

Stock code: 200054

Stock Abbreviation: Jianshe Vehicle B

Announcement No.: 2018-043

**Chongqing Jianshe Vehicle System Co., Ltd.**

**The Semi-Annual Financial Report 2018**

**July 2018**

## I. Audit report

Has this semi-annual report been audited?

Yes  No

The semi-annual financial report has not been audited.

## II. Financial statements

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

## 1. Consolidated balance sheet

Prepared by: Chongqing Jianshe Vehicle System Co., Ltd.

June 30, 2018

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	306,009,444.15	249,648,466.46
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Note receivable	33,293,659.53	17,800,808.72
Account receivable	311,419,183.31	280,383,810.21
Prepayments	14,262,064.82	13,371,261.26
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other account receivable	15,287,712.47	7,736,032.47
Repurchasing of financial assets		
Inventories	190,097,635.16	176,214,199.33

Assets held for sales		
Non-current asset due in 1 year		
Other current asset	5,866,739.02	3,257,224.78
Total of current assets	876,236,438.46	748,411,803.23
Non-current assets:		
Loans and payment on other's behalf disbursed		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	104,127,592.86	84,591,794.06
Property investment	54,413,486.25	110,646,354.41
Fixed assets	364,119,471.83	334,707,635.51
Construction in progress	5,032,611.25	4,800,176.35
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	16,165,335.69	11,383,982.46
R & D petrol		
Goodwill		
Long-germ expenses to be amortized	911,014.41	1,327,675.53
Differed income tax asset	1,831,732.07	1,831,732.07
Other non-current asset	3,901,483.77	4,537,273.53
Total of non-current assets	550,502,728.13	553,826,623.92
Total of assets	1,426,739,166.59	1,302,238,427.15
Current liabilities		
Short-term loans	262,000,000.00	312,000,000.00
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		

Note payable	472,278,000.00	411,410,000.00
Account payable	269,301,008.53	179,749,230.79
Advance payment	2,300,748.87	2,317,670.14
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	4,098,928.61	3,684,784.25
Tax payable	15,316,140.16	15,659,997.79
Interest payable		
Dividend payable		
Other account payable	39,919,608.45	44,403,126.16
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liability due in 1 year	12,690,000.00	47,090,000.00
Other current liability		
Total of current liability	1,077,904,434.62	1,016,314,809.13
Non-current liabilities:		
Long-term loan		1,500,000.00
Bond payable		
Including: preferred stock		
Sustainable debt		
Long-term payable		
Long-term payable employees's remuneration		
Special payable		
Expected liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities		1,500,000.00
Total of liability	1,077,904,434.62	1,017,814,809.13
Owners' equity		

Share capital	119,375,000.00	119,375,000.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	958,575,094.29	958,575,094.29
Less: Shares in stock		
Other comprehensive income	0.00	0.00
Special reserves		
Surplus reserves	125,686,000.00	125,686,000.00
Common risk provision		
Undistributed profit	-854,801,362.32	-920,877,890.80
Total of owner's equity belong to the parent company	348,834,731.97	282,758,203.49
Minority shareholders' equity		1,665,414.53
Total of owners' equity	348,834,731.97	284,423,618.02
Total of liabilities and owners' equity	1,426,739,166.59	1,302,238,427.15

Legal Representative: Lv Hongxian

Person in charge of accounting: Fan Aijun

Accounting Dept Leader: Niu Yanli

## 2. Balance sheet of Parent Company

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	95,961,873.35	93,728,199.64
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Note receivable		179,825.64
Account receivable	1,104,100.68	350,383.40
Prepayments	6,409,584.06	4,852,929.09
Interest receivable		

Dividend receivable		
Other account receivable	7,854,378.07	5,867,166.58
Inventories	13,139,745.53	1,273,568.27
Assets held for sales		
Non-current asset due in 1 year		
Other current asset		2,218,853.36
Total of current assets	124,469,681.69	108,470,925.98
Non-current assets:		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	264,127,592.86	252,751,794.06
Property investment	54,413,486.25	110,646,354.41
Fixed assets	136,638,160.22	92,238,100.45
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	7,571,806.17	
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset		
Other non-current asset		
Total of non-current assets	462,751,045.50	455,636,248.92
Total of assets	587,220,727.19	564,107,174.90
Current liabilities		
Short-term loans		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Note payable		
Account payable	218,196,632.46	135,394,136.00

Advance payment	192,246.35	180,083.38
Employees' wage payable	683,163.79	458,709.22
Tax payable	15,297,680.32	15,345,282.22
Interest payable		
Dividend payable		
Other account payable	98,002,073.79	214,153,117.35
Liabilities held for sales		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	332,371,796.71	365,531,328.17
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Total of Non-current liabilities		
Total of liability	332,371,796.71	365,531,328.17
Owners' equity		
Share capital	119,375,000.00	119,375,000.00
Other equity instrument		
Including: preferred stock		
Sustainable debt		
Capital reserves	958,575,094.29	958,565,294.29
Less: Shares in stock		
Other comprehensive income		9,800.00
Special reserves		
Surplus reserves	125,686,000.00	125,686,000.00

Undistributed profit	-948,787,163.81	-1,005,060,247.56
Total of owners' equity	254,848,930.48	198,575,846.73
Total of liabilities and owners' equity	587,220,727.19	564,107,174.90

## 3.Consolidated Income Statement

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	511,696,731.41	550,074,257.84
Incl: Business income	511,696,731.41	550,074,257.84
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	505,398,898.77	540,112,621.78
Incl: Business cost	424,270,937.00	456,540,934.80
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	4,097,639.38	4,459,150.00
Sales expense	12,662,136.26	12,358,836.00
Administrative expense	43,782,788.42	46,644,017.51
Financial expenses	20,585,397.71	18,617,069.49
Asset impairment loss	414,009.12	1,492,613.98
Add: Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	60,830,865.45	1,994,582.10
Incl: investment gains from affiliates	60,830,865.45	1,994,582.10
Gains from currency exchange (“-”for loss)		
Assets disposal income		
Other income		
III. Operational profit (“-”for loss)	66,714,688.96	11,956,218.16



Add : Non-operational income	357,960.24	443,547.75
Less: Non business expenses	77,372.48	167,158.10
IV.Total profit(“-”for loss)	66,995,276.72	12,232,607.81
Less: Income tax expenses	561,775.84	600,586.60
V. Net profit	66,433,500.88	11,632,021.21
(1)Continuous operating net profit		
(2) Net profit of termination		
Net profit attributable to the owners of parent company	66,076,528.48	11,418,319.36
Minority shareholders' equity	356,972.40	213,701.85
VI. Other comprehensive income		
Net of profit of other comprehensive income attributable to owners of the parent company.		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II)Other comprehensive income that will be reclassified into profit or loss.		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements		
6.Other		
7.Net of profit of other comprehensive income attributable to Minority		

shareholders' equity		
VII. Total comprehensive income	66,433,500.88	11,632,021.21
Total comprehensive income attributable to the owner of the parent company	66,076,528.48	11,418,319.36
Total comprehensive income attributable minority shareholders	356,972.40	213,701.85
VIII. Earnings per share		
(I) Basic earnings per share	0.5535	0.0957
(II) Diluted earnings per share	0.5535	0.0957

