail business; on the one hand, correspondingly carried out the tracking study on industrial projects and technology applications of upstream and downstream of industrial chain in the long-term process of electric bicycle business, started getting involved in the lithium battery materials business based on the extensive business consultation and business opportunity sifting, and took it as an opportunity to gradually expand its main business; on the other hand, strived to promote the selection work of the company's restructuring, planned the non-public offering of shares, and started the business upgrades and connection work of the offline sales platform for sports experience and R & D center construction projects.

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

Under the background that the traditional manufacturing industry at home was still sluggish, in accordance with the guidelines of "Made in China 2025", the company insisted on accelerating its professional transformation and e-commercial transformation, striving to expand its main business, strengthening the structural adjustment, intensifying the quality management, strengthening cost control, improving the ability of traditional enterprises to adapt to economy new normal and participate in market competition. Through various efforts, the company achieved operating revenue of 137,490,600 Yuan and net profit of 1,579,200 Yuan in 2017, of which, the net profit attributable to shareholders of listed companies was 1,529,600 Yuan. The company's operations remained stable and have injected new development potential.

## II. Main business analysis

### 1. Introduction

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

### 2. Revenue and cost

#### (1) Constitute of operation revenue

In RMB

	2017		2016		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	137,490,597.69	100%	141,970,520.80	100%	-3.16%
According to industries					
Sales of bicycles and accessories and fittings	111,369,657.53	81.00%	141,970,520.80	100.00%	-21.55%
Lithium battery material	26,120,940.16	19.00%	0.00	0.00%	
According to products					
Sales of bicycles and accessories and fittings	111,369,657.53	81.00%	141,970,520.80	100.00%	-21.55%
Lithium battery material	26,120,940.16	19.00%	0.00	0.00%	
According to region					
Domestic	137,490,597.69	100.00%	141,970,520.80	100.00%	-3.16%

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

Applicable  Not applicable

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

No

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrea se of operating	Increase/decrea se of operating	Increase/decrea se of gross profit ratio

				revenue y-o-y	cost y-o-y	y-o-y
According to industries						
Sales of bicycles and accessories and fittings	111,369,657.53	101,093,144.08	9.23%	-21.55%	-19.92%	-1.85%
Lithium battery material	26,120,940.16	22,934,188.18	12.20%			
According to products						
Sales of bicycles and accessories and fittings	111,369,657.53	101,093,144.08	9.23%	-21.55%	-19.92%	-1.85%
Lithium battery material	26,120,940.16	22,934,188.18	12.20%			
According to region						
Domestic	137,490,597.69	124,027,332.26	9.79%	-3.16%	-1.76%	-1.29%

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

Applicable  Not applicable

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

Yes  No

Industries	Item	Unit	2017	2016	Increase/decrease y-o-y
Bicycles	Sales volume	In 10 thousand	14.22	18.4	-22.72%
	Output	In 10 thousand	14.25	18.06	-21.09%
	Storage	In 10 thousand	0.29	0.26	-11.15%
Lithium battery material	Sales volume	Ton	461		
	Output				
	Storage				

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

Applicable  Not applicable

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

Applicable  Not applicable

### (5) Constitute of operation cost

Classification of industries

Classification of industries

In RMB

Industries	Item	2017		2016		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Sales of bicycles and accessories and fittings	Sales of bicycles and accessories and fittings	101,093,144.08	81.51%	126,243,374.59	100.00%	-18.49%
Lithium battery material	Lithium battery material	22,934,188.18	18.49%	0.00	0.00%	100.00%

Note

Nil

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

Yes  No

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

Applicable  Not applicable

**(8) Major sales and main suppliers**

Major sales client of the Company

Total top five clients in sales (RMB)	99,047,829.04
Proportion in total annual sales volume for top five clients	72.04%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client 1	60,364,926.51	43.90%
2	Client 2	13,882,475.17	10.10%
3	Client 3	9,790,170.96	7.12%
4	Client 4	8,061,538.43	5.86%
5	Client 5	6,948,717.97	5.05%
Total	--	99,047,829.04	72.04%

Other situation of main clients

Applicable  Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	102,645,940.08
Proportion in total annual purchase amount for top five suppliers	82.76%
Ratio of related parties in annual total sales among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Name	Purchase (RMB)	Proportion in total annual purchase
1	Supplier 1	47,906,989.74	38.63%
2	Supplier 2	20,210,577.10	16.30%
3	Supplier 3	15,062,913.42	12.14%
4	Supplier 4	11,693,902.56	9.43%
5	Supplier 5	7,771,557.26	6.27%
Total	--	102,645,940.08	82.76%

Other notes of main suppliers

Applicable  Not applicable

### 3. Expenses

In RMB

	2017	2016	Increase/decrease y-o-y	Note of major changes
Sales expense	5,462,581.21	5,547,948.66	-1.54%	
Management expense	5,743,265.84	5,705,338.80	0.66%	
Financial expense	-209,569.66	-577,245.96	-63.69%	Interest income

### 4. R&D investment

Applicable  Not applicable

Hundreds of bicycle styles are research by the Company in the year, and the products market have been refined. Making the original potential clients to the real customers for keeping the market shares of the Company

R&D investment of the Company

	2017	2016	Change ratio
Number of R&D (people)	7	7	0.00%
Ratio of number of R&D	13.73%	12.96%	0.77%
R&D investment (Yuan)	919,349.81	652,852.33	40.82%
R&D investment accounted for R&D income	0.67%	0.46%	0.21%



R&D investment capitalization (Yuan)	0.00	0.00	0.00%
Capitalization R&D investment accounted for R&D investment	0.00%	0.00%	0.00%

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

Applicable  Not applicable

Reason for the great change in R&D investment capitalization rate and rational description

Applicable  Not applicable

## 5. Cash flow

In RMB

Item	2017	2016	Y-o-y changes
Subtotal of cash in-flow from operation activity	62,763,928.45	75,590,409.09	-16.97%
Subtotal of cash out-flow from operation activity	66,195,506.85	74,955,963.08	-11.69%
Net cash flow from operation activity	-3,431,578.40	634,446.01	-640.88%
Subtotal of cash in-flow from investment activity	60,000.00		
Subtotal of cash out-flow from investment activity	658,054.98	3,371,224.00	-80.48%
Net cash flow from investment activity	-598,054.98	-3,371,224.00	-82.26%
Subtotal of cash in-flow from financing activity	8,000,000.00		
Subtotal of cash out-flow from financing activity	8,808,378.06		
Net cash flow from financing activity	-808,378.06		
Net increased amount of cash and cash equivalent	-4,838,011.53	-2,736,777.95	76.78%

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

Applicable  Not applicable

1. Major changes in subtotal of cash in-flow from financing activity: mainly because the performance bond of 8,000,000.00 Yuan for privately placement are increased in the year;

2. Major changes in subtotal of cash out-flow from financing activity: mainly due to the bank acceptance issued by bank deposit pledge

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

Applicable  Not applicable

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

Applicable  Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Asset impairment	454,042.30	21.67%	Impairment provision	No
Non-operating income	4,629,029.13	220.97%	Revenue of the assets management ready for proposed in reorganization case	No
Non-operating expense	4,347,483.24	207.53%	Expenditure of the assets management ready for proposed in reorganization case	No

### IV. Assets and liability

#### 1. Major changes of assets composition

In RMB

	End of 2017		End of 2016		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	27,985,654.24	38.04%	24,015,287.71	44.40%	-6.36%	
Account receivable	29,007,775.21	39.43%	12,371,386.82	22.87%	16.56%	
Inventory	2,777,174.63	3.78%	3,118,440.26	5.77%	-1.99%	
Fix assets	3,941,117.97	5.36%	3,728,955.11	6.89%	-1.53%	
Note receivable	1,500,000.00	2.04%	2,220,000.00	4.10%	-2.06%	
Advance payment	2,482,276.54	3.37%	1,867,424.89	3.45%	-0.08%	
Other receivables	659,706.81	0.90%	658,754.09	1.22%	-0.32%	
Other current assets	1,805,427.17	2.45%	2,050,830.55	3.79%	-1.34%	
Intangible assets	2,259,000.00	3.07%	3,012,000.00	5.57%	-2.50%	
Deferred tax assets	741,828.71	1.01%	645,196.29	1.19%	-0.18%	
Other current	400,000.00	0.54%	400,000.00	0.74%	-0.20%	

assets						
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## 2. Assets and liability measured by fair value

Applicable  Not applicable

## 3. Limited assets rights till end of the period

(1) At the end of the current period, the total fixed output value included six suites of house properties at 7-20F Lianxin JiaYuan, Luohu District, Shenzhen purchased in 2016, with original value of 2,959,824.00 Yuan, which were affordable housing purchased from the Housing and Construction Bureau of Luohu District to provide to enterprise talents for living. The contract stipulated that the purchasing enterprise is not allowed to conduct any form of property rights transaction with any units or individual other than the government.

(2) Among the monetary assets at period-end, 8,808,378.06 Yuan refers to the bank acceptance bill

## V. Investment

### 1. Overall situation

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

### 4. Financial assets investment

#### (1) Securities investment

Applicable  Not applicable

The company had no securities investment in the reporting period.

#### (2) Derivative investment

Applicable  Not applicable

The Company has no derivatives investment in the Period

## 5. Application of raised proceeds

Applicable  Not applicable

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

## VI. Sales of major assets and equity

### 1. Sales of major assets

Applicable  Not applicable

The Company had no sales of major assets in the reporting period.

### 2. Sales of major equity

Applicable  Not applicable

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

Applicable  Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenzhen Emmelle Industry Co., Ltd.	Subsidiary	Sales of bicycles and accessories	2000000	43,686,945.74	9,710,424.90	116,393,660.87	207,099.97	165,240.67

Particular about subsidiaries obtained or disposed in report period

Applicable  Not applicable

Notes of holding and shareholding companies

The Company holds 70 percent equity of the Shenzhen Emmelle Industry Co., Ltd., the balance of minority equity at year-end amounting to 2962699.67 Yuan.

## VIII. Structured vehicle controlled by the Company

Applicable  Not applicable

## IX. Future Development Prospects

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

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 bike-sharing

brand centered as Mobike and ofo are rapidly promoted with its giant capital advantage, which has absorb the needs of ride instead of walk; 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 +.

China has the world’s largest production and marketing of electric bicycles, after years of development, electric bicycles have gradually become an important means of transportation for consumers on everyday short-distance trips, at present, there are about 200 million bicycles in the entire society. As one of the core components of electric bicycle, power batteries have been mainly lead-acid batteries in the past decade or two, with the development and popularization of new energy technologies and new energy materials, it is expected to be replaced by the lithium batteries in the future. According to the strategy guidelines of “Made in China 2025” by the State Council and the spirit of standardization reform, the Ministry of Industry and Information Technology, the Ministry of Public Security, the State Administration for Industry and Commerce, and the General Administration of Quality Supervision, Inspection and Quarantine have introduced a new national standard for electric bicycles to comprehensively improve the safety performance of electric bicycles, adjust and improve the speed limit, vehicle quality, pedaling and riding ability and other technical indicators. New standards not only are close to people’s livelihood, but also improve the application space for lithium battery energy storage, and lithium battery electric bicycles usher in a new stage of development.

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

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

- (1) Continue to actively cooperate with shareholders and the board of directors to promote the reorganization of the company and promote the planning of non-public offering of shares.
- (2) Reform and improve the internal management mechanism, decompose and implement the company's annual task to each Distribution Company and regional manager, take the manager responsibility system, follow p month by month, and roll the assessment.
- (3) In terms of the bicycle traditional mode business, the company endeavored to maintain the traditional business, kept a close eye on the largest customers of the first echelon, focused on expanding the second echelon customers, actively promoted the expansion of its distribution network terminal construction, further expanded new markets, and supported new customer businesses; through the cooperation with the government procurement information center, increased the follow-up work on group purchase orders; organized some special competitions by clubs and utilized the Tour de Qinghai Lake and Hainan Island Cycling Race to promote and popularize its brand.

(4) In aspect of e-commerce retailing: based on the e-commerce work of last year, further train the company's e-commerce team, strive to improve the EMMELLE flagship store sales capabilities on all e-commerce platforms and the brand publicity coverage effects, improve the company's official website mall and WeChat mall, expand the brand influence, promote the faster growth of network sales business. Improve the supporting work of offline business, bring the traditional network dealers, physical stores and OEM plants into the offline supporting system of e-commerce business by reforming the mechanisms and sharing the benefits, utilize Qinghu base to create effective support services of small manufacturing for market demand and e-commerce business, and achieve win-win and common development.

(5) To enhance the development of medium-to-high end bikes, lithium batteries electric bikes and child car development, and enhance the development and promotion of medium-to-high end auxiliary parts. To strictly implement the entry and exit mechanism of OEM factories and suppliers and perform strict quality management and control, and carry out staff supplement and training as planned.

(6) In terms of the lithium battery materials business, in 2018, we will increase the business development force, forge talent teams, enrich product lines, develop new customers, promote the new technology applications and increase investment in new product development.

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

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

The tough international economic situation: The domestic economy is at the structural adjustment stage in the course of development, structural problems and deep-seated conflicts are highlighted. The economic downturn pressure continues to increase, many unstable and uncertain factors exist, which affect and impact the traditional manufacturing industries and the social consumption structure demand. Since the domestic economy is at the structural adjustment stage, coupled with a difficult situation of continuously rising labor cost, manufacturing cost, financing cost and material cost the bicycle industry as a conventional manufacturing field recorded a decline in the market turnover. Due to the low entry threshold and numerous manufacturers, the competition in the market is extremely fierce.

Faced with the above problems, combine actual condition of financially insecure after reorganization, on the one hand, we adhere to traditional business model development, strengthen R&D of the products, and continue to optimize the structure for products and sales mode. According to the electricity supplier transformation and inner lead of the cost controlling, the Company proactively develop the electricity supplier business model to achieved a favorable and rapidly growth in retail business for the electricity supplier; on the one hand, correspondingly carry out the tracking study on industrial projects and technology applications of upstream and downstream of industrial chain in the long-term process of electric bicycle business, start getting involved in the lithium battery materials business based on the extensive business consultation and business opportunity sifting, and take it as an opportunity to gradually expand its main business;

; on the other hand, we strive to promote the selection for recombinant party, planning a private placement of shares, and carry out a sport experience sales platform online and offline and the construction of R&D center,

recently the business upgrade still in process.

## X. Reception of research, communication and interview

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

Applicable  Not applicable

Time	Way	Type	Basic situation index of investigation
2017-04-18	Telephone communication	Individual	Consulting company restructuring problem
2017-05-18	Telephone communication	Individual	Inquiry progress of the private placement
Reception (times)			6
Number of hospitality			0
Number of individual reception			6
Number of other reception			0
Disclosed, released or let out major undisclosed information			No

## Section V. Important Events

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

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

Applicable  Not applicable

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

Nil

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

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Amount for cash bonus by other ways	Proportion for cash bonus by other ways
2017	0.00	1,529,587.27	0.00%	0.00	0.00%
2016	0.00	2,603,637.47	0.00%	0.00	0.00%
2015	0.00	-138,355.58	0.00%	0.00	0.00%

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

Applicable  Not applicable

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

Applicable  Not applicable

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

### III. Implementation of commitment

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

Applicable  Not applicable

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



shareholders, related parties, purchaser and companies

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

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

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

Applicable  Not applicable

### **1. Changes in accounting policy**

(1) The Company implemented relevant regulation of “Accounting Standards for Business Enterprise No. 16- Government grant”

(CK[2017] No.15) since 1 January 2017, and the prospective application should prevail. This change of accounting policy has no impact on the financial statement of the Company.