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

Legal Representative: Lv Hongxian

Person in charge of accounting: Fan Aijun

Accounting Dept Leader: Niu Yanli

#### 4. Income statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	397,145,699.33	339,527,118.70
Incl: Business cost	362,672,276.66	305,125,226.46
Business tax and surcharge	1,515,717.24	841,394.14
Sales expense	324,477.46	
Administrative expense	20,542,869.58	22,238,575.73
Financial expenses	10,591,372.14	5,993,807.50
Asset impairment loss		
Add: Gains from change of fair value ("-"for loss)		
Investment gain ("-"for loss)	54,775,798.80	1,994,582.10
Incl: investment gains from affiliates	54,775,798.80	1,994,582.10
Assets disposal income		
Other income		
II. Operational profit ("-"for loss)	56,274,785.05	7,322,696.97
Add : Non-operational income	2,096.06	207,862.58

Less: Non business expenses	3,797.36	-267,191.65
III.Total profit("-"for loss)	56,273,083.75	7,797,751.20
Less: Income tax expenses		
IV. Net profit ("-"for net loss)	56,273,083.75	7,797,751.20
(1)Continuous operating net profit		
(2) Net profit of termination		
V.Net of profit of other comprehensive income		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II)Other comprehensive income that will be reclassified into profit or loss.		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements		
6.Other		
VI. Total comprehensive income	56,273,083.75	7,797,751.20
VII. Earnings per share:		
(I) Basic earnings per share	0.471	0.0653
(II)Diluted earnings per share	0.471	0.0653

## 5. Consolidated Cash flow statement

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	183,435,859.06	233,913,811.59
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Net increase of inter-bank fund received		
Net increase of trade financial asset disposal		
Net increase of repurchasing business		
Tax returned	3,865,269.30	4,086,887.50
Other cash received from business operation	14,049,354.57	8,555,466.77
Sub-total of cash inflow	201,350,482.93	246,556,165.86
Cash paid for purchasing of merchandise and services	77,479,182.57	110,250,299.46
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee		

and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	38,274,323.44	25,208,850.06
Taxes paid	14,899,387.30	17,335,347.98
Other cash paid for business activities	42,211,559.37	30,626,576.45
Sub-total of cash outflow from business activities	172,864,452.68	183,421,073.95
Cash flow generated by business operation, net	28,486,030.25	63,135,091.91
II.Cash flow generated by investing		
Cash received from investment retrieving	8,160,000.00	
Cash received as investment gains	56,540,000.00	4,000,000.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities	64,700,000.00	4,000,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,164,376.72	5,343,707.62
Cash paid as investment	21,300,000.00	
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	23,464,376.72	5,343,707.62
Net cash flow generated by investment	41,235,623.28	-1,343,707.62
III.Cash flow generated by financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		

Cash received as loans	20,000,000.00	
Cash received from bond placing		
Other financing –related ash received	399,577,250.28	548,004,868.94
Sub-total of cash inflow from financing activities	419,577,250.28	548,004,868.94
Cash to repay debts	136,123,111.10	26,300,000.00
Cash paid as dividend, profit, or interests	20,924,052.91	22,593,991.30
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	297,487,262.11	667,171,141.01
Sub-total of cash outflow due to financing activities	454,534,426.12	716,065,132.31
Net cash flow generated by financing	-34,957,175.84	-168,060,263.37
IV. Influence of exchange rate alternation on cash and cash equivalents		0.00
V.Net increase of cash and cash equivalents	34,764,477.69	-106,268,879.08
Add: balance of cash and cash equivalents at the beginning of term	126,225,466.46	273,768,758.46
VI .Balance of cash and cash equivalents at the end of term	160,989,944.15	167,499,879.38

## 6. Cash flow statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	60,926,056.16	132,211,763.35
Tax returned		
Other cash received from business operation	20,455.50	286,365.25
Sub-total of cash inflow	60,946,511.66	132,498,128.60
Cash paid for purchasing of merchandise and services	94,856,965.27	81,048,957.61
Cash paid to staffs or paid for staffs	21,685,566.62	9,247,217.96
Taxes paid	4,378,220.07	5,726,931.81

Other cash paid for business activities	2,035,778.28	1,982,919.53
Sub-total of cash outflow from business activities	122,956,530.24	98,006,026.91
Cash flow generated by business operation, net	-62,010,018.58	34,492,101.69
<b>II.Cash flow generated by investing</b>		
Cash received from investment retrieving	8,160,000.00	
Cash received as investment gains	56,540,000.00	4,000,000.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities	64,700,000.00	4,000,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	602,707.13	40,000.00
Cash paid as investment	21,300,000.00	
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	21,902,707.13	40,000.00
Net cash flow generated by investment	42,797,292.87	3,960,000.00
<b>III.Cash flow generated by financing</b>		
Cash received as investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related cash received	266,746,000.00	383,791,136.86
Sub-total of cash inflow from financing activities	266,746,000.00	383,791,136.86
Cash to repay debts		
Cash paid as dividend, profit, or	10,829,540.25	8,540,566.36

interests		
Other cash paid for financing activities	234,470,060.33	515,152,973.17
Sub-total of cash outflow due to financing activities	245,299,600.58	523,693,539.53
Net cash flow generated by financing	21,446,399.42	-139,902,402.67
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	2,233,673.71	-101,450,300.98
Add: balance of cash and cash equivalents at the beginning of term	93,728,199.64	247,582,579.15
VI ..Balance of cash and cash equivalents at the end of term	95,961,873.35	146,132,278.17

## 7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Amount in this period												
	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
	preferred stock	Sustainable debt	Other										
I.Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00		-920,877,890.80	1,665,414.53	284,423,618.02
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of	119,375,000.00				958,575,094.29				125,686,000.00		-920,877,890.80	1,665,414.53	284,423,618.02



current year	00										0		
III.Changed in the current year											66,076,528.48	-1,665,414.53	64,411,113.95
(I) Total comprehensive income											66,076,528.48	356,972.40	66,433,500.88
(II) Investment or decreasing of capital by owners												-2,022,386.93	-2,022,386.93
1. Ordinary Shares invested by shareholders													
2. Holders of other equity instruments invested capital													
3. Amount of shares paid and accounted as owners' equity													
4. Other													
(III) Profit allotment													
1.Providing of surplus reserves													
2.Providing of common risk provisions													
3. Allotment to the owners (or shareholders)													
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital													

shares)													
3. Making up losses by surplus reserves.													
4. Other													
(V). Special reserves													
1. Provided this year													
2. Used this term													
(VI) Other													
IV. Balance at the end of this term	119,375,000.00				958,575,094.29		0.00		125,686,000.00		-854,801,362.32		348,834,731.97

Amount in last year

In RMB

Items	Amount in last year												
	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
		preferred stock	Sustainable debt	Other									
I. Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00		-935,253,002.64	1,220,285.74	269,603,377.39
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II. Balance at the beginning of current year	119,375,000.00				958,575,094.29				125,686,000.00		-935,253,002.64	1,220,285.74	269,603,377.39

III.Changed in the current year											14,375,111.84	445,128.79	14,820,240.63
(1) Total comprehensive income											14,375,111.84	445,128.79	14,820,240.63
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by shareholders													
2. Holders of other equity instruments invested capital													
3. Allotment to the owners (or shareholders)													
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(VI)Special reserves													
1. Provided this year													
2. Used this term													
(VII) Other													
IV. Balance at the													

end of this term													
(V) Special reserves													
1. Provided this year													
2. Used this term													
(VI) Other													
IV. Balance at the end of this term	119,375,000.00				958,575,094.29			125,686,000.00			-920,877,890.80	1,665,414.53	284,423,618.02

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

Amount in this period

In RMB

Items	Amount in this period											Total of owners' equity	
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Attributable profit			
		preferred stock	Sustainable debt	Other									
I. Balance at the end of last year	119,375,000.00				958,575,094.29					125,686,000.00	-1,005,060,247.56		198,575,846.73
Add: Change of accounting policy													
Correcting of previous errors													
Other													
II. Balance at the beginning of current year	119,375,000.00				958,575,094.29					125,686,000.00	-1,005,060,247.56		198,575,846.73
III. Changed in the current year											56,273,083.75		56,273,083.75
(1) Total comprehensive income											56,273,083.75		56,273,083.75
(II) Investment or decreasing of													

capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Allotment to the owners (or shareholders)											
4. Other											
(III) Profit allotment											
1. Providing of surplus reserves											
2. Allotment to the owners (or shareholders)											
3. Other											
(IV) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											

IV. Balance at the end of this term	119,375,000.00				958,575,094.29				125,686,000.00	-948,787,163.81	254,848,930.48
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Amount in last year

In RMB

Items	Amount in last year										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Attributable profit	Total of owners' equity
		Preferred stock	Sustainable debt	Other							
I. Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00	-1,016,330,071.38	187,306,022.91
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	119,375,000.00				958,575,094.29				125,686,000.00	-1,016,330,071.38	187,306,022.91
III. Changed in the current year										11,269,823.82	11,269,823.82
(1) Total comprehensive income										11,269,823.82	11,269,823.82
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Allotment to the owners (or											

shareholders)											
4. Other											
(III) Profit allotment											
1. Providing of surplus reserves											
2. Allotment to the owners (or shareholders)											
3. Other											
(IV) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	119,375,000.00				958,575,094.29				125,686,000.00	-1,005,060,247.56	198,575,846.73

### III. Corporate Information

Chongqing Jianshe Vehicle System Co.,Ltd. (hereinafter referred to as the "Company", "Company" or "Chongqing Jianshe"), the company's original name is Chongqing Jianshe Motorcycle Co.,Ltd., was jointly set up in July 1995 by the Construction Industry (Group) Co., Ltd. and China North Industries Shenzhen Corporation. The Business

License of the Enterprise: No. 915000007474824231. The Company was listed in July 1995 at the Shenzhen Stock Exchange. The Company is engaged in the manufacturing industry.

As at December 31, 2017, the Company issued 119,375,000 shares in total and had the registered capital of 119,375,000. The registration place: NO.1, JIANSHE ROAD HUAXI INDUSTRY PARK, BANAN DISTRICT, CHONGQING; the headquarters address: Banan District, Chongqing Municipality. Legal representative: Lv Hongxian. The main business activities: research and development, processing, manufacturing and related technical services of Motorcycles, auto parts, accessories, machinery products, design , manufacturing and related technical services of tooling (except for those subject to national special provisions) ; R & D, production and sales of motorcycle engines; research , development and processing of mechanical and electrical products, home appliances, bicycles, environmental protection product; imports, wholesale, retail, commission agency (except auction) of similar products of these products. The parent company is Chongqing Jianshe mechanical and electrical co., LTD. (hereinafter referred to as the "Jianshe Jidian "). The actual controller of the Company is China South Industries Group Corporation(CSGS), and the ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission (SASAC).

On December 27, 2017, the company issued an announcement that it has completed the relevant business registration procedures for the change in Chinese, obtained the notice of approval for change of registration of chongqing administration of industry and commerce (Chongqing Industrial and commercial registration of changes [2017] No.1206-1), got an issue of a business license and approval rear of implementing the shenzhen stock exchange. The name of the company was changed from " Chongqing Jianshe Motorcycle Co., Ltd." to " Chongqing Jianshe Vehicle System Co.,Ltd.". Abbreviation of the company was changed from "Jianmo B" to "Jianche B", and the securities code of the company was unchanged at 200054.

The disclosure of the financial report was approved by the Board of Directors on July 25, 2018.

As at June 30, 2018, one subsidiaries were included in the scope of consolidated financial statements of the Company, See "Note 7 Equity in other entities" for details of scope consolidated financial statements and the change therein. The scope consolidated financial statements of this year has not changed compared with the last year.

The company and Chongqing Jianshe Automobile A/C Co., Ltd., its important subsidiary, mainly engaged in the manufacture, sale of air conditioners and accessories, air conditioning and spare parts maintenance.

#### **IV.Basis of preparation for financial statements**

##### **1 Basis of preparation**

The Company prepares the financial statements on the basis of going concern, according to actual transactions and events, and in accordance with the Accounting Standards for Business Enterprises – Basic Standards and 38



concrete accounting standards issued by the Ministry of Finance on February 15, 2006, the subsequently issued Accounting Standards for Business Enterprises – Application Guidelines, and the Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (hereinafter collectively referred to as – Accounting Standards for Business Enterprises), as well as Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports issued by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Group adopted the accrual basis in accounting. Except for some financial instruments, where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

## **2. Going Concern**

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

## **V. Principal accounting policies and accounting estimates**

Specific accounting policies and accounting estimates:

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

### **1. Statement on compliance with accounting standards for business Enterprises**

The Company state: the financial statements prepared are in line with the requirements in enterprise accounting standards in line with of system, and have truly and completely reflected of the financial status in Juneber 30, 2018 operational results, cash flow, and other relevant information of January–June 2018.

### **2 .Accounting period**

The Company's fiscal periods include fiscal years and fiscal periods shorter than a complete fiscal year from January 1 to December 31 as one accounting year.

### **3.Operating cycle**

The normal operating cycle refers to the period from the assets used for processing after purchased by the company to the cash or cash equivalents achieved. 12 months are regarded as one operating cycle in the company, and which is as the division criterion for the liquidity of assets and liabilities.

### **4.Functional currency**

The functional currency is Renminbi.

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

Business combination refers to the transactions or items with one reporting entity formed by the combination of two or more separate enterprises. The business combination shall be divided into the business combination under common control and the business combination under non-common control.

### (1) Business combination under common control

The business combination under common control refers to the business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. Of which, the combining party is that acquiring the control right to other combining enterprises at combining date, and the combining date means the date that the combining party actually acquires the control right of the combined party. The acquisition date means the date that the acquirer actually obtains the control right of the acquiree.

The assets and liabilities acquired by the combining party are measured in accordance with the book value of the combined party at the combining date. For the balance between the book value of net assets acquired by the combining party and the book value of the combining valuable consideration (or the nominal amount of issued shares), the capital reserves (stock premium) shall be adjusted, or the retained earnings shall be adjusted when the capital reserves (stock premium) are insufficient.

All the costs directly incurred for the business combination by the combining party shall be recorded into the current profits and losses when occurred.

### (2) Combination of enterprises not under the common control

The business combination under non-common control refers to the business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination. Of which, the acquirer is that obtaining the control right to other combining enterprises at acquisition date, and other combining enterprises refers to the acquiree. The acquisition date means the date that the acquirer actually obtains the control right of the acquiree.