(2) The Company implemented relevant regulation of “Accounting Standards for Business Enterprise No.42-Non-current assets held for sale, disposal group and discontinued operation” (CK [2017] No.13) since 28 May 2017, and the prospective application should prevail. This change of accounting policy has followed impacts as:

<b>Content and reasons for accounting policy changes</b>	<b>Item and amount impacted</b>
Increase items of “assets held for sale” and “liability held for sale” in balance sheet with retroactive adjustment required	No influence
Increase items of “continued operation net profit” and “discontinued operation net profit” in profit statement with retroactive adjustment required	Net profit of continued operation increased 1,579.159.47 Yuan in the period

(3) The Company implemented relevant regulation of the Notice Relating to Printing and Amending the General Forms of Business Financial Statements (CK[2017]No.30) issued from Ministry of Finance since 1 January 2017. This change of accounting policy has followed impacts as:

<b>Content and reasons for accounting policy changes</b>	<b>Item and amount impacted</b>
The item of “income from assets disposal” will added in profit statement and adopts retroactive adjustment	Income from assets disposal increased (2,464.81) Yuan in the period, the non-operation expenditure reduced 2,464.81 Yuan; the income from assets disposal for last period increased (11,450.00) Yuan, and reduced 11,450.00 Yuan in non-operation expenditure
The gains and losses from non-current assets discarding and disposal will respectively listed according to the total numbers, and adopts retroactive adjustment	No influence

## 2. Changes in accounting estimates

There is no accounting change in our financial reporting period.

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

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

Accounting firm appointed

Name of domestic accounting firm	Baker Tilly China CPA (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	45
Continuous life of auditing service for domestic accounting firm	2
Name of domestic CPA	Chen Zhigang, Zhang Lei
Continuous life of auditing service for domestic accounting firm	2

Re-appointed accounting firms in this period

Yes  No

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

Applicable  Not applicable

In the year, the Company engaged Baker Tilly China CPA (LLP) as the auditing organ for internal control of the Company for year of 2017, charges amounted as 150000 Yuan. In 2016, Dongwu Securiteis are appointed as the finance consultant of the Company for privately placement of shares, and one million Yuan are paid for consultant, relevant works are still in promotion in the year.

## X. Particular about suspended and delisting after annual report disclosed

Applicable  Not applicable

## XI. Bankruptcy reorganization

Applicable  Not applicable

No bankruptcy reorganization for the Company in reporting period.

## XII. Significant lawsuits and arbitrations of the Company

Applicable  Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

## XIII. Penalty and rectification

Applicable  Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable  Not applicable

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

Applicable  Not applicable

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

## **XVI. Major related transaction**

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

### **4. Contact of related credit and debt**

Applicable  Not applicable

Whether exist non-operating contact of related credit and debt or not

Yes  No

Note: attention to the option for “Whether exist non-operating contact of related credit and debt or not ”

Claim receivable from related party

Related party	Relationship	Causes	Whether has non-business capital occupying or not	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
Influence on operation result and financial statue of the Company from related credit	No influence								

Debts payable to related party

Related party	Relationship	Causes	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
Shenzhen Guosheng Energy Investment Development Co., Ltd.	Large shareholder	Subsidiary Emmelle loan	650					650
Influence on operation result and financial statue of the Company from related debts		No influence						

Note: For those that have been disclosed in the provisional reports and have no progress or change in the follow-up implementation, select “Not Applicable” in this chapter, but it is required to disclose the summary of this matter in section 5 other major related transactions of this chapter and provide relevant query index of interim report disclosure website.

## 5. Other related transactions

Applicable     Not applicable

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

## XVII. Significant contract and implementations

### 1. Trusteeship, contract and leasing

#### (1) Trusteeship

Applicable     Not applicable

No trusteeship for the Company in reporting period.

#### (2) Contract

Applicable     Not applicable

No contract for the Company in reporting period.

#### (3) Leasing

Applicable     Not applicable

No leasing for the Company in reporting period.

## 2. Major guarantees

Applicable     Not applicable

No guarantee for the Company in reporting period.

## 3. Entrust others to cash asset management

### (1) Trust financing

Applicable     Not applicable

No trust financing for the Company in reporting period.

### (2) Entrusted loans

Applicable     Not applicable

The company had no entrusted loans in the reporting period.

## 4. Other material contracts

Applicable     Not applicable

No other material contracts for the Company in reporting period.

## XVIII. Social responsibility

### 1. Performance of social responsibility

Nil

### 2. Execution of social responsibility of targeted poverty alleviation

#### (1) Targeted poverty alleviation

Nil

#### (2) Summary of annual precision poverty alleviation

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

#### (3) Accuracy of poverty alleviation

Target	Measurement units	Numbers/progress
I. general condition	——	——

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

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

Nil

### 3. Environmental protection

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

No

Nil

## XIX. Explanation on other significant events

Applicable  Not applicable

In July 2016, the Company started to plan a non-public issue of shares with proceeds to be utilized to acquire material assets. The Plan on Non-public Issue of A shares in 2016 was considered and approved by the Board of the Company. Based on the due diligence, audit, assessment and business negotiation with intermediaries, taking into account the conditions of capital market and actual conditions of the Company, the Board of the Company considered and approved the Proposal Relating to Adjusting the Plan of non-public of A Shares, the Explanation on non-public of A-shares for year of 2016 Amendment, the Plan on Non-public Issue of A shares in 2016 (amended), the Plan on Non-public Issue of A shares in 2016 (Second Amended) and Plan on Non-public Issue of A shares in 2016 (Third Amended) from February 2017 to February 2018. According to the three revised drafts, the number of non-public offering of shares should not exceed 110,269,586 shares, and the total amount of funds raised should not exceed 750 million Yuan. The issuing objects of this non-public offering include four specific investors which are Ruian Information, Zhisheng High-tech, Wansheng Industry and Beier High-tech. The subscription amount of Ruian Information does not exceed 250 million Yuan, and the number of subscribed shares does not exceed 36,756,529 shares; the subscription amount of Zhisheng High-tech does not exceed 200

million Yuan, and the number of subscribed shares does not exceed 29,405,223 shares; the subscription amount of Wansheng Industry and Beier High-tech respectively does not exceed 150 million Yuan, and the number of subscribed shares does not exceed 22,053,917 shares respectively. See details on the announcement issued by the board of directors of the company.

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

## **XIX. Significant event of subsidiary of the Company**

Applicable  Not applicable



## Section VI. Changes in Shares and Particulars about Shareholders

### I. Changes in Share Capital

#### 1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	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 changed

Applicable     Not applicable

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

Applicable     Not applicable

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

Applicable     Not applicable

## 2. Changes of restricted shares

Applicable     Not applicable

## II. Securities issuance and listing

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

Applicable     Not applicable

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

Applicable     Not applicable

### 3. Existing internal staff shares

Applicable     Not applicable

## III. Particulars about shareholder and actual controller of the Company

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

							In Share	
Total common stock shareholders in reporting period-end	51,332	Total common stock shareholders at end of last month before annual report disclosed	51,082	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if	0	

							applicable) (found in note8)		
Particulars about shares held above 5% by shareholders or top ten shareholders									
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen		
							State of share	Amount	
Shenzhen Guocheng Energy Investment Development Co., Ltd.	Domestic non-State-owned legal person	11.52%	63,508,747	0	0	63,508,747			
UOB Koy Hian (Hongkong) Co., Ltd.	Foreign legal person	2.89%	15,907,850	0	0	15,907,850			
Guosen Securities (Hongkong) brokerage Co., Ltd.	Foreign legal person	2.54%	13,988,425	0	0	13,988,425			
Huabao Trust Co., Ltd. – Huihuang No.33 single fund trust	Other	2.09%	11,538,510	11,538,510	0	11,538,510			
Huabao Trust Co., Ltd. – Huihuang No.15 single fund trust	Other	1.30%	7,179,635	7,179,635	0	7,179,635			
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	Foreign legal person	1.24%	6,837,257	877900	0	6,837,257			
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.12 structured portfolio investment trust plan	Other	0.87%	4,774,300	4,774,300	0	4,774,300			

Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.11 structured portfolio investment trust plan	Other	0.81%	4,464,844	4,464,844	0	4,464,844		
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.13 structured portfolio investment trust plan	Other	0.75%	4,133,823	4,133,823	0	4,133,823		
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.14 structured portfolio investment trust plan	Other	0.74%	4,092,097	4,092,097	0	4,092,097		
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	The Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end	Type of shares						
		Type	Amount					
Shenzhen Guocheng Energy Investment Development Co., Ltd.	63,508,747	RMB common shares	63,508,747					
UOB Koy Hian (Hongkong) Co., Ltd.	15,907,850	Domestically foreign shares	15,907,850					
Guosen Securities (Hongkong) brokerage Co., Ltd.	13,988,425	Domestically foreign shares	13,988,425					

Huabao Trust Co., Ltd. – Huihuang No.33 single fund trust	11,538,510	RMB common shares	11,538,510
Huabao Trust Co., Ltd. – Huihuang No.15 single fund trust	7,179,635	RMB common shares	7,179,635
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	6,837,257	Domestically foreign shares	6,837,257
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.12 structured portfolio investment trust plan	4,774,300	RMB common shares	4,774,300
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.11 structured portfolio investment trust plan	4,464,844	RMB common shares	4,464,844
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.13 structured portfolio investment trust plan	4,133,823	RMB common shares	4,133,823
Zhongrong International Trust Co., Ltd. – Zhongrong –Dingfu No.14 structured portfolio investment trust plan	4,092,097	RMB common shares	4,092,097
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	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 stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes  No

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

## 2. Controlling shareholder of the Company

Nature of controlling shareholders: No controlling subject

Type of controlling shareholders: Non-existent

The Company does not have the controlling shareholder.

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

On 11<sup>th</sup>, May 2012, the largest shareholder and biggest creditor of the Company, Shenzhen Guosheng Energy Investment and Development Co., Ltd. applied to Shenzhen Municipal Intermediate People's Court for reforming the Company as the Company couldn't pay off the matured debts and was seriously insolvent. On 12<sup>th</sup>, Oct., 2012, Shenzhen Municipal Intermediate People's Court ruled to accept the application proposed by Guosheng Energy according to (2012) Shenzhen Intermediate Court Po Zi No. 30 civil ruling. In second half year of 2013, on the basis of the investor interest adjustment scheme deliberated and approved by creditor's meeting and investors' conference, Shenzhen Intermediate People's Court approved the reorganization plan for CBC, the reorganization plan of CBC completed on 27 December 2013 and close the bankruptcy proceedings of CBC. As a largest majority shareholder and largest creditor of the Company, Guosheng Energy vote in favor on creditor's meeting and investors' conference, in respect of the investor interest adjustment scheme, and provided 5.39 million Yuan to CBC for claims settlement and maintain the assets of main business of CBC. Debts of the CBC solved by reorganization, net assets of CBC turns to positive value, the main business of bicycle maintained and achieved a steady development.

Currently, CBC is planning a private placement for business promotion and transformation, optimize asset structure, further to strengthen the Company and sustainable ability in development. Taking into account the debt problem of CBC has been resolved, the Company needs supports from all over the shareholders, and based on the actual condition of development of Guosheng Energy and share-holding ratio, Ji Hanfei and Guosheng Energy decided to change the actually controller state to general investment, that is Ji Hanfei and Guosheng Energy, will not participate in the operation management plan of CBC in future, and they have no plans to seeking an actual controlling rights of CBC in next 12 months either

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

Changes of controlling shareholders in reporting period

Applicable  Not applicable

Name of new controlling shareholder	Non-existent
Date of change	2017-02-20
Inquiry index on appointed website	Juchao Website
Disclosure date on appointed website	2017-07-27

### 3. Actual controller of the Company

Nature of actual controller: No actual controller

Type of actual controller: Non-existent

The company does not have the actual controller.

(I) Facts and reasons for the company's determination of the actual controller's alteration

On February 20, 2017, Ji Hanfei and Guocheng Energy made an “Explanation” to abandon the actual control of the Company, after Ji Hanfei made the declaration to abandon the actual control of the Company, the actual controller of the Company changed from Ji Hanfei to no actual control, the specific facts and reasons are as follows:

### 1. The voting rights of Ji Hanfei to actually control the shares of the Company

According to the “Security Holder Roster” issued by China Securities Depository and Clearing Co., Ltd., Shenzhen Branch and the documents publicly disclosed by Shenzhen China Bicycle, up to December 31, 2016, Ji Hanfei held 63,508,747 shares of the Company’s A-Shares through Guocheng Energy, and his spouse, Li Huili, held 3,891,124 shares of the Company’s B-Shares, so Ji Hanfei totally controlled 67,399,871 shares of the Company’s voting shares, accounting for 12.22% of the total number of shares of the Company. Ji Hanfei actually controlled no more than 30.00% of the Company’s voting rights and had no control over the Company’s general meeting of shareholders.

### 2. Ji Hanfei’s control to the Company’s board of directors

According to the Resolution Announcement of the Eighteenth Meeting of the Eighth Session of Board of Directors and the Resolution Announcement of the First Extraordinary General Meeting of 2013 publicly disclosed by the Company and confirmed by the Company and Guocheng Energy, the directors of the current board of directors of the Company should be nominated by the eighth session of board of directors, Guocheng Energy did not nominate the current board of directors for the Company.

Therefore, Ji Hanfei has not restructured the board of directors of the Company by controlling the Company’s voting shares after obtaining the control power of Guocheng Energy, and has not actually dominated over half of the members of the board of directors of the Company.

According to the Resolution Announcement of the Twenty-fourth Meeting of the Ninth Session of Board of Directors announced on April 27, 2017 by the Company, the ninth session of board of directors of the Company reviewed and passed the following proposals concerning the candidates for the tenth session of board of directors:

(1) Passed the Proposal on Nominating Candidates for Directors of the Tenth Session of Board of Directors, agreed the current board of directors to nominate Mr. Li Hai, Mr. Yao Zhengwang, Mr. Cao Fang, Mr. Yang Fenbo, Mr. Sun Longlong and Mr. Zhong Hua as the candidates for the directors of the tenth session of board of directors of the company and participate in the election of the general shareholders’ meeting as the term of office of the director of the 9<sup>th</sup> session of board of directors of the company has expired.

(2) Passed the Proposal on Nominating Candidates for Independent Directors of the Tenth Session of Board of Directors, agreed the current board of directors to nominate Mr. Song Xishun, Mr. Zhang Zhigao and Ms. Yang Hao as the candidates for the independent directors of the tenth session of board of directors of the company as the term of office of the director of the 9<sup>th</sup> session of board of directors of the company has expired, and submitted the proposal to the Shenzhen Stock Exchange for review, the candidates can only participate in the election of the general shareholders’ meeting when there is no objection to the review.