For the business combination under non-common control, the merger costs include the assets paid for obtaining the control right of acquiree by the acquirer, the liabilities occurred or borne and the fair value of equity securities issued, the intermediary fees for audit, legal services, evaluation and consultation when the business combination issued, and other management costs shall be recorded into the current profits and losses when occurred. The transaction costs of equity securities or debt securities issued for the merger consideration by the acquirer shall be included into the initially recognized amount of the equity securities or the debt securities. The contingent consideration involved shall be recorded into the merger cost as per the fair value at the acquisition date. Within 12 months after the acquisition date, the combining business reputation should be adjusted correspondingly if the contingent consideration is required to adjust because of new or further evidence for the existed situation on the acquisition date. The merger cost issued by the acquirer and the identifiable net assets acquired in the combination are measured as per the fair value on the acquisition date. The difference of the merger cost minus the fair value shares of identifiable net assets obtained by the acquiree during the merger on the acquisition date, is recognized as the business reputation. While the merger cost is less than the fair value shares of identifiable net assets

obtained by the acquiree during the merger, all the measurement on the identifiable assets, the liabilities, the fair value of liabilities and the merger cost obtained by the acquiree should firstly be rechecked, and the difference shall be recorded into the current profits and costs if the merger cost is still less than the fair value shares of identifiable net assets obtained by the acquiree during the merger after rechecking.

If the deductible temporary difference of acquiree obtained by the acquirer is not recognized due to the recognition condition of the deferred income tax assets unmet on the acquisition date within 12 months after the acquisition date, the relevant deferred income tax assets shall be recognized and the business reputation shall be reduced if the acquired new or further evidence shows that the relevant situation has already existed and the economic benefit gained by the acquiree from the deductible temporary difference is expected to achieve, and the differences are recognized as the current profits and losses if the business reputation is insufficient to offset. With the exception of the above, the deferred income tax assets related to the business combination are recorded into the current profits and losses.

For the business combination under non-common control realized step-by-step through multiple transactions, the multiple transactions shall be judged if belong to “the package deal” according to the “Notice on Issuance of Interpretation of Accounting Standards for Business Enterprises from Ministry of Finance” (Finance and Accounting [2012] No.19) and the judgment standards on “the package deal” in Article 51st of “Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statement” (please see Note 3.6 (2)). For the package deal, please refer to above description of this section and Note 3.14 “Long-term Equity Investment” to conduction the accounting treatment. For the non-package deal, the relevant accounting treatment should be respectively conducted for the individual financial statement and the consolidated financial statements:

For the individual financial statements, the sum of the book value of equity investment from the purchased party held before the purchase date and the new investment cost at the purchase date shall be as the initial investment cost of the investment. For the other comprehensive incomes involved in the equity of the acquiree held before the acquisition date, the investment and the relevant other comprehensive incomes shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquiree (Namely, the rest is transferred into the current investment incomes with the exception of the corresponding shares of changes caused by the net liabilities or the net assets of the defined benefit plans re-measured by the acquiree as per the equity method).

In the consolidated financial statements, the equity of the acquiree held before the acquisition date shall be measured again as per the fair value of the equity on the acquisition date, and the difference between the fair value and the book value is recorded into the current investment income. For the other comprehensive incomes involved in the equity of the acquiree held before the acquisition date, the relevant other comprehensive incomes shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquiree (Namely, the rest is transferred into the current investment incomes on the acquisition date, with the exception of the corresponding shares of changes caused by the net liabilities or the net assets of the

defined benefit plans re-measured by the acquiree as per the equity method).

## 6. Preparation of consolidated financial statements

### (1) Principle for determining the consolidation scope

The consolidation scope for financial statements is determined on the basis of control. The term “control” is the power of the Group upon an investee, with which it can take part in relevant activities of the investee to obtain variable returns and is able to influence the amount of returns. The scope of consolidation includes the Company and its all subsidiaries. A subsidiary is an enterprise or entity controlled by the Group.

Once any changes in the relevant facts or situations resulted in any changes in the elements involved in the aforesaid definition of “control”, the Company shall carry out a reassessment.

### (2) Compiling method of consolidated accounting statements

The company starts to include the actual control right to the net assets and the production and management decisions of the subsidiaries into the combination scope since the date of the actual right acquired, and will stop covering into the combination scope on the date of the actual right lost. For the disposed subsidiaries, the business performance and the cash flow before the disposal date have been properly covered in the consolidated profit statement and the consolidated cash flow statement. For the subsidiaries disposed in the current period, the opening balance of the consolidated balance sheet shall not be adjusted. Through the business combination under non-common control, the business performance and the cash flow after the acquisition date have been properly included in the consolidated profit statement and the consolidated cash flow statement, and the opening balance and the comparison balance of the consolidated financial statement shall not be adjusted. For the subsidiaries increased through the business combination under common control, the business performance and the cash flow from the beginning of current combination period to the combination date have been properly included in the consolidated profit statement and the consolidated cash flow statement, and the comparison balance of the consolidated financial statement shall be adjusted simultaneously.

With the preparation of the consolidated financial statement, the necessary adjustment shall be made according to the accounting policy of the company and the financial statement of the subsidiaries during the fiscal period if the accounting policy or the fiscal period adopted by the subsidiaries and the company is discrepant. For the subsidiaries acquired through the business combination under non-common control, the financial statement shall be adjusted on the basis of the fair value of the identifiable net assets on the acquisition date.

All the major balances, transactions and the unrealized profits of the company shall be offset in the preparation of the consolidated financial statement.

Those not belong to the company in the shareholders' equity and the current net profit or loss of the subsidiaries

shall be respectively as the minority equity and the minority interest income and individually listed under the shareholders' equity and the net profit of the consolidated financial statement. The minority equity portion from the net profit or loss in current period shall be as "minority interest income" and listed under the net profit in the consolidated financial statement. Moreover, the minority equity is still offset even if the losses of the subsidiaries undertaken by the minority shareholders are beyond the portion of the shareholders' equity shared by the minority shareholders of the company at the beginning of period.

When the control on the original subsidiaries lost due to the disposal of partial equity investment or other reasons, the remaining equity should be measured again according to the fair value on the control lost date. The difference of the consideration acquired by the disposal of equity and the fair value of the surplus equity minus the net assets portion of the original subsidiaries calculated from the purchase date as per the original stock proportion shall be recorded into the current investment income after the control lost. Other comprehensive returns relevant to the original subsidiary shares investment shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquiree when the control lost (Namely, all the rest are transferred into the current investment incomes, with the exception of the changes caused by the net liabilities or the net assets of the defined benefit plans re-measured by the original subsidiaries). Thereafter, the subsequent measurement shall be made for the rest equity according to the relevant provisions of "Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". For the details, please see Notes 3.14 "Long-term Equity Investment" or Notes 3.10 "Financial Instruments".

For the equity investment in the subsidiary through the step-by-step disposal of multiple transactions till the control right lost, the company should respectively dispose all the transactions if belong to the package deal. As long as the terms, conditions and economic influence on all the transactions of the disposal of the equity investment in the subsidiary meet one status below, it usually shows that the multiple transactions matters should be conducted the accounting treatment as the package deal: ① these transactions are made simultaneously or under the consideration of the influence each other. ② these transactions shall be as the whole to achieve one complete business results. ③ one transaction occurs depending on the appearance of other one transaction at least. ④ one transaction is economic under the consideration with other transactions even if it is not economic when individually considerate. For the non-package deal, each transaction shall be respectively conducted the accounting treatment according to the applicable principles of "Partial Disposal of Long-term Equity Investment in Subsidiary without Control Lost" (please refer to (2) ④ in Note 3.14) and "The Control on Original Subsidiary Lost due to Disposal of Part of Equity Investment or Other Reasons" (details please see forepart). For the package deal from the transactions after the disposal of equity investment in the subsidiary till the control right lost, the transactions shall be as one transaction of the disposal of subsidiary and the control lost for the accounting treatment. Therefore, every balance between the net assets proportion of the subsidiary shared relative to the disposal price and the disposal investment before the control right lost, shall be recognized as other comprehensive incomes in the consolidated financial treatment and transferred into the current profits and losses

when the control lost.

#### 7. Joint venture arrangements classification and Co-operation accounting treatment

Joint enterprise arrangement is two or more parties jointly control the enterprise. The company enjoys rights and bears obligations based on joint enterprise arrangement. Joint enterprise arrangement is composed of joint operation and joint enterprises. Joint operation means the company has the right to arrange related assets and related liabilities. Joint enterprises means the company only has the right to arrange the net asset.

The company adopts equity method to calculate investment to joint enterprises by referring to accounting policies stated in "Long-term Stock Ownership for Equity Method Calculation" (please refer to (2) ④ in Note 3.14)

As one party of joint operation, the company confirms assets and liabilities only held by itself and confirms joint assets and liabilities as proportion of the company's shares; confirm incomes from sales and production in the way of joint operation as proportion of the company's shares; confirm the company's own expenses and all expenses in the way of joint operation as proportion.

As a party of joint operation, the company funds or sells assets (not used for operation, the same below) of joint operation or purchases assets from joint operation. Before the assets are sold to a third party, the company only confirms the loss and benefit in the trade which belong to other parties in the joint operation. In case the assets is in conformity to the asset impairment loss regulated in Asset Impairment --No.8 of Accounting Criteria for Enterprises, the company confirms all losses in full amount for the company funding or selling assets of joint operation. The company confirms the loss as proportion of shares for the company purchasing assets from joint operation.

#### 8. Recognition criteria of cash and cash equivalents

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

#### 9. Foreign currency business and foreign currency translation

##### (1) Translation Method of Foreign Currency Transaction

The shot exchange rate (usually refers to the middle rate at the date of currency exchange published by the People's Bank of China, hereinafter inclusive) on the transaction date is adopted to convert to the amount of functional currency when the foreign currency transaction issued in the company is initially recognized. However, the foreign currency exchanges or the transactions relative to the foreign currency exchanges occurred in the company shall be translated into the amount of functional currency as per the actually adopted exchange rate.

## (2) Translation Method for Monetary Items of Foreign Currency and Non-monetary Items of Foreign Currency

On the balance sheet date, the monetary items of foreign currency are translated as per the spot exchange rate on the balance sheet date, and the foreign exchange conversion gap arising from which shall be recorded into the profits and losses of the current period, except for ① the balance of exchange arising from special foreign currency borrowings for the purchase and construction of qualified assets subject to the principle of borrowing costs. ② the exchange balance generated from other book balances in the foreign currency monetary items available for sale with the exception of the post-amortization costs shall be recorded into other comprehensive incomes.

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into the other comprehensive income; and be recorded into disposal gains and losses at current period when disposing overseas business.

The non-monetary items of foreign currency measured at the historical cost shall still be measured by the amount of functional currency translated at the spot exchange rate on the transaction date. The non-monetary items of foreign currency measured at the fair value shall be translated at the spot exchange rate on the fair value recognized date, and the gap of the translated amount of functional currency and the original the amount of functional currency shall be as the fair value variation (change in exchange rate included) to make treatment and recorded into the current profits and losses or recognized as other comprehensive incomes.

## (3) Translation Method of Foreign Currency Financial Statement

For the overseas business operation involved in the preparation of the consolidated financial statement, the exchange balance arising from the change in exchange rate for the foreign currency monetary items of the net investment in the overseas business, shall be as “translation reserve of foreign currency statement” and recognized as other comprehensive incomes. The profits and losses of the current disposal period shall be recorded when disposal of the overseas business operations.

The foreign currency financial statement of the overseas business operation shall be translated as RMB statement as per the following methods: the assets and liabilities in the balance sheet shall be translated at a spot exchange rate on the balance sheet date. For the shareholders' equity items, other items shall be translated at a spot exchange rate when occurring, except for the “undistributed profit” items. The earnings and expenses items in the profit statement shall be translated at a spot exchange rate on the transaction date. Moreover, the undistributed profits at the beginning of this year are the profits translated at the end of last year which shall be distributed and listed all the items measurement as per the translated profits. The difference between the translated assets items and the sum of the liabilities items and the shareholders' equity items shall be as the translation reserve of foreign currency statement and recognized as other comprehensive incomes. When disposing the overseas business operation and losing the control right, the translation reserves of foreign currency statement related to the overseas business operation which listed in the shareholders' equity items in the balance sheet, are all recorded into the current disposal profits and losses or shifted as per the disposal proportion of the overseas business operation.

The cash flows of foreign currency and overseas subsidiary shall be translated at the spot exchange rate on the cash flow date. The influence amount of the change in exchange rate on the cash shall be individually listed and reported as the adjustment items in the cash flow statement.

The amount at the beginning of this year and the actual amount of last year shall be listed according to the translated amount of the financial statement.

If the control on the overseas business operation lost due to the disposal of partial equity investment or other reasons when disposing all the owners' equity of the overseas business operation of the company, the translation reserves of foreign currency statement belong to the owners' equity of the parent company related to the overseas business operation which listed in the shareholders' equity items in the balance sheet, are all recorded into the current disposal profits and losses.

If the held equity proportion of the overseas business operation reduced due to the disposal of partial equity investment or other reasons, but the control on the overseas business operation not lost, the translation reserves of foreign currency statement related to the partial disposal of the overseas business operation shall be belong to the minority equity and not recorded into the current profits and losses. When disposing partial equity of the joint ventures or the cooperative enterprises of the overseas business operations, the translation reserves of foreign currency statement related to the overseas business operations shall be recorded into the current disposal profits and losses as per the disposal proportion of the overseas business operations.

#### 10. Financial instruments

One financial asset or financial liability shall be recognized when the company becomes the party in the financial instrument contract. The financial assets and the financial liabilities are measured at the fair value in the initial recognition. For the financial assets and liabilities that measured at the fair values and the variation included in the current profits and losses, the relative transaction expenses shall be directly recorded into the profits and losses. For the financial assets and liabilities of other categories, the expenses related to transactions are recognized as initial amount.

##### (1) Determination Method for the Fair Value of Financial Assets and Liabilities

The fair value refers to the price that receivable for the sale of one asset or paid for the transfer of one liability in the orderly transactions occurring on the measurement date for the market participants. If there exists the active market for the financial instrument, the company shall recognize the fair value according to the quotation in the active market which refers to the price that easy to periodically acquire from Exchanges, Commission Brokers, Guilds and Pricing Services, and stands for the price of the market transactions actually occurred in the fair dealing. For there isn't the active market for the financial instrument, the company shall recognize the fair value with adopting the valuation technique which includes the price used in the market transactions recently conducted by the parities with voluntary trade and under the consideration and acquainting of the situation, the current fair value in reference to other same financial instruments, the discount cash flow method and the option pricing model.

##### (2) Classification、 recognition and measurement of financial instruments



The accounting recognition and de-recognition shall be conducted at the transaction date in the conventional way for the financial assets dealing. The financial assets are divided into the financial assets, the held-to-maturity investment, the loans, the receivables and the sellable financial assets which are measured at their fair values and of which the variation are recorded into the current profits and losses when recognized initially.

① Financial assets (financial liabilities) measured at fair value through current profit and loss Including the tradable financial assets and the financial assets designated at their fair values and of which the variation is recorded into the current profits and losses.