According to the Company’s explanation and the announcement document of the 24<sup>th</sup> meeting of the ninth session of board of directors of the Company, the candidates for the tenth session of board of directors should be nominated by the ninth session of board of directors, the Company did not receive the nomination of candidates for the tenth session of board of directors from Guocheng Energy.

According to the explanation of the Company and Guocheng Energy and the review to the resume of the director candidates announced by the ninth session of board of directors of the Company, in addition to Yao Zhengwang, serving as a supervisor of Guojun Energy, the above mentioned director candidates had no related relationships with Guocheng Energy and Ji Hanfei.

In conclusion, even the stockholders’ meeting of the Company considered and agreed the above-mentioned director candidate to serve as the directors of the tenth session of the board of directors of the Company, Ji Hanfei and Guocheng Energy had not actually dominated over half of the members of the tenth session of board of directors of the Company.

### 3. Ji Hanfei’s significant influence on the general meeting of shareholders of the Company

On October 12, 2012, the Shenzhen Intermediate People’s Court issued the “Civil Ruling” of “(2012) SZFPZ No. 30” to accept the application for the reorganization of the Company by Guocheng Energy. On December 27, 2013, Shenzhen Intermediate People’s Court issued the “Civil Ruling” of “(2012) SZFPZ No. 30-10”, which ruled that the implementation of the Company’s reorganization plan was completed and the Company’s bankruptcy proceedings ended. According to the explanation of Guocheng Energy and the inspection of bankruptcy and restructuring documents, Guocheng Energy had actively participated in the meeting of creditors for the Company’s bankruptcy and reorganization and had provided interest-free loan support to the Company during the bankruptcy and reorganization, which had a significant influence on the Company’s general meeting of shareholders. .

On February 20, 2017, Ji Hanfei and Guocheng Energy issued the "Explanation": "Since Ji Hanfei obtained the control power of Guoji Energy on January 3, 2011, in view of the fact that it was the Company's largest shareholder and largest creditor and the Company faced serious debt crisis for a long time, Ji Hanfei actively sought the actual controller status of the Company and exerted a significant influence on the Company by actively participating in the Company's general meeting of shareholders so as to realize the actual control of the Company and then strive to promote and solve the Company's debt crisis properly."

Therefore, from January 3, 2011 to February 19, 2017, Ji Hanfei had a subjective purpose for actually controlling the Company.

After Ji Hanfei made a clear declaration on Feb. 20, 2017 to abandon the actual control of the Company, Ji Hanfei did not subjectively attempt to influence the general meeting of stockholders of the Company by seeking the actual control rights. Objectively, the Company's voting rights dominated by Ji Hanfei did not exceed 30.00% and he did not nominate more than half of the directors of the Company's board of directors, Ji Hanfei could not effectively control the Company's general meeting of shareholders and the board of directors.

According to the "Announcement on the Resolutions of the 24<sup>th</sup> meeting of the Ninth Session of Board of Directors" announced by the Company on April 27, 2017 and confirmed by the Company, Ji Hanfei and Guocheng Energy, Ji Hanfei and Guocheng Energy didn't not nominate any candidate for the directors of the tenth session of board of directors to the Company after Ji Hanfei and Guocheng Energy made the declaration to abandon the control power.

In view of the above, the Company considered that the proportion of the Company's shares actually controlled by Ji Hanfei was relatively low, which was not sufficient to control the general meeting of shareholders or make a significant impact on the general meeting of shareholders, and he had promised to give up the right of control to the company, the Company has no actual controller since February 20, 2017.

The sponsor institutions and law firms engaged by the company for the non-public offering of shares have checked this issue and made clear opinions to support.

Whether has the shareholder with over 10% stock held in ultimate controlling standards or not

Yes  No

Legal person

Share holding in ultimate control standards

Shareholder	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Guocheng Energy Investment Development Co., Ltd.	Ji Hanfei	2005-04-26	91440300774115792	Industry development, domestic commerce, materials supply and sale (excluding specially run, controlled and sold merchandises)
Equity of the listed enterprise in and out of China controlled by the shareholders in ultimate control standards in the period	N/A			

Changes of actual controller in reporting period

Applicable  Not applicable

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

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

Actual controller controlling the Company by entrust or other assets management

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## Section VII. Preferred Stock

Applicable     Not applicable

The Company had no preferred stock in the Period.

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

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

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Li Hai	Chairman, President	Currently in office	M	49	2017-06-29	2020-06-28	0	0	0	0	0
Yao Zhengwang	Director	Currently in office	M	43	2017-06-29	2020-06-28	0	0	0	0	0
Cao Fang	Director	Currently in office	M	44	2017-06-29	2020-06-28	0	0	0	0	0
Yang Fenbo	Director	Currently in office	M	61	2017-06-29	2020-06-28	0	0	0	0	0
Sun Longlong	Director, Secretary of Board	Currently in office	M	45	2017-06-29	2020-06-28	0	0	0	0	0
Zhong Hua	Director	Currently in office	M	54	2017-06-29	2020-06-28	0	0	0	0	0
Yang Lan	Independent director	Currently in office	F	49	2017-06-29	2020-06-28	0	0	0	0	0
Song Xishun	Independent director	Currently in office	M	55	2017-06-29	2020-06-28	0	0	0	0	0
Zhang Zhigao	Independent director	Currently in office	M	53	2017-06-29	2020-06-28	0	0	0	0	0
Li Xiang	The convener of the board of supervisors	Currently in office	M	44	2014-06-27	2018-02-12	0	0	0	0	0
Zheng Zhonghua	Supervisor	Currently	M	56	2014-06-	2018-02-	6,276	0	1,000	0	5,276

n		in office			27	12						
Li Jialin	Staff Supervisor	Currently in office	M	57	2014-06-27	2018-02-12	0	0	0	0	0	0
Cui Jun	Independent director	Leave the office	M	54	2013-09-26	2017-06-29	0	0	0	0	0	0
Chen Shujun	Independent director	Leave the office	M	50	2013-09-26	2017-06-29	0	0	0	0	0	0
Li Bing	Independent director	Leave the office	F	43	2013-09-26	2017-06-29	0	0	0	0	0	0
Sun Longlong	CFO	Currently in office	M	45	2017-05-22	2020-06-28	0	0	0	0	0	0
Total	--	--	--	--	--	--	6,276	0	1,000	0	0	5,276

## II. Changes of directors, supervisors and senior executives

√ Applicable   □ Not applicable

Name	Title	Type	Date	Reasons
Sun Longlong	CFO	Appointment and removal	2017-05-22	Engagement by the Board
Sun Longlong	Secretary of Board	Appointment and removal	2017-06-29	Engagement by the Board
Cui Jun	Independent director	Leave while office term ends	2017-06-29	Served as independent director for six consecutive years and leave the office for office-term ends
Chen Shujun	Independent director	Leave while office term ends	2017-06-29	Served as independent director for six consecutive years and leave the office for office-term ends
Li Bing	Independent director	Leave while office term ends	2017-06-29	Served as independent director for six consecutive years and leave the office for office-term ends

## III. Post-holding

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

Mr. Li Hai, born in 1969, graduated from Economic department of Shenzhen University in major of accounting; he took the turns of deputy manager of finance department, chief supervisor associate of finance department, secretary of the Board and vice president, etc. of the Company, and now he serves as chairman, legal representative and president of the Company.

Mr. Yao Zhengwang, born in 1975, with bachelor degree of law, successively took the post of Supervisor of Supervision Office, Deputy Manager of Sales Department, and Deputy Manager of Legal Affairs Department of

Shenzhen Guomin Investment Development Co. Ltd. and deputy general manager of Administration Center of Compliant Risk Control, as well as director, secretary of the Board and convener of supervisory committee of CBC; now he serves as director of the Company and Leshan City Commercial Bank Co., Ltd..

Mr. Cao Fang, born in 1974, master degree; since May of 2007, he took post of item manager of marketing and management department in headquarter of Life Insurance, associate of general manager of marketing and management headquarter as well as general manager of market and business department, he acted as member of planning team of Life Insurance Branch in Guangdong. And subsequently served in strategy and development center, Office of the Chairman, Supervision office; he serves as deputy GM of Shanghai Branch of Life Insurance since March 2012 and person in charge of the sales management center in Fuld Insurance Holding

Mr. Yang Fenbo, born in 1957, China senior economist with master degree of MBA and engineer, held the position of minister of development department, concurrently minister of science and technology department, assistant general manager, assistant to chairman, deputy chief engineer and chief engineer at Shenzhen Lionda Group; took the chairman and concurrently general manager of Guangdong Sunrise Holding Co., Ltd.; now, he is the chairman of Shenzhen Liona Group Co., Ltd. and Shenzhen Qianhai Fu Rong Asset Management Co., Ltd.

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

Mr. Zhonghua, born in 1964, undergraduate college, has an engineer title. He worked in technical section of Guangdong Xingning Motormaker and Guangdong Xingning Mechatronic Industry Company; he worked in the period since December 1991, and have successively held the posts of director of the quality management dept., director of testing center, deputy GM and GM of the quality management dept., now he serves as director of the Company, and OEM management chief and GM of the quality management dept. in Shenzhen EMMELLE Industrial Co., Ltd.

Ms. Yang Lan, born in 1969, is a masters degree holder, a certified tax accountant, a certified appraiser, a certified public accountant, and an auditor. She successively served as a member of Guiyang Audit Bureau, the head of Zhuhai BDO China Shu Lun Pan Certified Public Accountants, the head of Shanghai Lixin Changjiang Certified Public Accountants, Zhuhai Branch, the head of Guangdong Lixin Changjiang Certified Public Accountants, and the senior manager of Pan-China Certified Public Accountants (LLP), Guangdong Branch; and has been serving as the deputy head of Guangdong Lixin Jiazhou Certified Public Accountants since 2015. She has served as an independent director in the listed companies, such as Uni-Power Group, Highsun Group, Xiangxue

Pharmaceutical, and Shenzhen Strongteam Decoration Engineering Co., Ltd., a company proposed to be listed. She has engaged in the accounting profession for 27 years, held the audits for many listed companies and provincial large state-owned enterprises, she is good at tax assessment and financial planning and special consulting, and has extensive experience in corporate merger and acquisition, especially the tax planning based on the enterprise's top-level audit, she once acted as a teacher in the tax bureau. Since 2002, she has been serving as an independent director of listed companies, her professional level has been recognized by many investment institutions, and she has established long-term cooperative relationships with risk investment institutions, lawyers and securities traders.

Mr. Song Xishun, born in 1963, holds a master's degree in Chinese from Xiamen University. He once served as a teacher of PLA University of Foreign Language, took office at Public Security Bureau of Xiamen City, Xiamen City Bureau of Culture, served as the deputy dean of Cultural Industry School of Xiamen University of Technology and an arbitrator of Xiamen City Personnel Dispute Arbitration Committee. He has been teaching at Xiamen University of Technology since 2003, and currently serves as the deputy dean (full-time) of Cultural Development Institute of Xiamen University of Technology, a lawyer (part-time) of Zhong Yin (Xiamen) Law Firm, an independent director (part-time) of the Jordan Sports Co., Ltd., an independent director (part-time) of Dehua Hengyi Art Ceramics Co., Ltd., and the vice chairman (part-time) of Xiamen Language Association.

Mr. Zhang Zhigao, born in 1965, is a bachelor of laws from Fudan University, a certified public accountant and a certified appraiser; he has been serving as a partner lawyer of Shanghai Xuan Lun Law Firm since 2007. He used to be a technician of Shanghai Electrical Machinery Plant, a lecturer of Shanghai Lixin University of Commerce, and a partner lawyer of Shanghai Alshine Law Firm; served as a member of the twelfth session of CPPCC of Xuhui District, Shanghai, an independent director of Shanghai Kai Kai Industrial Co., Ltd., an independent director of Shanghai Norcent Technology Development Co., Ltd., and an independent director of Shanghai Xingye Real Estate Co., Ltd.; he currently serves as a supervisor (part-time) of Shanghai Lingqing Venture Capital Investment Management Co., Ltd., a director (part-time) of Shanghai Chengxi Asset Management Co., Ltd., and a director (part-time) of Zhongcheng Village Bank Co., Ltd. of Kuiwen District, Weifang City .

Mr. Li Xiang, born in 1974, holds a master's degree. He once served as the secretary of the party committee, the director of the organization department of the party committee, and the manager of the human resources department at Pacific Life Jiangxi Branch. Since March 2008, he has been serving as the deputy general manager of Shenzhen Guocheng Energy Investment Development Co., Ltd.

Mr. Zheng Zhonghuan, born in 1962, holds a bachelor's degree and an engineer title. He once worked at Shenzhen Light Textile Industry Company and Shenzhen Light Industry Company. Since October 1985, he has been working at Shenzhen China Bicycle Company (Holdings) Limited, and once served as the deputy manager and manager of planning department, the manager of material department, and the manager of manufacturing department; and he serves as a supervisor of the Company and the manager of the procurement management

department of Shenzhen Emmelle Industrial Co., Ltd.

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

Post-holding in shareholder's unit

√Applicable  Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit n	Start dated of office term	End date of office term	Received remuneration from shareholder's unit (Y/N)
Yao Zhengwang	Shenzhen Guocheng Energy Investment Development Co., Ltd.	Supervisor	2006-10-09		Y
Li Xiang	Shenzhen Guocheng Energy Investment Development Co., Ltd.	Deputy GM	2008-03-01		Y
Note of post-holding in shareholder's unit	N/A				

Post-holding in other unit

√Applicable  Not applicable

Name	Name of other units	Position in other unit n	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Cao Fang	Funde Insurance Holdings sales management center	Person in charge	2016-06-01		Y
Yang Fenbo	Shenzhen Lionda Group Co., Ltd.	Chairman	2009-10-12		Y
Yang Fenbo	Shenzhen Qianhai Fu Rong Asset Management Co., Ltd.	Chairman	2013-03-25		Y
Yang Lan	Guangdong BDO Changjiang CPA Firm	Deputy director	2001-04-01		Y
Song Xishun	Xiamen University of Technology	Professor	2003-09-01		Y
Song Xishun	Zhong Yin (Xiamen) Law Firm	Lawyer	2003-09-01		Y
Song Xishun	Jordan Sports Co., Ltd.	Independent director	2015-02-01		Y
Song Xishun	Dehua Hengyi Art Ceramic Co., Ltd.	Independent	2013-01-01		Y

		director			
Zhang Zhigao	SHULUN & PARTNERS (SHANGHAI)	Partner lawyer	2007-12-01		Y
Zhang Zhigao	Shanghai Lingqing Venture Investment Management Co., Ltd.	Supervisor	2009-07-21		N
Zhang Zhigao	Shanghai Chengxi Asset Management Co., Ltd.	Director	2010-05-10		N
Zhang Zhigao	Zhongcheng Villiage Bank Co., Ltd. of Kuiwen District, Weifang City	Director	2013-12-31		Y
Note of post-holding in other unit	N/A				