The tradable financial assets refer to the financial assets meeting any of the following requirements: A. the purpose to acquire the financial assets is for selling in the short-term. B. forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the company may manage the combination by way of short-term profit making in the near future. C. being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments belong to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which shall be settled by the delivery of the equity instruments.

The financial assets meeting any of the following requirements can be designated when they are initially recognized as financial assets measured at their fair values and of which the variation is recorded into the current profits and losses: A. the designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arisen from the different basis of measurement of the financial assets. B. the official written documents on risk management or investment strategies of the company have recorded that the combination of the financial assets, or the combination of the financial assets and liabilities will be managed and evaluated on the basis of the fair value and reported to the key management personnel.

The financial assets measured at their fair values and of which the variation is recorded into the current profits and losses shall be made the subsequent measurement as per the fair value, and the gains or losses formed from the variation of the fair value as well as the dividend and interest incomes related to the financial assets shall be recorded into the current profits and losses.

②Held-to-maturity investments

The held-to-maturity investment refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of report price and the company holds for a definite purpose or is able to hold until its maturity.

The held-to-maturity investments shall be made the subsequent measurement on the basis of the actual interest rate and the post-amortization costs, and the gains or losses arising from de-recognition, impairment or amortization shall recorded into the current profits and losses.

The actual interest rate method is the way to calculate the post-amortization costs and the interest incomes or expenditure at each period as per the actual interest rate of the financial assets or liabilities (a group of financial

assets or liabilities included). The actual interest rate means that the future cash flow of the financial assets or liabilities within the predicted term of existence or within a shorter applicable term shall be discounted as the rate used for the current book value of the financial assets or liabilities.

When calculating the actual interest rate, the company should consider all the contract terms of the financial assets or liabilities to estimate the future cash flow (without regard to the future credit loss), and take account of all the charges, transaction expenses and discounts or premium belong to the actual interest rate and paid or received between all the parties of the financial assets or liabilities contracts.

### ③ Loans and Accounts receivable

The loans and the receivables refer to a non-derivative financial asset without the quotation, a fixed or determinable amount of repo price in the active market. The financial assets divided into loans and receivables of the company shall include the bill receivable, the accounts receivable, the interest receivable, the dividends receivable and other receivables.

The loans and the receivables shall be made the subsequent measurement on the basis of the actual interest rate and the post-amortization costs, and the gains or losses arising from de-recognition, impairment or amortization shall recorded into the current profits and losses.

### ④ Available-for-sale financial assets

The sellable financial assets refer to the non-derivative financial assets which are designated as sellable when they are initially recognized as well as the financial assets other than the financial assets, the loans, the receivables and the held-to-maturity investments measured at the fair value and of which the variation recorded into the current profits and losses.

The costs of the sellable liability instrument investments at the end of period shall be recognized as per the post-amortization cost method, which is the amount that the accumulated amortization amount, formed after the amortization for the initially recognized amount with the compensated capital deducted plus or minus the difference between the initially recognized amount and the amount at the maturity date with use of the actual interest rate method, with deduction of the impairment losses occurred. The costs of the sellable equity instrument investments at the end of period are the initially acquired costs.

The sellable financial assets shall be conducted the subsequent measurement at the fair value, the gains or losses arising from the change in the fair value, except that the impairment losses and the exchange balance related to the monetary financial assets of foreign currency and the post-amortization costs are recorded into the current profits and losses, shall be recognized as other comprehensive incomes, transferred out and recorded into the current profits and losses when the de-recognition of the financial assets. However, The equity instrument investment which has no quotation in the active market and whose fair value cannot be reliably measured, and the derivative financial assets which are connected with the equity instrument and required to settle by the delivery of the equity instrument shall be conducted the subsequent measurement by costs.

The interests acquired from the sellable financial assets during the holding period and the cash dividends declared to deliver by the investee shall be recognized as the investment returns.

### (3) Impairment of financial assets

The Company assesses at the balance sheet date the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment.

The Group carries out a separate impairment test for every financial asset which is individually significant. As for a financial asset which is individually insignificant, an impairment test is carried out separately or in the financial asset group with similar credit risk. Where the financial asset (individually significant or insignificant) is found not impaired after the separate impairment test, it is included in the financial asset group with similar credit risk and tested again on the group basis. Where the impairment loss is recognized for an individual financial asset, it is not included in the financial asset group with similar credit risk for an impairment test.

#### ① Impairment of held-to-maturity investments, loans and accounts receivable

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

#### ② Impairment of available-for-sale financial assets

The decline for the fair value of the sellable equity instrument investments can be judged as serious or non-transient depreciation by the relevant comprehensive factors, which shows that the sellable equity instrument investments have the impairment. Of which, the “serious depreciation” refers to the decline range of the fair value accumulatively over 20%, and the “non-transient depreciation” is the decline period of the fair value continuously beyond 12 months.

When the sellable financial assets impair, the accumulated losses formed due to the depreciation of the fair value for other comprehensive incomes originally recorded shall be transferred out and recognized as the current profits and losses, and the transferred accumulative losses are the balances of the costs of the assets initially acquired with deduction of the withdrawn capitals, the amortized amount, the current fair value and the impairment losses initially recorded into profits and losses.

After the impairment losses recognized and if there are objective evidences proving that the financial assets values have resumed after the period and have objectively involved in the matters occurred after the losses recognized, the impairment losses originally recognized shall be switched back, the reverse of the impairment losses for the sellable equity instrument investments shall be recognized as other comprehensive incomes and the reverse of the impairment losses for the sellable liability instrument shall be recorded into the current profits and losses.

The equity instrument investment which has no quotation in the active market and whose fair value cannot be reliably measured, or the impairment losses of the derivative financial assets which are connected with the equity instrument and required to settle by the delivery of the equity instrument shall not be reversed.

#### (4) Recognition and measurement for transfer of financial assets

For financial asset that satisfies the following criteria, it shall stop recognizing the financial asset: 1) the contract rights to collect the cash flow of the financial asset has been terminated; 2) the financial asset has been transferred with nearly all of the risks and rewards related to the ownership of the financial asset transferred to transferee; 3) the financial asset has been transferred with the control to such financial assets waived, though this enterprise has not transferred or retained nearly all the risks and rewards related to the ownership of the financial asset.

If this enterprise has neither transferred nor retained almost all the risks and rewards on the asset ownership, it shall, within the extent of its continuous involvement in the transferred financial asset and recognize the relevant liability. The term "continuous involvement in the transferred financial asset" shall refer to the risk level that this enterprise faces resulting from the change of the value of the financial asset.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the book value of the transferred financial asset and the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities of other comprehensive income, shall be recorded in the profits and losses of the current period.

If the transfer of partial financial asset satisfies the conditions to stop the recognition, the book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period: 1) sum of consideration the portion whose recognition has been stopped and the accumulative amount changes in fair value originally recorded owner's equities which is corresponding to stopped, the book value of the portion whose recognition has been stopped; 2) the book value of the portion whose recognition has been stopped.

For the financial asset sold with recourse attached, it is to transfer the financial asset held by endorsement, prior to confirmation that nearly all of the risks and rewards related to the ownership of the financial asset has been transferred to transferee. Where this enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. Where this enterprise does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to principles stipulated above.

#### (5) Classification and measurement of financial liabilities

Financial liabilities shall be classified into the two categories when they are initially recognized: the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses; other financial liabilities. The initial recognition of financial liabilities shall be measured at fair value. For the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses, the related transaction cost shall be included directly in the current profits and losses; for other financial liabilities, the related transaction cost included in the initially recognized amount.