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

Applicable  Not applicable

#### IV. Remuneration for directors, supervisors and senior executives

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

Decision procedure of remuneration of directors, supervisors, senior management	According to relevant rules of the Article of Association, the general meeting of shareholders decides remuneration of directors and supervisors. The Board of Directors decides senior management's.
Confirmation basis of remuneration of directors, supervisors and senior management	The Company refers to the position rank and comprehensive industry level. And then general meeting of shareholders approves compensation standard and allowance of independent directors. According to the "Interim Measures to Annual Performance Assessment of Executives" and performance evaluation standards the Company issues annual performance salary.
Actual payment of remuneration of directors, supervisors and senior management	The Company strictly paid remuneration of directors, supervisors and senior management accordingly with decision procedure and confirmation basis. Total payment for remuneration of directors, supervisors and supervisors amounted to RMB 1,880,100 from January to December in 2017.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Li Hai	Director	M	49	Currently in office	92.53	No



Sun Longlong	Director	M	45	Currently in office	38.92	No
Zhong Hua	Director	M	54	Currently in office	16.33	No
Zheng Zhonghuan	Supervisor	M	56	Currently in office	13.97	No
Li Jialin	Staff Supervisor	M	57	Currently in office	15.7	No
Yang Lan	Independent director	F	49	Currently in office	0	No
Song Xishun	Independent director	M	55	Currently in office	0	No
Zhang Zhigao	Independent director	M	53	Currently in office	0	No
Cui Jun	Independent director	M	54	Leave the office	3.52	No
Chen Shujun	Independent director	M	50	Leave the office	3.52	No
Li Bing	Independent director	F	43	Leave the office	3.52	No
Total	--	--	--	--	188.01	--

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

Applicable  Not applicable

## V. Particulars of workforce

### 1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company (people)	12
Employee in-post of main Subsidiaries (people)	39
The total number of current employees (people)	51
The total number of current employees to receive pay (people)	51
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	0
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	19
Sales personnel	10
Technical personnel	8
Financial personnel	6

Administrative personnel	8
Total	51
Education background	
Category of education background	Numbers (people)
Undergraduate	19
Junior college	17
Other	15
Total	51

## 2. Remuneration Policy

Formulated the remuneration policy according to the position title and comprehensive industry salary standards

## 3. Training programs

Formulated the training programs according to the position title

## 4. Labor outsourcing

Applicable  Not applicable

## Section IX. Corporate Governance

### I. Corporate governance of the Company

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

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

Yes  No

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

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

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

### III. Horizontal competition

Applicable  Not applicable

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

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

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
First Extraordinary shareholders general meeting 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	14.81%	2017-06-19	2017-06-20	Notice of Resolution

Extraordinary shareholders general meeting 2017	shareholders general meeting					of second Extraordinary shareholders general meeting 2017 (No.: 2017032)
Annual General Meeting 2016	Annual General Meeting	15.44%	2016-06-29	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

## V. Responsibility performance of independent directors

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

The attending of independent directors to Board Meeting and general meeting							
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Board meeting Presence	Times of attending Board meeting by communication	Times of Board meeting entrusted presence	Times of Board meeting Absence	Absent the Board Meeting for the second time in a row (Y/N)	Times of attending shareholding meeting
Cui Jun	7	3	4	0	0	No	1
Chen Shujun	7	3	4	0	0	No	0
Li Bing	7	3	4	0	0	No	1
Yang Lan	3	1	2	0	0	No	0
Song Xishun	3	1	2	0	0	No	0
Zhang Zhigao	3	1	2	0	0	No	0

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

Nil

### 2. Objection for relevant events from independent directors

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

Yes  No

Independent directors has no objections for relevant events in reporting period.

### 3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes  No

Explanation on advice that accepted/not accepted from independent directors

Nil

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

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

As for compiling and audit on annual financial report were checked and communicated by Audit commission in accordance with rules of Working Procedure of Annual Report of Audit Commission, and they submitted decision to board of directors for approval.

Remuneration and appraisal commission of the Company, in reporting period, according to the “Interim Measure on Assessment Reward of Annual Performance for Senior Executives”, carry out evaluation on the management team members for operation works in 2015.

## VII. Works from Supervisory Committee

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

Yes  No

Supervisory committee has no objection about supervision events in reporting period.

## VIII. Examination and incentives of senior management

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

## IX. Internal Control

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

Yes  No

### 2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2018-04-18
Disclosure index of full internal control evaluation report	Appraisal Report of Internal Control 2017 of CBC released on Juchao website
The ratio of the total assets of units	100.00%

included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements		
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements		100.00%
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	Material defect: (1) inefficiency of environment control; (2) inefficiency of internal supervision; (3) direct impact on major mistakes of investment decisions; (4) directly make the significant error in the financial statements; (5) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the central government and regulatory agencies, and being sentenced to a fine or penalty, being restricted industry exit, canceling business license and being forced the closure of etc. Major defect: (1) indirect impact on major mistakes of investment decisions; (2) indirectly make the significant error in the financial statements; (3) Lack of important system; (4) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the local government and regulatory agencies, and being sentenced to a fine or penalty, and being ordered to suspend business for rectification and cause the Company's business stop of etc. General defect: other control defect besides material defect and major defect.	Material defect: (1) inefficiency of environment control; (2) inefficiency of internal supervision; (3) direct impact on major mistakes of investment decisions; (4) directly make the significant error in the financial statements; (5) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the central government and regulatory agencies, and being sentenced to a fine or penalty, being restricted industry exit, canceling business license and being forced the closure of etc. Major defect: (1) indirect impact on major mistakes of investment decisions; (2) indirectly make the significant error in the financial statements; (3) Lack of important system; (4) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the local government and regulatory agencies, and being sentenced to a fine or penalty, and being ordered to suspend business for rectification and cause the Company's business stop of etc. General defect: other control defect besides material defect and major defect.
Quantitative standard	1. Potential loss or potential error of total profit: (1) General defect: less than or equal to pre-tax total profit of 3%, (2) Major defect: more than pre-tax total profit of	1. Potential loss or potential error of total profit: (1) General defect: less than or equal to pre-tax total profit of 3%, (2) Major defect: more than pre-tax total

	3%( and absolute amount more than RMB 0.5 million), (3) Material defect:: more than 5% of pre-tax total profit and absolute amount more than RMB 1 million; 2. Potential loss or potential error of operating income: (1) General defect: less than or equal to operating income of 1%, (2) Major defect: more than 1% of operating income and less than or equal to 3% of operation income, (3) Material defect:: more than 3% of operating income; 3. Potential loss or potential error of total assets: (1) General defect: less than or equal to 1% of total assets, (2) Major defect: more than 1% of total profit and less than or equal to 3% of total profit, (3) Material defect:: more than 3% of total profit	profit of 3%( and absolute amount more than RMB 0.5 million), (3) Material defect:: more than 5% of pre-tax total profit and absolute amount more than RMB 1 million; 2. Potential loss or potential error of operating income: (1) General defect: less than or equal to operating income of 1%, (2) Major defect: more than 1% of operating income and less than or equal to 3% of operation income, (3) Material defect:: more than 3% of operating income; 3. Potential loss or potential error of total assets: (1) General defect: less than or equal to 1% of total assets, (2) Major defect: more than 1% of total profit and less than or equal to 3% of total profit, (3) Material defect:: more than 3% of total profit
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

## X. Auditing report of internal control

√Applicable □ Not applicable

Deliberations in Internal Control Audit Report	
We considers that China Bicycle Company (Holdings) Limited, in line with Basic Norms of Internal Control and relevant regulations, shows an effectiveness internal control of financial report in all major aspects dated 31 December 2017.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2018-04-18
Index of audit report of internal control (full-text)	Audit Report of Internal Control for year of 2017 of CBC Baker Tilly Zi [2018] No.11457 released on Juchao Website
Opinion type of auditing report of	Standard unqualified

IC	
Whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes  No

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

Yes  No



## Section X. Corporation Bonds

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

No

## Section XI. Financial Report

### I. Audit report

Type of audit opinion	Unqualified auditor's report with explanatory paragraph
Signing date of audit report	2018-04-16
Name of audit institute	Baker Tilly China CPA (LLP)
Number of audit report	Baker Tilly Zi [2018] No.: 11458
Name of CPA	Chen Zhigang, Zhang Lei

Text of auditor's Report

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

#### I. Auditing opinions

We have audited the financial statement under the name of Shenzhen China Bicycle Company (Holdings) Limited (hereinafter referred to as Shenzhen China), including the consolidated and parent Company's balance sheet of 31 December 2017 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

In our opinion, the Company's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the Company and of its parent company as of 31 December 2017 and its operation results and cash flows for the year ended.

#### II. Basis of opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of the auditor's report. We are independent of the Company in accordance with the Certified Public Accountants of China's Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### III. Emphasis of Matter

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

#### IV. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is as follows:

Key audit matters	Audit address
<p>1. Revenue recognition</p> <p>Shenzhen China Bicycle Company mainly engages in the sales of bicycles, electric vehicles and lithium battery raw materials. In 2017, the main business income of Shenzhen China Bicycle Company was RMB 134,756,413.5, all of which were generated from domestic sales. Shenzhen China Bicycle Company took the receipt of products as the time point for confirming the sales revenue. Due to the significant amount of operating income, the authenticity of the revenue and whether it should be included in the appropriate accounting period had a significant impact on the operating results of the company in 2017, and there might be potential misstatements. Therefore, we took the recognition of income as a key audit matter.</p> <p>Please refer to the accounting policies said in “23. Income” of “Note III Significant Accounting Policies and Accounting Estimate”, “22. Operation Revenue and Cost” of “Note VI Combined Financial Statement Annotation and “4. Operating Income and Costs” of “Note XV Financial Statement Annotation of Parent Company” of the financial statements annotation.</p>	<ol style="list-style-type: none"> <li>1. Understand, test and evaluate the effectiveness of the internal control design and operation related to the company’s sales and collections.</li> <li>2. Check the relevant provisions of suppliers and customer contracts, and pay attention to the changes in pricing methods, acceptance methods, delivery locations and deadlines, settlement methods, etc., and assess whether the company’s recognition of income meets the requirements of the accounting standards and whether it is consistent with the disclosed accounting policies.</li> <li>3. Inquire and understand the background information of major customers through open channels, such as business registration data, etc., confirm whether there are potential unrecognized related party relationships between the customer and the company and related parties.</li> <li>4. Confirm the transaction amount and balance of current period with main customers</li> <li>5. Check the contracts, warehouse receipts, delivery notes and delivery receipt records of major customers, and visit the major suppliers and customers of lithium battery raw materials, and verify the authenticity of the company’s procurement and recognition of income.</li> <li>6. Analyze the authenticity and rationality of online marketing by combining with the online marketing customer information (such as contact information, contact address, order time, etc.); combine with the market price of lithium carbonate, the main raw material, to analyze the rationality of fluctuations in sales gross profit margin.</li> <li>7. Check the delivery note within a certain period before and after the balance sheet date, pay attention to the date of receipt, and confirm whether the revenue recognition is included in the correct accounting period.</li> </ol>

Key audit matters	Audit address
2. Impairment of receivables	
<p>As of December 31, 2017, the balance of accounts receivable of Shenzhen China Bicycle Company was RMB 31,526,200, and the balance of bad debt provisions was RMB 2,518,500, and the bad-debt provision transferred back was RMB 278,700. As the balance of accounts receivable was significant and the assessment of bad debt provision involved the significant judgment of management, we regarded the impairment of accounts receivable as a key audit matter.</p> <p>Please refer to the accounting policies said in “11. Accounts Receivables” of Note III Significant Accounting Policies and Accounting Estimate, “3. Accounts Receivables” of “Note VI Combined Financial Statement Annotation”, and “1. Accounts Receivables” of “Note XV Financial Statement Annotation of Parent Company” of the financial statements annotation.</p>	<p>1. Understand and test the effectiveness of the internal control design and operation related to the accounts receivable management</p> <p>2. Review the rationality and consistency of accounting policies of the bad debt provision for accounts receivable of the management, and review the rationality of major standards of single amount determined by the management.</p> <p>3. Analyze the customers with a long account receivable age, and understand the reasons for the long aging time and the company’s assessment to its recoverability.</p> <p>4. Obtain the aging analysis table and bad debt provision withdrawal table of the company’s accounts receivable, and analyze and examine the rationality and accuracy of aging division and bad debt provision of accounts receivable.</p>

#### V. Other information

The management of Shen China Company (the “Management”) is responsible for other information which includes the information covered in the Company’s 2017 annual report excluding the financial statement and our audit report.

The audit opinion issued by us for the financial statement has not covered other information, for which we do not issue any form of assurance opinions.

Considering our audit on financial statements, we are liable to read other information, during which, we shall consider whether other information differs materially from the financial statements or that we understand during our audit, or whether there is any material misstatement.

Based on the works executed by us, we should report the fact if we find any material misstatement in other information. In this regards, we have nothing to report.

#### VI. Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Enterprise to secure a fair presentation, and for the design, establishment and maintenance of the internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company’s ability to continue as a going

concern, disclosing matters related to going concern and using the going concern assumption unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## VII. Responsibilities of the auditor for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard measures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## II. Financial statement

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

### 1. Consolidated Balance Sheet

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

2017-12-31

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	27,985,654.24	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	1,500,000.00	2,220,000.00
Accounts receivable	29,007,775.21	12,371,386.82
Accounts paid in advance	2,482,276.54	1,867,424.89
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	659,706.81	658,754.09
Purchase restituted finance asset		
Inventories	2,777,174.63	3,118,440.26

Assets held for sale		
Non-current asset due within one year		
Other current assets	1,805,427.17	2,050,830.55
Total current assets	66,218,014.60	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	3,941,117.97	3,728,955.11
Construction in progress		
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	2,259,000.00	3,012,000.00
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	741,828.71	645,196.29
Other non-current asset	400,000.00	400,000.00
Total non-current asset	7,341,946.68	7,786,151.40
Total assets	73,559,961.28	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	8,480,000.00	
Accounts payable	3,928,197.27	9,751,977.78
Accounts received in advance	1,268,479.32	4,321,059.83
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	706,703.40	770,985.97
Taxes payable	3,807,286.87	1,565,153.77
Interest payable		
Dividend payable		
Other accounts payable	36,508,323.90	20,397,287.32
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	54,698,990.76	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	54,698,990.76	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	-1,195,957,201.01	-1,197,486,788.28
Total owner's equity attributable to parent company	15,898,270.85	14,368,683.58
Minority interests	2,962,699.67	2,913,127.47
Total owner's equity	18,860,970.52	17,281,811.05
Total liabilities and owner's equity	73,559,961.28	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	15,398,405.80	1,143,418.29
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	300,000.00	
Accounts receivable	17,680,663.16	
Account paid in advance	2,357,662.42	16,000.00
Interest receivable		
Dividends receivable		

Other receivables	280,576.37	9,364,086.29
Inventories		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,792,452.81	2,050,830.55
Total current assets	37,809,760.56	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	3,309,465.26	3,528,684.59
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	2,259,000.00	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	5,978,844.99	6,951,064.32
Total assets	43,788,605.55	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		

Accounts received in advance	1,086,506.70	1,086,507.70
Wage payable	112,896.71	112,700.06
Taxes payable	2,806,928.48	81,512.92
Interest payable		
Dividend payable		
Other accounts payable	30,786,588.98	10,662,912.89
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	34,792,920.87	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	34,792,920.87	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	-1,202,859,787.18	-1,204,273,705.98
Total owner's equity	8,995,684.68	7,581,765.88
Total liabilities and owner's equity	43,788,605.55	19,525,399.45