① Financial liabilities measured at fair value through current profit and loss

Such financial liabilities are divided into transactional financial liabilities and financial liabilities designated to be measured at fair values and whose changes are recorded in current gains and losses in the initial recognition under the same conditions where such financial assets are divided into transactional financial assets and financial assets designated to be measured at fair values and whose changes are recorded in current gains and losses in the initial recognition.

Financial liabilities measured at fair values and whose changes are recorded in current gains and losses are subsequently measured at their fair values. Gains or losses arising from the fair value changes, as well as the dividend and interest expenses in relation to the said financial liabilities, are recorded in the profits and losses for the current period.

② Other Financial liabilities

And are not quoted in an active market, for which there is no quoted price in the active market and whose fair value cannot be reliably measured, this enterprise shall make subsequent measurement according to its cost. For other financial liabilities, this enterprise shall make subsequent measurement on the basis of the post-amortization costs by adopting the actual interest rate method, with profits or losses resulting from stopping recognition or amortization recorded into the profits and losses of the current period.

③ Financial guarantee contract and loan commitment

For the financial guarantee contracts which are not designated as a financial liability measured at its fair value and the variation thereof is recorded into the profits and losses of the current period, or the loan commitment which is not designated as a financial liability measured at its fair value and the variation thereof is recorded into the gains and losses that will be loaned lower than the market interest rate, which shall be initially recognized by fair value, and the subsequent measurement shall be made after they are initially recognized according to the higher one of the following: a. the amount as determined according to the Accounting Standards for Enterprises No. 13 – Contingencies; b. the surplus after accumulative amortization as determined according to the principles of the Accounting Standards for Enterprises No. 14 - Revenues is subtracted from the initially recognized amount.

(6) Conditions for derecognition of financial liabilities

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

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

(7) Derivatives and embedded derivatives

Derivative financial instruments include derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are substantially re-measured at fair value. The resulting gain and loss is

recognized in profit or loss.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and the treated as a standalone derivative if (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Company is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

#### (8) Offset of Financial Asset and Financial Liability

Where this enterprise has the legal right to offset its recognized financial asset and financial liability, and it is able to perform this legal right, and if it plans to settle with the net amount of and cash the financial asset and liquidate the financial liability, it shall itemize and show in the balance sheet the amounts after the financial asset and the financial liability offset each other. For any other circumstances, the financial asset and financial liability shall not offset each other, and shall be itemized and shown separately in the balance sheet.

#### (9) Equity Instruments

The "equity instruments" refers to the contracts which can prove that this enterprise holds the surplus equities of the assets after the deduction of all the debts. This enterprise deal the equity instruments issued (including refinancing), repurchased, sold or cancelled as changes of equity. It shall not recognize the changes of fair value of equity instruments. The transaction expenses associated with equity transactions shall be deducted from the equity.

This enterprise shall deduct the shareholders' equity for various kinds of distributions (not including stock dividends) to the holders of equity instruments. It shall not recognize the amount of changes in the fair value of equity instruments.

### 11.Account receivable

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

Assessment basis or standard of individually significant amount	Accounts receivable have an individual amount of more than RMB5 million, and other receivables have an individual amount of RMB3 million.
Individual provision for bad debt of significant accounts receivable	The separate impairment tests are carried out for the accounts receivable. Provision for bad debts shall be made at the difference of present values of estimated future cash flows in short of their book values and included in current profit and loss, if any objective evidence indicates the impairment.

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

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

In Group ,Accounts on age basis in the portfolio:

Applicable  Not applicable

Aging	Proportion of provision for accounts receivable (%)	Provision for bad debt of other receivables (%)
1-6 months (including 6 months)	0.00%	0.00%
Within 6 months- 1 year	5.00%	5.00%
1—2 years	10.00%	10.00%
2—3 years	30.00%	30.00%
3—4 years	50.00%	50.00%
4—5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

## 12. Inventories

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

No

(1) Classification of inventories

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

(2) Obtaining and Measurement of Inventories

The perpetual inventory systems are adopted for this enterprise's inventories. The inventories shall be measured by their actual cost when they are obtained. Raw materials, works in process, finished products, etc. shall be measured with the weighted average method when they are being sent out. Low-value consumption goods shall be written off by one-off write-off method when they are withdrawn for use. Circulation packaging materials shall be recorded into cost according to the predicted usage times.

(3) Methods to make provision for loss on decline in value of inventories

If the cost of inventories is higher than the net realizable value at the end of each period, this enterprise shall make the provision for the loss on decline in value of inventories. This enterprise makes provision for the loss on decline in value of inventories on the ground of each item of inventories. If the factors causing any write-down of the inventories have disappeared, the amount of write-down shall be resumed and be reversed from the provision for the loss on decline in value of inventories that has been made.

(4) Method for confirming the net realizable value of inventories

The net realizable value of inventories refers to the amount of the estimated selling price, less the estimated costs of completion, the estimated selling costs and related tax payments.

### 13. Held-for-sale assets

The Company will retrieve its book value by means of selling assets (including the exchange of commercial non-monetary assets) instead of sequentially using a non-monetary asset or a disposal group, and when meeting two of the following conditions, the book value will be divided into held-for-sale category: (1) When a certain non-monetary assets or a certain disposal group sells such kind of assets in similar transactions in accordance with the convention, assets can be sold immediately under the current situation. (2) The Company has made decision for the selling plans and has acquired assured purchase commitment, predicting that selling will be completed within one year. (The selling, which can only be sold after acquiring approval from relevant authorities or supervision departments according to relevant provision requirement, has acquired its approval).

The Company will be specifically for dividing the non-current assets or disposal group which are acquired from reselling into on-sales category on acquisition date if on acquisition date they can meet the stipulated condition



that the predicted selling will be completed within one year , and in a short term (usually 3 months) they are likely to meet other conditions of dividing into on-sales category.

When the non-monetary assets and disposal group were measured by the Company at the beginning or remeasured and divided into held-for-sale category on balance sheet date, if its book value is higher than the net amount after fair value deducts selling expense, the book value will be written down to the net amount after fair value deducts selling expense, and the written-down amount will be confirmed as assets impairment losses and counted into the current profits and losses, and the impairment provision with held-for-sale assets will be withdrawn in the meanwhile. For the held-for-sale disposal group's confirmed amount of loss of asset impairment, the book value of goodwill will be deducted first, and its book value will then be deducted proportionally according to the book value's percentages of all non-current assets in the disposal group which can be adopted by the measurement stipulations of Accounting Standards for Business Enterprises NO.42- Held-for-sale Non-current Assets, Disposal Groups and Operation Termination

If any increment occurs in the net amount after the held-for-sale non-current assets on the subsequent balance sheet date deducts selling expense, the amount deducted previously will be recovered and will be transferred back within the amount of asset impairment losses confirmed after being divided into held-for-sale category, and the amount transferred back will be counted into the current profits and losses. There will be no restitution for asset impairment losses confirmed before being divided into held-for-sale category. The amount deducted previously of held-for-sale disposal group shall be recovered, and when after being divided into held-for-sale category, it will be transferred back within the amount of impairment confirmed by non-current assets by the means of the measure stipulations of Accounting Standards for Business Enterprises NO.42- Held-for-sale Non-current Assets, Disposal Groups and Operation Termination, and the amount transferred back will be counted into the current profits and losses. There will be no restitution for the book value of goodwill which has been deducted and for asset impairment losses confirmed before being divided into held-for-sale category which can be adopted by the measure stipulation of this principle.