### 3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	137,490,597.69	141,970,520.80
Including: Operating income	137,490,597.69	141,970,520.80
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	135,674,815.04	137,756,603.41
Including: Operating cost	124,027,332.26	126,243,374.59
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	197,163.09	325,097.98
Sales expenses	5,462,581.21	5,547,948.66
Administration expenses	5,743,265.84	5,705,338.80
Financial expenses	-209,569.66	-577,245.96
Losses of devaluation of asset	454,042.30	512,089.34
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")		
Including: Investment income on affiliated company and joint venture		

Exchange income (Loss is listed with “-”)		
Assets disposal income (Loss is listed with “-”)	-2,464.81	-11,450.00
Other income		
III. Operating profit (Loss is listed with “-”)	1,813,317.84	4,202,467.39
Add: Non-operating income	4,629,029.13	4,421,353.01
Less: Non-operating expense	4,347,483.24	3,825,632.24
IV. Total Profit (Loss is listed with “-”)	2,094,863.73	4,798,188.16
Less: Income tax expense	515,704.26	906,608.43
V. Net profit (Net loss is listed with “-”)	1,579,159.47	3,891,579.73
(I) Continuous operation net profit (Net loss is listed with “-”)	1,579,159.47	3,891,579.73
(II) Discontinued operation net profit (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	1,529,587.27	2,603,637.47
Minority shareholders’ gains and losses	49,572.20	1,287,942.26
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	1,579,159.47	3,891,579.73
Total comprehensive income attributable to owners of parent Company	1,529,587.27	2,603,637.47
Total comprehensive income attributable to minority shareholders	49,572.20	1,287,942.26
VIII. Earnings per share:		
(i) Basic earnings per share	0.003	0.005
(ii) Diluted earnings per share	0.003	0.005

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

Legal Representative: Li Hai

Person in charge of Accounting Works: Sun Longlong

Person in charge of Accounting Institution: Zhong Xiaojin

#### 4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Operating income	24,505,590.30	3,098,499.93
Less: Operating cost	20,012,376.09	841,722.06
Operating tax and extras	720.00	27,518.91
Sales expenses		
Administration expenses	2,833,306.05	3,193,033.58
Financial expenses	-2,696.71	1,047.32
Losses of devaluation of asset	53,202.19	205.16
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
Assets disposal income (Loss is listed with “-”)		
Other income		
II. Operating profit (Loss is listed with “-”)	1,608,682.68	-965,027.10
Add: Non-operating income	4,541,594.86	4,382,819.19
Less: Non-operating expense	4,332,392.64	3,819,353.24
III. Total Profit (Loss is listed with “-”)	1,817,884.90	-401,561.15
Less: Income tax expense	403,966.10	
IV. Net profit (Net loss is listed with “-”)	1,413,918.80	-401,561.15
(I) Continuous operation net profit (Net loss is listed with “-”)	1,413,918.80	-401,561.15
(II) Discontinued operation net profit (Net loss is listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		

2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	1,413,918.80	-401,561.15
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 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	47,815,380.56	68,626,103.30



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	14,948,547.89	6,964,305.79
Subtotal of cash inflow arising from operating activities	62,763,928.45	75,590,409.09
Cash paid for purchasing commodities and receiving labor service	42,234,146.49	52,408,715.86
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	7,032,925.15	6,815,927.35
Taxes paid	2,108,578.13	4,415,626.99
Other cash paid concerning operating activities	14,819,857.08	11,315,692.88
Subtotal of cash outflow arising from operating activities	66,195,506.85	74,955,963.08
Net cash flows arising from operating activities	-3,431,578.40	634,446.01
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	60,000.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	60,000.00	
Cash paid for purchasing fixed, intangible and other long-term assets	658,054.98	3,371,224.00
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	658,054.98	3,371,224.00
Net cash flows arising from investing activities	-598,054.98	-3,371,224.00
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	8,000,000.00	
Subtotal of cash inflow from financing activities	8,000,000.00	
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	8,808,378.06	
Subtotal of cash outflow from financing activities	8,808,378.06	
Net cash flows arising from financing activities	-808,378.06	
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-0.09	0.04
V. Net increase of cash and cash equivalents	-4,838,011.53	-2,736,777.95
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	19,177,276.18	24,015,287.71

## 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	1,965,727.01	

commodities and providing labor services		
Write-back of tax received		
Other cash received concerning operating activities	18,392,380.58	12,374,972.68
Subtotal of cash inflow arising from operating activities	20,358,107.59	12,374,972.68
Cash paid for purchasing commodities and receiving labor service	1,777,103.37	41,556.80
Cash paid to/for staff and workers	2,345,272.99	1,887,544.36
Taxes paid	341,557.38	488,133.49
Other cash paid concerning operating activities	9,620,841.25	6,643,029.87
Subtotal of cash outflow arising from operating activities	14,084,774.99	9,060,264.52
Net cash flows arising from operating activities	6,273,332.60	3,314,708.16
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	18,345.00	3,371,224.00
Cash paid for investment		
Net cash received from subsidiaries and other units		

Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	18,345.00	3,371,224.00
Net cash flows arising from investing activities	-18,345.00	-3,371,224.00
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	8,000,000.00	
Subtotal of cash inflow from financing activities	8,000,000.00	
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	8,000,000.00	
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-0.09	0.04
V. Net increase of cash and cash equivalents	14,254,987.51	-56,515.80
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	15,398,405.80	1,143,418.29

## 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 "-")												1,529,587.27	49,572.20	1,579,159.47
(i) Total comprehensive income												1,529,587.27	49,572.20	1,579,159.47
(ii) Owners' devoted and decreased capital														
1. Common shares invested by shareholders														
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity with share-based payment														
4. Other														

(III) Profit distribution																
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk provisions																
3. Distribution for owners (or shareholders)																
4. Other																
(IV) Carrying forward internal owners' equity																
1. Capital reserves converted to capital (share capital)																
2. Surplus reserves converted to capital (share capital)																
3. Remedying loss with surplus reserve																
4. Other																
(V) Reasonable reserve																
1. Withdrawal in the report period																
2. Usage in the report period																
(VI)Others																
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85					32,673,227.01				-1,195,957,201.01	2,962,699.67	18,860,970.52

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	Retained profit			
Preferred stock		Perpetual capital	Other											

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



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

## 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 “-”)										1,413,918.80	1,413,918.80
(i) Total comprehensive income										1,413,918.80	1,413,918.80
(ii) Owners’ devoted and decreased capital											
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal owners’ equity											
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											

3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI)Others											
IV. Balance at the end of the report period	551,347,947.00				627,834,297.85				32,673,227.01	-1,202,859,787.18	8,995,684.68

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.	7,581,765.88

										98
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### III. Company Profile

#### 1. History and basic information

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

Legal representative: Li Hai

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

Certificate for Uniform Social Credit Code: 914403006188304524

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

The Company's industry: machinery manufacturing industry

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

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

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

#### 3. Release of the financial report

The Financial Report released on 16 April 2018 after approved by 5th session of 10th BOD of the Company

There are no changes in consolidate scope in the reprotng period

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

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

### **1. Compilation Basis**

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

### **2. Going concern**

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

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

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

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

No

Tips for specific accounting policy and estimate:

Nil

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

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

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

### **2. Accounting period**

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

### **3. Business cycles**

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

### **4. Recording currency**

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

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

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

① The business combination under the same control

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

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

②The business combinations not involving enterprises under common control

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

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

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

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

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

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

- A. Arrangements are entered into at the same time or in contemplation of each other;
- B. Arrangements work together to achieve an overall commercial effect;
- C. The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;



D. One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

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 Business 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**

### (1) Classification of financial instruments

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

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

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

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

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

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except that: (1) Financial liabilities at fair value through profit are subsequently measured at fair value without considering of the possible transaction costs upon the settlement thereof in the future; (2) Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument without a quoted price in an active market whose fair value cannot be reliably measured, they are subsequently measured at cost; and (3) Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, or loan commitments to provide a loan at a below-market interest rate, which are not designated at fair value through profit or loss, subsequent to initial recognition, they are measured at the higher of: (1) the amount determined in accordance with ASBE No. 13 “Contingencies”; and (2) the amount initially recognized less cumulative amortisation recognized in accordance with the principles set out in ASBE No. 14 “Revenue”.

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

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

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

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

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

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

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

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

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

the Group determines the amount of any impairment loss.

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

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

An impairment is recognized where there is a significant decrease in the fair value of available for sale financial assets, or taken into account all factors, the decrease trend is not temporary to profit or loss. The cumulative loss arising from decline in fair value previously recognized directly in the other comprehensive income is reclassified from the capital reserve to profit or loss.

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

## 11. Account receivable

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

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

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

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

Accrual bad debt provision by age analysis in combination :

Applicable  Not applicable

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

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

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

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

### (4) Inventory system

Perpetual inventory system is adopted.

## **13. Assets held for sale**

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



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

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

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

#### **14. Long-term equity investments**

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

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

issued shares (capital premium or equity premium). If capital reserves are insufficient for offset, retained earnings shall be adjusted.

As for business combination under the common control realized by the Company through several transactions, the initial investment cost of the investment shall be determined based on the share of the carrying value of the owners' equity of the consolidated party as calculated according to the shareholding proportion on the consolidation date. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust capital reserve (capital premium or equity premium). If the balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

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

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

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

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

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

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

Under equity method, after the Company acquires a long-term equity investment, it shall, in accordance with its attributable share of the net profit or loss realized by the investee, recognize the investment profit or loss and adjust carrying value of the investment. The Group recognizes its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits and losses based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the

portion of the profits or losses arising from internal transactions with its joint ventures and associates, attributable to the investing entity according to its shareholding proportion (but impairment losses for assets arising from internal transactions shall be recognized in full). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognized to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in owners' equity of the investee (other than net profits or losses) and includes the corresponding adjustments in the owners' equity of the Group.

### (3) Determination of control and significant influence on investee

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

### (4) Disposal of long-term equity investment

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

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

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

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

### (5) Impairment test and provision for impairment

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

## 15. Investment property

Measurement mode

Measured by cost method

Depreciation or amortization method

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%
Machinery equipment	Straight-line depreciation	10	10%	9%
Office equipment	Straight-line depreciation	5	10%	18%
Electronic equipment	Straight-line depreciation	5	10%	18%
Means of transportation	Straight-line depreciation	5	10%	18%
Other equipment	Straight-line depreciation	5	10%	18%

N/A

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

Finance lease is determined when one or a combination of the following conditions are satisfied: (1) the ownership has been transferred to the lessee when the leasing term is due; (2) the lessee has the option to purchase the leasing asset at a price that is much lower than its fair value, so it can be reasonably determined that the lessee will take the option at the very beginning of the lease; (3) the leasing term accounts for most time of the useful life (ordinarily accounting for 75% or higher) even if the ownership does not transfer to the lessee; (4) the present

value of the minimum amount of rent that the lessee has to pay at the first day of the lease amounts to 90% or higher of its fair value at the same date; or the present value of the minimum amount of rent that the lessor collects at the first day of the lease amounts to 90% or higher of its fair value at the same date; and/or (5) the leased assets are of such a specialized nature that only the lessee can use them without major modifications. Fixed assets rented-in under finance lease are recorded at the lower of fair value and the present value of the minimum lease payment at the inception of the lease, and are depreciated following the depreciation policy for self-owned fixed assets.

## **17. Construction in process**

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

No

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:

- ① the 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;
- ② the borrowing expenses have occurred;
- ③ the necessary construction or production activities for bringing the asset to the expected usable or saleable

conditions have started.

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

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

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

#### (2) Capitalization period of borrowing expenses

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

#### (3) Calculation of capitalized amount of borrowing expenses

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

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

### **19. Biological assets**

Nil

### **20. Oil-and-gas assets**

Nil

### **21. Intangible assets**

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

##### (1) Measurement of intangible assets

Intangible assets are accounted at the actual cost when acquired. The cost of externally purchased intangible assets includes the purchase price, relevant taxation and other expenses directly attributable to bringing the asset to

expected usage. If payment for the price of intangible assets purchased is delayed beyond normal credit conditions and is in fact financing in nature, the cost of the intangible asset is determined based on the present value of the purchase price.

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

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

#### (2) Amortization of intangible assets

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

#### (3) Regular review of useful life

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

#### (4) Impairment of intangible assets

The Company makes a judgment on whether there is any sign of possible assets impairment on the balance sheet date. With respect to goodwill arising from business combination and intangible assets with indefinite useful life,

they are subject to impairment test annually regardless of whether there is any sign of impairment. If there is any sign of impairment, the company shall estimate the recoverable amount which shall be determined at the higher of the net amount of fair value of the asset less disposal costs and the present value of the predicted future cash flow of the asset. In particular, the disposal costs include legal expenses, taxes, delivery expense relating to the asset disposal and other expenses directly occurred to make the asset available for sale.

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

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

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

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

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

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

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

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

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

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



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

### **23. Long-term deferred expenses**

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

### **24. Employee compensation**

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

During the accounting period when staff providing service to the Company, the actual short-term compensation occurred shall be 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 be 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 shall 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 they satisfy with the established withdrawal plan, then the benefits are accounted for under the established withdrawal 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**

(1)Types of share-based payment

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

(2)Determination of fair value of equity instruments

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

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

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

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

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

1)Equity-settled share-based payment

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

For equity-settled share-based payment made in exchange for service from other parties, such payment shall be measured at the fair value of the service as of the acquisition date is the fair value can be measured reliably. And if the fair value of the service cannot be measured reliably while the fair value of the equity instrument can be

measured reliably, it shall be measure at the fair value of the instrument as of the date on which the service is acquired, which shall be recorded in relevant cost or expense with increase in owners' equity accordingly.

## 2)Cash-settled share-based payment

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

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

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

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

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

## **27. Other financial instruments including senior shares and perpetual bonds**

### (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 merchandize to the buyer; (2)the Company has not retained continued management rights associated with ownership and no longer exercises effective control on the merchandize sold; (3)the amount of income can be reliably measured; (4)the relevant economic benefits are very likely to flow to the enterprise; (5)the costs incurred or to be incurred can be reliably measured.

#### (2)Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction

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

### (3) Transfer of asset use right

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

### (4) Interest income

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

## **29. Government Grants**

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

#### 1) Type

Government grant represents the monetary and non-monetary assets of the Company obtained from government agencies for free. Depending on the grantees under relevant government documents, government grant is classified into grant related to assets and income, respectively.

Government grant related to assets refers to that obtained by the Company for the purpose of acquiring or otherwise forming long term assets. Government grant related to income refers to that other than that related to assets.

#### 2) Recognition of government grant

Where there are evidences showing that the Company meets the requirements of the financial supporting policies and it is expected that the financial supporting funds will be received, the government grant is recognized on the receivables. Otherwise, the government grant is recognized when actually received.

The grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably obtained, it should be measured at the nominal value (RMB1.00). government grants measured at nominal value will be recorded in profit or loss for the period

directly.

### 3) Accounting

A. Government grant related to assets should be used to offset carrying amount of related assets or recognized as deferred income. Where the asset-related government grant is recognized as deferred income, it shall be recognized as the profit and loss by stages and using appropriate and systematic method(s) within the service lifespan of related assets. The government grant measured at a nominal amount shall be recognized as current profit and loss directly.

In case of being sold, transferred, regarded as useless or destroyed of the assets prior to expiration of their useful life, the un-allocated deferred income balance shall be reverted to profit or loss of the period in which the asset is disposed.

The government grants related to business activities of an enterprises are recognized as other income or a reduction of relevant costs and expenses in the light of the nature of such business.

B.If a subsidy is directly appropriated by competent finance authorities to a company, the company should use the corresponding subsidy to offset the relevant borrowing cost.

C.In case of such situation in which a recognized government grant need to return, the following accounting should be adopted in the period in which the return should be made:

a. To adjust carrying value of the asset where carrying value of the asset has been offset upon initial recognition;

b. To offset the balance of relevant deferred income where there exists such deferred income, and the exceeded amount should be recognized in profit or loss for the period;

c. To be recognized in profit or loss for the period directly otherwise.

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

Government grants related to income should be accounted for as follows:

1) If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss or offset cost over the period in which the related costs are recognized;

2) If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss or offset cost for the current period.

For a government grant related to assets or income both, different accounting treatment shall be adopted for different part. If it is difficult to distinguish these two parts, the grant should be treated as 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

The contents and reasons of accounting policy changes	Examination and approval procedures	Note
According to the Ministry of Finance issued the Notice Relating to Printing and Amending Accounting Standards for Business Enterprises No.16 - Government grants (CK[2017]No.15), the government grants with daily operation activity concerned should counted in “other income” or written down relevant costs expenses by economic substance; those without daily operation activity concerned	2 <sup>nd</sup> Session of 10 <sup>th</sup> BOD	This change of accounting policies results in different accounting of government grants in the Company’s consolidated financial statements: government grants related to normal activities are recognized as “other income” and recorded separately under the item of “operating profit” in statement of profit. Those adjustments made only to the reportable items in statement of profit have no impact on the



<p>should reckoned into non-operation expenditure. The above mentioned Regulation came into effect since 12 June 2017, pursuant to the Notice (CK[2017]No.15), the Company adopts future appropriate method for such government grants existed since 1 January 2017, and adjusts those government grants newly increased during the period from 1 January 2017 to the date of Regulation implementation under this standard.</p>		<p>Company's current profit or shareholders' equity, financial position and operating results, with no need to make retrospective adjustment for previous years.</p>
<p>Pursuit to the circular (CK[2017]No.13) relating to Accounting Standards for Business Enterprise No.42-Non-current assets held for sale, disposal group and discontinued operation issued by Ministry of Finance, the "continued operation profit" and "discontinued operation profit" will add in the profit statement and adopts retroactive adjustment and prospective approach</p>	<p>5<sup>th</sup> Session of 10<sup>th</sup> BOD</p>	<p>New items of "assets held for sale" and "liabilities held for sale" are included in balance sheet with necessary retrospective adjustments, which has no impact on the financial position and operating results. New items of "net profit from continuing operation" and "net profit from discontinued operation" are included in statement of profit with necessary retrospective adjustments, which leads to increase of net profit from continuing operation of RMB1, 579,159.47 in the period.</p>
<p>Pursuit to the Notice Relating to Printing and Amending the General Forms of Business Financial Statements (CK[2017]No.30) issued from Ministry of Finance, the item of "income from assets disposal" will added in profit statement and adopts retroactive adjustment; the gains and losses from non-current assets discarding and disposal will respectively listed according to the total numbers, and adopts retroactive adjustment</p>	<p>5<sup>th</sup> Session of 10<sup>th</sup> BOD</p>	<p>New item of "income from assets disposal" is included in statement of profit with necessary retrospective adjustments, which leads to increase of income from assets disposal of RMB (2,464.81) and decrease of non-operating expense of RMB2, 464.81 for the period, and increase of income from assets disposal of RMB (11,450.00) and decrease of non-operating expense of RMB11, 450.00 for the previous period. The total gains and losses arising from destroy or regarding as useless of non-current assets are presented separately with necessary retrospective adjustment, which has no impact on the financial position and operating results of the Company.</p>

## (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, taxable income, intangible assets income and income from property leasing	17%, 6%, 5%
Tax for maintaining and building cities	Turnover tax payable	7%
Business income tax	Taxable income	25%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%
Property tax	Turnover tax payable	1.2%
Stamp tax	Amount of the contract for purchasing and sales	0.03%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
----------------	-----------------

### 2. Tax preference

Nil

### 3. Other

Nil

## VII. Notes to Items in Consolidated Financial Statements

### 1. Monetary fund

In RMB

Item	Ending balance	Opening balance
Cash on hand	100,034.87	132,652.06

Cash in bank	18,837,402.11	23,768,774.82
Other monetary fund	9,048,217.26	113,860.83
Total	27,985,654.24	24,015,287.71

Other explanation

(1) Other monetary fund with restricted application purposes at period-end amounted as 8,808,378.06 Yuan, refers to the cash deposit for bank acceptance.

(2) No deposited overseas and of potential recovery risks at period-end

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

In RMB

Item	Ending balance	Opening balance
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Other explanation:

Nil

## 3. Derivative financial assets

Applicable  Not applicable

## 4. Note receivables

### (1) Classification of notes receivable

In RMB

Item	Ending balance	Opening balance
Bank acceptance bill	1,500,000.00	2,220,000.00
Total	1,500,000.00	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	63,977,856.50	

Total	63,977,856.50
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**(4) Notes transfer to account receivable due for failure implementation by drawer at period-end**

In RMB

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

Other explanation

Nil

**5. Accounts receivable**

**(1) Accounts receivable by category**

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Receivables with bad debt provision accrual by credit portfolio	30,247,962.05	95.95%	1,240,186.84	4.10%	29,007,775.21	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	1,278,283.50	4.05%	1,278,283.50	100.00%		1,974,943.96	13.66%	789,977.59	40.00%	1,184,966.37
Total	31,526,245.55	100.00%	2,518,470.34	7.99%	29,007,775.21	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	28,193,071.19	84,579.21	0.30%
Subtotal within one year	28,193,071.19	84,579.21	0.30%

1-2 years	901,989.20	2,705.97	0.30%
Over 3 years	1,152,901.66	1,152,901.66	100.00%
Total	30,247,962.05	1,240,186.84	4.10%

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 714,539.62 Yuan; the amount collected or switches back amounting to 278,664.18 Yuan

Important bad debt provision collected or switch back:

In RMB

Company	Collected or switch back amount	Collection way
Fuxin Electro-mobile After-sale Service Department in Bilin District, Xi'an City	278,664.18	
Total	278,664.18	--

Account collected

## (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	Bad debt provision	Ratio in total receivables (%)	Nature

Shenzhen BoYiN Technology Co., Ltd.	Unrelated party	6,786,172.55	Within one year	20,358.52	21.53	Payment for goods
Shenzhen WTR New Energy Technology Co., Ltd.	Unrelated party	5,491,122.12	Within one year	16,473.37	17.42	Payment for goods
Shenzhen Jiahaosong Technology Co., Ltd.	Unrelated party	4,646,570.08	Within one year	13,939.71	14.74	Payment for goods
Fu Qi	Unrelated party	2,963,311.40	Within one year	8,889.93	9.40	Payment for goods
Jinan Yuxintai Sales Co., Ltd.	Unrelated party	2,177,667.55	Within one year	6,533.00	6.90	Payment for goods
<b>Total</b>		<b>22,064,843.70</b>		<b>66,194.53</b>	<b>69.99</b>	

#### (5) De-recognition for financial assets transfer

Nil

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

Nil

Other explanation:

Nil

### 6. Advance payment

#### (1) Listed by account age

In RMB

Age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	2,482,276.54	100.00%	1,667,424.89	89.29%
1- 2 years			200,000.00	10.71%
Total	2,482,276.54	--	1,867,424.89	--

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

Nil

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

Item	Relationship with the company	Amount	Account age	Nature	Ratio in total advance e payment (%)
Zhaoqing Kaisite Battery Co., Ltd.	Material Unrelated party	2,065,064.12	Within one year	Prepayments for materials	83.19
Guangshui Qilin New Mateiral Ltd.	Co., Unrelated party	290,598.30	Within one year	Prepayments for materials	11.71
Shenzhen Yixin Metal Products Co.,Ltd.	Unrelated party	28,425.00	Within one year	Prepayments for materials	1.15
Shenzhen Fushibo Technology Ltd.	Co., Unrelated party	20,100.00	Within one year	Prepayments for materials	0.81
Shenzhen Hanjie Bicycle Co., Ltd .	Unrelated party	19,920.00	Within one year	Prepayments for materials	0.80
<b>Total</b>		<b>2,424,107.42</b>			<b>97.66</b>

Other explanation:

Nil

## 7. Interest receivable

### (1) interest receivable

In RMB

Item	Ending balance	Opening balance
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### (2) Important overdue interest

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

Other explanation:

Nil

## 8. Dividend receivables

### (1) Dividend receivables

In RMB

Item (or the invested entity)	Ending balance	Opening balance
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## (2) Major dividend receivables with over one year age

In RMB

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

Other explanation:

Nil

## 9. Other accounts receivable

### (1) Other accounts receivable by category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Other receivables with bad debt provision accrual by credit portfolio	1,130,591.40	100.00%	470,884.59	41.65%	659,706.81	1,111,471.82	100.00%	452,717.73	40.73%	658,754.09
Total	1,130,591.40	100.00%	470,884.59	41.65%	659,706.81	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	304,598.88	913.79	0.30%
Subtotal within one year	304,598.88	913.79	0.30%
1-2 years	148,388.00	445.16	0.30%
2-3 years	208,705.00	626.12	0.30%
Over 3 years	468,899.52	468,899.52	100.00%
Total	1,130,591.40	470,884.59	41.65%



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 18,166.86 Yuan; the amount collected or switches back amounting to 0.00 Yuan

Important bad debt provision collected or switch back:

In RMB

Company	Amount reversal or collected	Collection way
Total	0.00	--

Nil

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

In RMB

Item	Amount written off

Written-off for the major other receivable:

In RMB

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

Explanation for write-off of other receivables:

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

## (4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin or deposit	628,997.24	503,614.00
Equipment money	311,400.00	311,400.00
Staff personal loans	49,098.50	111,870.60
Other	141,095.66	184,587.22
Total	1,130,591.40	1,111,471.82

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

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Shenzhen Luwei Mechatronic Equipment Co., Ltd.	Equipment money	300,000.00	Over 3 years	26.53%	300,000.00
Alipay (China) Network Technology Co., Ltd.	Margin or deposit	170,000.00	Within one year	15.04%	510.00
Shenzhen Anjinheng Industrial Co., Ltd.	Margin or deposit	150,900.00	Withine 3 years	13.35%	452.70
Shenzhen Material Group Co., Ltd.	Margin or deposit	135,723.00	Withine 3 years	12.00%	407.17
Tianjin Lvchi E-Business Co., Ltd.	Margin or deposit	56,247.24	Within one year	4.98%	168.74
Total	--	812,870.24	--	71.90%	301,538.61

**(6) Account receivable with government grants involved**

In RMB

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

Nil

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

Nil

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

Nil Other explanation

Nil

**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	566,193.56	27,465.37	538,728.19	785,399.89	40,706.54	744,693.35
Finished goods	2,233,386.81	4,450.20	2,228,936.61	2,379,266.31	5,519.40	2,373,746.91
Goods shipped in transit	9,509.83		9,509.83			
Total	2,809,090.20	31,915.57	2,777,174.63	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			13,241.17		27,465.37
Finished goods	5,519.40			1,069.20		4,450.20
Total	46,225.94			14,310.37		31,915.57

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

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

Nil

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

In RMB

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

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	12,974.36	541,396.60
Total	1,805,427.17	2,050,830.55

Other explanation

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

## 14. Financial assets available for sale

### (1) Financial assets available for sale

In RMB

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

Total	0.00	0.00		0.00	0.00
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**(2) Financial assets available for sale measured by fair value at period-end**

In RMB

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

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

In RMB

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

**(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	Housing buildings	Machinery equipment	Means of transportation	Electronic equipment and other	Total
I. Original book value:					
1. Opening balance	2,959,824.00	416,629.06	564,123.99	635,351.81	4,575,928.86
2. Increased in the Period			519,461.52	49,042.69	568,504.21
(1) Purchase			519,461.52	49,042.69	568,504.21
(2) construction in process transfer-in					
(3) the increase in business combination					
3. Decreased in the Period			124,992.30		124,992.30
(1) Disposal or scrap			124,992.30		124,992.30



4. Ending balance	2,959,824.00	416,629.06	958,593.21	684,394.50	5,019,440.77
II. accumulated depreciation					
1. Opening balance	66,596.04	71,749.48	229,871.16	478,757.07	846,973.75
2. increased in the Period	133,192.08	37,496.64	111,154.41	20,751.36	302,594.49
(1) provision	133,192.08	37,496.64	111,154.41	20,751.36	302,594.49
3. Decreased in the Period			71,245.44		71,245.44
(1) Disposal or scrap			71,245.44		71,245.44
4. Ending balance	199,788.12	109,246.12	269,780.13	499,508.43	1,078,322.80
III. impairment of preparation					
1. Opening balance					
2. increased in the Period					
(1) provision					
3. Decreased in the Period					
(1) Disposal or scrap					
4. Ending balance					
IV. book value					
1. Ending book value	2,760,035.88	307,382.94	688,813.08	184,886.07	3,941,117.97
2. Opening book value	2,893,227.96	344,879.58	334,252.83	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
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### (3) Fixed assets leased through operating lease

In RMB

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

In RMB

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

In RMB

Item	Book value	Reasons
Six properties in Lianxin Garden	2,760,035.88	The 7-20F and other six properties of Lianxin Garden with original value of 2,959,824.00 Yuan. The property purchasing refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District. According to the agreement, the enterprise shall not carrying any kind of property trading with any units or individuals except the government, and the company has no property certification on the above mentioned properties.

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

## (2) Changes in significant construction in progress

In RMB

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

In RMB

Item	Accrual Amount	Reasons
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Other explanation

Nil

## 21. Engineering materials

In RMB

Item	Ending balance	Opening balance
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Other explanation

Nil

## 22. Disposal of fixed assets

In RMB

Item	Ending balance	Opening balance
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Other explanation

Nil

## 23. Productive biological assets

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

Applicable  Not applicable

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

Applicable  Not applicable

## 24. Oil-and-gas assets

Applicable  Not applicable

## 25. Intangible assets

### (1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology	Trademark	Total
I. original book value:					
1. Opening balance				5,271,000.00	5,271,000.00
2. increased in the Period					
(1) Purchase					
(2) internal R & D					
(3) the increase in business combination					
3. Decreased Amount					
(1) Disposal					
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				753,000.00	753,000.00
(1) provision				753,000.00	753,000.00
3. Amount decreased					

(1) Disposal					
4. Ending balance				3,012,000.00	3,012,000.00
III. impairment of preparation					
1. Opening balance					
2. increased in the Period					
(1) provision					
3. Decreased Amount					
(1) Disposal					
4. Ending balance					
IV. book value					
1. Ending book value				2,259,000.00	2,259,000.00
2. Opening book value				3,012,000.00	3,012,000.00

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

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

In RMB

Item	Book value	Reasons
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Other explanation

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

## 26. Development expense

In RMB

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

Nil

## 27. Goodwill

### (1) Original book value of goodwill

In RMB

The invested entity 名称或形成商誉的事项	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	Deferred income tax	Deductible temporary	Deferred income tax

	difference	assets	difference	assets
Bad debt provision	2,935,399.29	733,849.82	2,534,559.18	633,639.80
Inventory falling price reserves	31,915.57	7,978.89	46,225.94	11,556.49
Total	2,967,314.86	741,828.71	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		741,828.71		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

In 2016, 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
Bank acceptance	8,480,000.00	
Total	8,480,000.00	

Notes expired at year-end without paid was 0.00 Yuan

### 35. Account payable

#### (1) Account payable

In RMB

Item	Ending balance	Opening balance
Within one year (one year included)	3,638,705.30	9,563,099.99
1-2 year (2 years included)	137,423.41	3,084.95
2-3 years (3years included)	3,084.95	
4-5 years (5years included)		185,792.84
Over 5 years	148,983.61	
Total	3,928,197.27	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 with the company	Amount	Account age	Ratio in total payables in advance (%)	Nature
Jinda Intillence Technology Co., Ltd.	Unrelated party	1,709,334.53	Within one year	43.51	Payment for goods payable
Baodao Car Industry Group Co., Ltd.	Unrelated party	1,318,911.84	Within one year	33.58	Payment for goods payable
Tianjin Luying Car Industry Co.,	Unrelated party	306,793.02	Within one	7.81	Payment for

Ltd.			year	goods payable
Changzhou Fulihua Car Industry Co., Ltd.	Unrelated party	143,282.91	Within 2 years	3.65 Payment for goods payable
Dongguan Runtai Carbon Fiber Products Co., Ltd.	Unrelated party	108,000.00	Within one year	2.75 Payment for goods payable
<b>Total</b>		<b>3,586,322.30</b>		<b>91.30</b>

### 36. Account received in advance

#### (1) Account received in advance

In RMB

Item	Ending balance	Opening balance
Within one year (one year included)	1,211,804.44	3,257,952.74
1-2 years (2 years included)	19,777.88	503,352.22
2-3 years (3 years included)	36,897.00	141,481.50
Over 3 years		418,273.37
<b>Total</b>	<b>1,268,479.32</b>	<b>4,321,059.83</b>

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

In RMB

Item	Ending balance	Reasons of un-paid or carry-over
<b>Total</b>	<b>0.00</b>	<b>--</b>

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

In RMB

Item	Amount
Other explanation	

#### (4) Top 5 received in advance at Period-end

Item	Relationship with the company	Amount	Account age	Ratio in total received in advance (%)	Nature
Shenzhen Mingtairun Development Co., Ltd.	Investment Unrelated party	1,086,506.70	Within one year	64.96	Advances payment for goods

Zhengzhou Daming Kemao Co., Ltd. Unrelated party	404,013.70	Over 3 years	24.16	Advances payment for goods
Shandong Yurun Sports Apparatus Co., Ltd. Unrelated party	110,635.00	Within one year	6.61	Advances payment for goods
Yang Hai Unrelated party	29,191.00	Over 3 years	1.75	Advances payment for goods
Zhuzhou Emmelle Speciality Stores Unrelated party	11,204.00	Within 3 years	0.67	Advances payment for goods
<b>Total</b>	<b>1,641,550.40</b>		<b>98.15</b>	

### 37. Wages payable

#### (1) wages payable

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
I. Short-term compensation	770,985.97	6,678,081.88	6,742,364.45	706,703.40
II. Post-employment benefit – defined contribution plan		290,487.29	290,487.29	
<b>Total</b>	<b>770,985.97</b>	<b>6,968,569.17</b>	<b>7,032,851.74</b>	<b>706,703.40</b>

#### (2) Short-term compensation

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
1. Wages, bonuses, allowances and subsidies	764,217.25	5,818,129.68	5,882,352.25	699,994.68
2. Welfare for workers and staff		99,835.17	99,835.17	
3. Social insurance		277,031.80	277,031.80	
Including: Medical insurance		251,641.41	251,641.41	

Work injury insurance		11,839.33	11,839.33	
Maternity insurance		13,551.06	13,551.06	
4. Housing accumulation fund		392,399.76	392,399.76	
5. Labor union expenditure and personnel education expense	6,768.72	78,747.82	78,807.82	6,708.72
6. Short term pay absenteeism		11,937.65	11,937.65	
Total	770,985.97	6,678,081.88	6,742,364.45	706,703.40

### (3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the year	Decrease during the year	Ending balance
1. Basic endowment insurance		278,550.05	278,550.05	
2. Unemployment insurance		11,937.24	11,937.24	
Total		290,487.29	290,487.29	

Other explanation

Nil

### 38. Tax payable

In RMB

Item	Ending balance	Opening balance
Value-added tax	3,391,621.62	988,097.16
Enterprise income tax	339,193.85	506,828.92
Individual income tax	23,164.05	10,263.10
Urban maintenance and construction tax	7,615.81	11,499.17
House property tax	45,070.60	45,070.60
Educational surtax	620.94	3,394.82
Total	3,807,286.87	1,565,153.77

Other explanation

Nil

### 39. Interest payable

In RMB

Item	Ending balance	Opening balance
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Interest overdue without paid:

In RMB

Borrower	Amount overdue	Reasons
Total	0.00	--

Other explanation

Nil

### 40. Dividends payable

In RMB

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

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

Nil

### 41. Other payable

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

In RMB

Item	Ending balance	Opening balance
Custodian and common benefit debts	18,919,942.85	9,513,005.85
Current money	6,500,000.00	6,500,000.00
Warranty and guarantee money	9,615,020.00	1,611,225.00
Other payable service charge (intermediary services included)	707,252.91	2,168,988.59
Other	766,108.14	604,067.88
Total	36,508,323.90	20,397,287.32

#### (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	9,475,205.85	-
Shenzhen Guosheng Nenergy Investmnet Development Co., ltd.	6,500,000.00	Interest-free loans

Total	15,975,205.85	--
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Other explanation

### (3) Top 5 other receivables at period-end

Item	Relationship with the company	Amount	Ratio in total other receivables (%)	Nature
Custodian and common benefit debts	Unrelated party	18,919,942.85	52.40	Obligatory right of common benefit
Shenzhen Guosheng Nenergy Investment Development Co., Ltd.	Related party	6,500,000.00	18.00	Interest-free loans
Shenzhen Ruian Information Technology Enterprise (LP)	Unrelated party	2,500,000.00	6.92	Cash deposits
Wansheng Industrial Holdings (Shenzhen) Co., Ltd.	Unrelated party	2,000,000.00	5.54	Cash deposits
Shenzhen Zhisheng Hi-Tech Enterprise (LP)	Unrelated party	2,000,000.00	5.54	Cash deposits
<b>Total</b>		<b>31,919,942.85</b>	<b>88.40</b>	

## 42. liabilities for sale

In RMB

Item	Ending balance	Opening balance
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Other explanation

Nil

## 43. Non-current liability due within one year

In RMB

Item	Ending balance	Opening balance
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Other explanation

Nil

## 44. Other current liability

In RMB

Item	Ending balance	Opening balance
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Changes of short-term bond payable:

In RMB

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

Other explanation

Nil

## 45. Long-term loans

### (1) Classification of long-term loans

In RMB

Item	Ending balance	Opening balance
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Explanation:

Nil

Other explanation, including interest rate section:

Nil

## 46. Bonds payable

### (1) Bonds payable

In RMB

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

In RMB

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

Basis for financial liability classification for other financial instrument

Nil

Other explanation

Nil

#### 47. Long-term account payable

##### (1) Listed by nature

In RMB

Item	Ending balance	Opening balance

Other explanation

Nil

#### 48. Long-term employee payable

##### (1) Long-term employee payable

In RMB

Item	Ending balance	Opening balance

##### (2) Changes of defined benefit plans

Present value of the defined benefit plans:

In RMB

Item	Current amount	Last amount

Scheme assets:

In RMB

Item	Current amount	Last amount

Net liability (assts) of the defined benefit plans

In RMB

Item	Current amount	Last amount

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

Nil

Major actuarial assumption and sensitivity analysis:



Nil

Other explanation

Nil

#### 49. Special payable

In RMB

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

Other explanation

Nil

#### 50. Accrued liability

In RMB

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

Other explanation, including relevant important assumptions and estimation:

Nil

#### 51. Deferred income

In RMB

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

Item with government grants involved:

In RMB

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

Other explanation

Nil

#### 52. Other non-current liability

In RMB

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

Other explanation

Nil

### 53. Share capital

In RMB

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

Other explanation

Nil

### 54. Other equity instrument

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

Nil

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

In RMB

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

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

Nil

Other explanation

Nil

### 55. Capital reserve

In RMB

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

Total	627,834,297.85	0.00	0.00	627,834,297.85
-------	----------------	------	------	----------------

Other explanation, including changes and reasons for changes:

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

## 56. Treasury stock

In RMB

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

Other explanation, including changes and reasons for changes:

Nil

## 57. Other comprehensive income

In RMB

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

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

Nil

## 58. Special reserves

In RMB

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

Other explanation, including changes and reasons for changes:

Nil

## 59. Surplus reserves

In RMB

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

Other explanation, including changes and reasons for changes:

Nil

## 60. Retained profit

In RMB

Item	Current period	Last period
Retained profit at period-end before adjustment	-1,197,486,788.28	-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	1,529,587.27	2,603,637.47
Retained profit at period-end	-1,195,957,201.01	-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	134,756,413.50	123,273,702.49	137,352,611.63	125,490,374.59
Other business	2,734,184.19	753,629.77	4,617,909.17	753,000.00
Total	137,490,597.69	124,027,332.26	141,970,520.80	126,243,374.59

## 62. Business tax and surcharge

In RMB

Item	Current amount	Last amount
Urban maintenance and construction tax	57,572.84	155,556.13
Educational surtax	41,123.44	110,350.91

Stamp tax	95,767.77	29,424.09
Business tax		29,766.85
Total	2,699.04	
Total	197,163.09	325,097.98

Other explanation

Nil

### 63. Sales expense

In RMB

Item	Current amount	Last amount
Employee compensation	2,658,168.80	2,907,598.16
Market promotion costs	1,328,116.44	1,035,052.28
Business travel expenses	664,419.38	562,725.49
Lease fee	365,319.95	774,523.87
Business entertainment	161,991.56	118,182.35
Other	284,565.08	149,866.51
Total	5,462,581.21	5,547,948.66

Other explanation

Nil

### 64. Administration expense

In RMB

Item	Current amount	Last amount
Salary	3,766,752.91	2,757,930.58
Intermediary services charge	1,081,232.97	2,194,078.56
Daily management cost	592,685.47	526,004.34
Depreciation and amortization charges	302,594.49	227,325.32
Total	5,743,265.84	5,705,338.80

Other explanation

Nil

### 65. Financial expense

In RMB

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

Interest income	-233,170.32	-591,590.55
Exchange loss	0.09	-0.04
Commission charge etc.	23,600.57	14,344.63
Total	-209,569.66	-577,245.96

Other explanation

Nil

## 66. Loss from Assets depreciation

In RMB

Item	Current amount	Last amount
I. Bad debt losses	454,042.30	465,863.40
II. Inventory falling price loss		46,225.94
Total	454,042.30	512,089.34

Other explanation

Nil

## 67. Changes in fair value gains

In RMB

Changes resources	Current amount	Last amount

Other explanation

Nil

## 68. Investment income

In RMB

Item	Current amount	Last amount

Other explanation

Nil

## 69. Gains from assets disposal

In RMB

Sources	Current amount	Last amount
Gains from fixed assets disposal	-2,464.81	-11,450.00

## 70. Other income

In RMB

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

## 71. Non-operating revenue

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the Year
Other	4,629,029.13	4,421,353.01	
Total	4,629,029.13	4,421,353.01	

Government grants reckoned into current gains/losses:

In RMB

Item	Granting subject	Cause of distribution	Nature	Impact current profit (Y/N)	Special benefit (Y/N)	Amount in the period	Amount last period	Assets related/income related
Total	--	--	--	--	--	0.00	0.00	--

Other explanation

Non-operation revenue last period mainly due to the rental revenue settle with the custodian, that is 2,731,336.54 Yuan and compensation of 1,086,507.70 Yuan;

Non-operation revenue in current period mainly due to the rental revenue settle with the custodian, that is 2,866,994.16 Yuan and compensation of 1,086,507.70 Yuan;

## 72. Non-operating expenditure

In RMB

Item	Current amount	Last amount	Amount reckoned into non-recurring gains/losses in the Year
Amercement outlay	800.00		
Other	4,346,683.24	3,825,632.24	
Total	4,347,483.24	3,825,632.24	

Other explanation

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

### 73. Income tax expense

#### (1) Income tax expense

In RMB

Item	Current amount	Last amount
Current income tax	612,336.68	1,462,738.41
Deferred income tax	-96,632.42	-556,129.98
Total	515,704.26	906,608.43

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

In RMB

Item	Current amount
Total profit	2,094,863.73
Income tax measured by statutory/applicable tax rate	523,715.93
Impact on cost, expenses and losses that unable to deducted	51,988.22
Effect of deductible losses of deferred tax assets unconfirmed at the earlier stage of use	-76,878.06
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	16,878.17
income tax expenses	515,704.26

Other explanation

Nil

### 74. Other comprehensive income

Found more in Note 57.

### 75. Items of cash flow statement

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

In RMB

Item	Current amount	Last amount
Interest and Rent and utilities etc.	4,994,903.73	5,637,460.42
Restitution of judicial auction	9,444,737.00	
Other Current money	508,907.16	1,326,845.37
Total	14,948,547.89	6,964,305.79

Explanation on other cash received in relation to operation activities:



Nil

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

In RMB

Item	Current amount	Last amount
Management phase expenses as listing charge, agency fee and three Meetings operations expenses and office expenses	7,955,537.16	5,852,380.76
Rent and property fee and maintenance fee	4,122,077.60	3,156,370.65
Market sales phase expenses as advertisement promoted	1,886,340.09	1,485,218.63
Deposit and Margin paid	219,550.24	429,208.00
Utilities	636,351.99	392,514.84
Total	14,819,857.08	11,315,692.88

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
Performance bond for privately placement	8,000,000.00	
Total	8,000,000.00	

Explanation on other cash received in relation to financing activities:

## (6) Cash paid related with financing activities

In RMB

Item	Current amount	Last amount
	8,808,378.06	0.00
Total	8,808,378.06	

Explanation on cash paid related with financing activities:

## 76. Supplementary information to statement of cash flow

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

In RMB

Supplementary information	Current Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	1,579,159.47	3,891,579.73
Add: Assets impairment provision	454,042.30	512,089.34
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	302,594.49	227,325.32
Amortization of intangible assets	753,000.00	753,000.00
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	2,464.81	11,450.00
Financial expense(gain listed with “-”)	0.09	-0.04
Decrease of deferred income tax asset( increase is listed with “-”)	-96,632.42	-556,129.98
Decrease of inventory (increase is listed with “-”)	341,265.63	892,581.48
Decrease of operating receivable accounts (increase is listed with “-”)	-16,740,831.68	-9,425,050.86
Increase of operating payable accounts (decrease is listed with “-”)	9,973,358.91	4,327,601.02
Net cash flow arising from operating activities	-3,431,578.40	634,446.01
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--

Balance of cash at period end	19,177,276.18	24,015,287.71
Less: Balance of cash at year-begin	24,015,287.71	26,752,065.66
Net increasing of cash and cash equivalents	-4,838,011.53	-2,736,777.95

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

In RMB

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

Other explanation

**(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	19,177,276.18	24,015,287.71
Including: Cash on hand	100,034.87	132,652.06
Bank deposit available for payment at any time	18,837,402.11	23,768,774.82
Other monetary fund available for payment at any time	239,839.20	113,860.83
III. Balance of cash and cash equivalent at period-end	19,177,276.18	24,015,287.71

Other explanation

Nil

## 77. Notes of changes of owners' equity

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

Nil

## 78. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Monetary fund	8,808,378.06	Cash deposit of 8,808,378.06 Yuan for bank acceptance
Total	8,808,378.06	--

Other explanation

Nil

## 79. Foreign currency monetary items

### (1) Foreign currency monetary items

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
------	---------------------------------	--------------	------------------------------

Other explanation

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

Applicable  Not applicable

## 80. Hedging

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

Nil

## 81. Other

Nil

## VIII. Changes of consolidation range

### 1. Enterprise combined under different control

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

In RMB

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

Nil

#### (2) Combination cost and goodwill

In RMB

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

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

Nil

Main reasons for large goodwill resulted:

Nil

Other explanation

Nil

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

In RMB

	Fair value on purchasing date	Book value on purchasing date

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

Nil

Contingent liability of the acquiree bear during combination:

Nil

Other explanation

Nil

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

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

Yes No

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

Nil

**(6) Other explanation**

Nil

**2. Enterprise combined under the same control**

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

In RMB

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

Other explanation

Nil

**(2) Combination cost**

In RMB

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

Explanation on contingent consideration and its changes:

Nil

Other explanation

Nil

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

In RMB

	On purchasing date	At end of last period

Contingent liability of the combined party bear during combination:

Nil

Other explanation

Nil

### 3. Counter purchase

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

Nil

### 4. Subsidiary disposal

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

Yes  No

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

Yes  No

### 5. Other reasons for consolidation range changed

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

Nil

### 6. Other

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

## IX. Equity in other entity

### 1. Equity in subsidiary

#### (1) Constitute of enterprise group

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

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

Nil

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

half and over voting rights

Nil

Controlling basis for the structuring entity included in consolidated range

Nil

Basis on determining to be an agent or consignator:

Nil

Other explanation

Nil

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

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shenzhen Emmelle Industrial Co., Ltd.	30.00%	49,572.20		2,962,699.67

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.	31,672,252.96	1,373,481.42	33,045,734.38	23,170,068.81		23,170,068.81	42,841,478.93	845,466.81	43,686,945.74	33,976,520.84		33,976,520.84

In RMB

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



				activity				activity
Shenzhen Emmelle Industrial Co., Ltd.	116,393,660.87	165,240.67	165,240.67	-9,704,911.00	141,970,520.80	4,293,140.88	4,293,140.88	-2,680,262.15

Other explanation

Nil

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

Nil

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

Nil

Other explanation

Nil

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

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

Nil

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

In RMB

--	--

Other explanation

Nil

### 3. Equity in joint venture and cooperative enterprise

#### (1) Important joint venture and cooperative enterprise

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

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

Nil

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

Nil

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

In RMB

	Ending balance /Current amount	Opening balance /Last amount

Other explanation

Nil

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

In RMB

	Ending balance /Current amount	Opening balance /Last amount

Other explanation

Nil

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

In RMB

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

Other explanation

Nil

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

Nil

**(6) Excess losses from joint venture or cooperative enterprise**

In RMB

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

Other explanation

Nil

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

Nil

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

Nil

### **4. Co-runs operation**

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

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

Nil

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

Nil

Other explanation

Nil

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

Relevant explanation

Nil

### **6. Other**

Nil

## **X. Risk related with financial instrument**

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

## **1. Risk management targets and policies**

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

### **(1)Credit risk**

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

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

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

### **(2)Liquidity risk**

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

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

## **2. Capital management**

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

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

The Company monitors capital structure based on gearing ratio (total liabilities divided by total assets). As at 31 December 2017, the gearing ratio of the Company was 74.36% (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	--	--	--	--
II. Non-sustaining measured by fair value	--	--	--	--

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

Nil

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

Nil

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

Nil

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

Nil

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

Nil

## 7. Changes of valuation technique in the Period

Nil

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

Nil

## 9. Other

Nil

## XII. Related party and related transactions

### 1. Parent company of the enterprise

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

The Company has no parent company so far

Ultimate controller of the Company: nil

Other explanation:

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

### 2. Subsidiary of the Enterprise

Found more in Note IX-1

### 3. Cooperative enterprise and joint venture

Found more in Note IX-3

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

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

Other explanation

Nil

#### 4. Other related party

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

Other explanation

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

#### 5. Related transaction

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

Goods purchasing/labor service receiving

In RMB

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

Goods sold/labor service providing

In RMB

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

Explanation on goods purchasing, labor service providing and receiving

Nil

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

Trusteeship/contract

In RMB

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

Nil

Delegated administration/outsourcing

In RMB

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

Nil

### (3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
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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
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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	1,880,143.00	1,556,687.00

## (8) Other related transactions

Nil

## 6. Receivable/payable items of related parties

### (1) Receivable item

In RMB

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

### (2) Payable item

In RMB

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

## 7. Commitments of related party

Nil

## 8. Other

Nil

## XIII. Share-based payment

### 1. General share-based payment

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Nil

### 5. Other

Nil

## XIV. Commitment or contingency

### 1. Important commitments

Important commitments in balance sheet date

Nil

### 2. Contingency

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

Nil

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

The Company has no important contingency that need to disclosed

### 3. Other

Nil

## XV. Events after balance sheet date

### 1. Important non-adjustment items

In RMB

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

### 2. Profit distribution

In RMB

### 3. Sales return

Nil

### 4. Other events after balance sheet date

Nil

## XVI. Other important events

### 1. Previous accounting errors collection

#### (1) Retrospective restatement

In RMB

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

Accounting error correction	Approval procedures	Reasons for prospective application adopted
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### 2. Debt restructuring

Nil

### 3. Assets replacement

#### (1) Non-monetary assets change

Nil

#### (2) Other assets replacement

Nil

### 4. Pension plan

Nil

### 5. Discontinued operations

In RMB

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

Nil

## 6. Segment

### (1) Recognition basis and accounting policy for reportable segment

Nil

### (2) Financial information for reportable segment

In RMB

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

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

Nil

### (4) Other explanation

Nil

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

Nil

## 8. Other

### 1. Instructions for continuing operations

On 11 May 2012, the largest shareholder and biggest creditor of the Company, Shenzhen Guosheng Energy Investment and Development Co., Ltd. applied to Shenzhen Municipal Intermediate People's Court for reforming the Company as the Company couldn't pay off the matured debts and was seriously insolvent. On 12 October 2012, Shenzhen Municipal Intermediate People's Court ruled to accept the application proposed by Guosheng Energy according to (2012) Shenzhen Intermediate Court Po Zi No. 30 civil ruling. In late October, 2012, Shenzhen Municipal Intermediate People's Court ruled to reform the Company since 25 October 2012 according to (2012) Shenzhen Intermediate Court Po Zi No. 30-1 civil ruling, appointed King & Wood (Shenzhen)

Mallesons and Shenzhen ZhengYuan Liquidation Affairs Co., Ltd. as the custodians of the Company. Subsequently, Shenzhen Municipal Intermediate People's Court made (2012) Shenzhen Intermediate Court Po Zi No. 30-1 written decision, and approved the Company to manage property and business affairs by itself under the supervision of custodians according to the law. On 5 November 2013, the Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-6 Civil Ruling Paper judged that approved the reorganization plan of the Company. On 27 December 2013, the Civil Ruling Paper Shenzhen Intermediate People's Court (2012) Shen Zhong Fa Po Zi No. 30-10 ruled that the reorganization plan of CBC was completed and bankruptcy procedures of the Company closed down.

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

## 2. Non-public placement for year of 2016

In July 2016, the Company started to plan a non-public issue of shares with proceeds to be utilized to acquire material assets. The Plan on Non-public Issue of A shares in 2016 was considered and approved by the Board of the Company. Based on the due diligence, audit, assessment and business negotiation with intermediates, taking into account the conditions of capital market and actual conditions of the Company, the Board of the Company considered and approved the Proposal Relating to Adjusting the Plan of non-public of A Shares, the Explanation on non-public of A-shares for year of 2016 Amendment, the Plan on Non-public Issue of A shares in 2016 (amended), the Plan on Non-public Issue of A shares in 2016 (Second Amended) and Plan on Non-public Issue of A shares in 2016 (Third Amended) from February 2017 to February 2018. According to the three revised drafts, the number of non-public offering of shares should not exceed 110,269,586 shares, and the total amount of funds raised should not exceed 750 million Yuan. The issuing objects of this non-public offering include four specific investors which are Ruian Information, Zhisheng High-tech, Wansheng Industry and Beier High-tech. The subscription amount of Ruian Information does not exceed 250 million Yuan, and the number of subscribed shares does not exceed 36,756,529 shares; the subscription amount of Zhisheng High-tech does not exceed 200 million Yuan, and the number of subscribed shares does not exceed 29,405,223 shares; the subscription amount of Wansheng Industry and Beier High-tech respectively does not exceed 150 million Yuan, and the number of subscribed shares does not exceed 22,053,917 shares respectively. See details on the announcement issued by the board of directors of the company.

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

## XVII. Principle notes of financial statements of parent company

### 1. Accounts receivable

#### (1) Category

In RMB

Types	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable withdrawal bad debt provision by group of credit risk characteristics	17,733,864.75	100.00%	53,201.59	0.30%	17,680,663.16					
Total	17,733,864.75	100.00%	53,201.59	0.30%	17,680,663.16					

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

Applicable  Not applicable

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

Applicable  Not applicable

In RMB

Age	Ending balance		
	Account receivable	Bad debt provision	Accrual ratio
Within one year			
Subtotal within one year	17,733,864.75	53,201.59	0.30%
Total	17,733,864.75	53,201.59	0.30%

Explanation on combination determines:

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

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

Applicable  Not applicable

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

Nil

## (2) Bad debt provision accrual collected or switch back

Bad debt provision accrual was 53,201.59 Yuan; the amount collected or switches back amounting to 0.00 Yuan.

Important bad debt provision collected or switch back:

In RMB

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

Nil

## (3) Account receivable actual charge off in the Period

In RMB

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

Written-off for the major receivable:

In RMB

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

Explanation for write-off of receivables:

Nil

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

Item	Relationship with the company	Amount	Account age	Bad debt provision	Ratio in total receivables (%)	Nature
Shenzhen Boyineng Technology Co., Ltd.	Unrelated party	6,786,172.55	Within one year	20,358.52	38.27	Payment for goods
Shenzhen Weiterui Energy Technology Co., Ltd.	Unrelated party	5,491,122.12	Within one year	16,473.36	30.96	Payment for goods
Shenzhen Jiahaosong Technology Co., Ltd.	Unrelated party	4,646,570.08	Within one year	13,939.71	26.20	Payment for goods
Dongguan Jinsui Energy Technology Co., Ltd.	Unrelated party	810,000.00	Within one year	2,430.00	4.57	Payment for goods
<b>Total</b>		<b>17,733,864.75</b>		<b>53,201.59</b>	<b>100.00</b>	

## (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) 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 account receivable with single major amount and withdrawal bad debt provision for single item						9,113,689.74	97.32%			9,113,689.74
Other receivables with bad debt provision accrual by credit portfolio	251,350.00	89.34%	754.05	0.30%	250,595.95	251,150.00	2.68%	753.45	0.30%	250,396.55
Other account receivable with individual minor amount but withdrawal bad debt provision independently	29,980.42	10.66%			29,980.42					
Total	281,330.42	100.00%	754.05	0.27%	280,576.37	9,364,839.74	100.00%	753.45	0.30%	9,364,086.29

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

Applicable  Not applicable

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

Applicable  Not applicable



In RMB

Age	Ending balance		
	Other receivable	bad debts provision	Accrual ratio
Within one year			
Subtotal within one year	200.00	0.60	0.30%
1-2 years	68,388.00	205.16	0.30%
2-3 years	182,762.00	548.29	0.30%
Total	251,350.00	754.05	0.30%

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 0.60 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
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Nil

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

In RMB

Item	Amount written off
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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)
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Explanation for write-off of other receivables:

Nil

## (4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds	29,980.42	9,113,689.74
Margin or deposit	239,950.00	239,750.00
Equipment money	11,400.00	11,400.00
Total	281,330.42	9,364,839.74

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

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Shenzhen Material Group Co., Ltd.	Unrelated party	135,723.00	2-3 years	48.24%	407.17
Shenzhen Anjingheng Industrial Co., Ltd.	Unrelated party	90,100.00	2-3 years	32.03%	270.30
Shenzhen Emmelle Industrial Co., Ltd.	Related party	29,980.42	Within one year	10.66%	
Shenzhen Baifanghe Property Co., Ltd.	Unrelated party	13,627.00	2-3 years	4.84%	40.88
Shenzhen Hongkang Instrument Technology Co., Ltd.	Unrelated party	11,400.00	1-2 years	4.05%	34.20
Total	--	280,830.42	--	99.82%	752.55

**(6) Account receivable with government grants involved**

In RMB

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

Nil

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

Nil

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

Nil

Other explanation

Nil

### 3. Long-term equity investment

In RMB

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

#### (1) Investment for subsidiary

In RMB

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

#### (2) Investment for associates and joint venture

In RMB

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

Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
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### (3) Other explanation

Nil

### 4. Operating income and cost

In RMB

Item	Current amount		Last amount	
	Income	Cost	Income	Cost
Main business	22,338,842.47	19,253,017.11		
Other business	2,166,747.83	759,358.98	3,098,499.93	841,722.06
Total	24,505,590.30	20,012,376.09	3,098,499.93	841,722.06

Other explanation

Nil

### 5. Investment gains

In RMB

Item	Current amount	Last amount

### 6. Other

Nil

## XVIII. Supplementary Information

### 1. Current non-recurring gains/losses

Applicable  Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	-2,464.81	
Switch-back of the impairment for receivables which have impairment test independently	278,664.18	
Other non-operating income and expenditure except for the aforementioned items	281,545.89	

Less: Impact on income tax	139,436.31	
Impact on minority shareholders' equity	78,422.18	
Total	339,886.77	--

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	10.11%	0.003	0.003
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	7.86%	0.002	0.002

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Nil

## 4. Other

Nil

## **Section XII. Documents available for reference**

1. Accounting statement carrying the signatures and seals of the legal representative, person in charge of accounting and person in charge of accounting organ.
2. Original audit report with seal of the accounting firm and signature and seal of CPAs.
3. Originals documents of the Company and manuscripts of public notices that disclosed in the newspaper designated by CSRC in the report period.
4. English version of the Annual Report 2017