Non-current held-for-sale assets or non-current assets in the disposal group shall not be depreciated or amortized, and interest and other expenses on liabilities held in the disposal group for sale shall continue to be recognized.

When the non-current assets or the disposal group can not meet the conditions of dividing into on-sales category, the Company will not continue to divide it into on-sales category or remove the non-current assets from the on-sales disposal group, and the valuation will be made according to the lower one between two of followings:

( 1 ) Book value before being divided into on-sales category, and the amount of money after being under the situation where book value is supposed not to be divided into on-sales category and adjustment is made in depreciation, amortization or impairment which should have been confirmed. ( 2 ) Recoverable amount.

When derecognizing the on-sales non-current assets or disposal group, the Company will count the gains and losses which are yet to be confirmed into the current profits and losses.

#### 14. Long-term equity investment

The long-term equity investment in this section refers to the long-term equity investment of this enterprise that is able to control to or does joint control with or significant influences over the invested enterprise. For the long-term equity investment of this enterprise that is not able to control to or does not do joint control with or have significant influences over the invested enterprise, this enterprise shall record it as available-for-sale financial asset or the financial asset measured by its fair value with its changes in fair value recorded into the profits or losses of current period as the changes. For details of its accounting policy, please refer to Note 3.10 "Financing Instruments".

The term "joint control" refers to the joint control over an arrangement of this enterprise in accordance with the contracts and agreements, and decisions over relevant activity of such arrangement shall not be unless the assent on sharing the control power. The term "significant influences" refers to this enterprise's power to participate in making decisions on the financial and operating policies of the invested enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

##### (1) Determination of investment cost

For the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, no-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. For the merger of enterprises under the same control through gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the share of book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equity investment held by this enterprise before the date of merger shall be accounted for by equity method, or shall be recorded as the other comprehensive income recognized as available-for-sale financial asset and not accounted for.

For the merger of enterprises not under the same control, it shall, on the date of merger, regard the share of the

book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The merger costs include the assets paid, liabilities occurred or borne and sum of the fair value of the equity securities issued by the purchaser. For the merger of enterprises not under the same control through gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the sum of book value of the owner's original equity of the merged enterprise and the newly increased investment cost as the initial cost of the long-term equity investment. For the shares originally held by this enterprise accounted for by weighted equity method, the relevant other comprehensive income shall not be accounted for temporarily. For the equity investment accounted for as available-for-sale financial asset, the difference of its fair value and its face value and the accumulated changes in its fair value originally recorded as other comprehensive income shall be switched to the profits or losses of the current period.

The audit cost, law service cost, evaluation and consultation fees and agent commissions as well as other related administration costs occurred and borne by the merging or purchasing enterprise for the purpose of merger, shall be recorded into the profits or losses of current period at the time when the costs occurred.

Other equity investments except the long-term equity investment formed by merger of enterprises shall be initially ascertained by their costs which, depending on the different ways in acquiring the long-term equity investments, shall be recognized separately as cash purchasing prices actually paid by this enterprise, fair value of the equity securities issued by this enterprise, agreed value of the investment contracts or agreements, fair value or original book value of the assets obtained by exchange of no-monetary assets, the fair value of the long-term equity investment itself, etc. The relevant expenses, tax payments as well as other necessary expenses directly associated with obtaining the long-term equity investment shall be recorded into the investment costs as well. If this enterprise is able to do joint control or significant influence, which does not constitute control, over the invested entity as a result of additional investment, the long-term equity investment cost shall be the sum of the fair value of the equity investment ascertained in accordance with the Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instrument and the cost of the increased investment.

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

A long-term equity investment of this enterprise that does joint control (not including joint venture) or significant influences over the invested entity shall be measured by employing the equity method. Besides, the cost method is employed in this enterprise's financial reports to measure the long-term equity investment that could form control over the invested entity.

### ① Long-term equity investment calculated under the cost method

The price of a long-term equity investment measured by employing the cost method shall be included at its initial

investment cost. If there are additional investments, the cost of the long-term equity investment shall be adjusted. Except the prices actually paid when obtaining the investment or cash dividends or profits being approved in the consideration but not yet issued, the investment income of the current period shall be recognized in accordance with the cash dividends or profits being approved by the invested entity.

② Long-term equity investment calculated under the equity method

If the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of long-term equity investment shall be adjusted simultaneously.

When employing the equity method, this enterprise shall, in accordance with the attributable share of the net profits or losses of the invested entity, recognize the investment profits or losses and adjust the book value of the long-term equity investment. This enterprise shall, in the light of the profits or cash dividends declared to distribute by the invested entity, calculate the proportion it shall obtain, and shall reduce the book value of the long-term equity investment correspondingly. Where any change is made to the owner's equity other than the net profits and losses of the invested entity, the book value of the long-term equity investment shall be adjusted and included in the capital reserves. This enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies and accounting periods adopted by the invested entity are different from those adopted by this enterprise, an adjustment shall be made to the financial statements of the invested entity in accordance with the accounting policies and accounting periods of this enterprise and recognize the investment profits or losses and other comprehensive incomes. For the transactions between this enterprise and its joint ventures and associated entities, where the assets invested or sold do not constitute a business, the unrealized internal transaction profits or losses shall be calculated in accordance with proportion shared, with the proportion shared by this enterprise offset and recognize the investment profits or losses based thereof. However, if losses occurred in the internal transaction between the invested entities is the impairment loss of transferred assets, they shall not be offset. When the assets invested by this enterprise to its joint ventures or associated entities constitute a business, and the investing party obtains long-term equity but without control power, the fair value of the invested business shall be recognized as the initial investment cost of the additional long-term equity investment. The total difference between the original investment cost and the book face of the invested business shall be recorded into the profits or losses of the current period. If the assets purchased from the joint ventures or associated entities constitute a business, this enterprise shall account for the business in accordance with this enterprise Accounting Standard No. 20 - Business Combinations, with the total profits or losses associated with the transaction recognized.

The Company bears the net losses of its invested business to the limit of the book value of its long-term equity investment and other long-term equity that in real terms constitutes investment on the business. For additional loss of its invested business, if the Company is obligated to undertake, it shall be recognized as estimated liabilities accordingly and recorded in current investment losses. If the invested business earns profits afterwards, the Company shall reinstate and recognize its share of gains after compensating its unrecognized share of losses.

### ③ Purchase of minority interest

While compiling consolidated financial statements, the Company adjusts its capital reserve in terms of the difference between the increase of long-term equity investments due to purchase of minority interest and its share of the subsidiaries' net assets since the purchase (or combination) date or dates. If its capital reserve is not sufficient to write down the difference, then the Company adjusts its retained income.

### ④ Disposal of long-term equity investment

In consolidated financial statements, the Company records in shareholders' equity the difference between partial disposals of its long-term equity investments in its subsidiaries and its share of the subsidiaries' net assets if it does not lose control of the subsidiaries; and if such partial disposals result in loss of its control of the subsidiaries, the difference shall be treated in accordance with the accounting policies related and specified in "Compiling Principles for Consolidated Financial Statements". ( Please refer to (2) in Note 3.6 )

For disposals of long-term equity investments under other circumstances, the difference between the book value and the actual received consideration is recorded in current profit and loss.

For the long-term equity investments calculated by equity method, the same method applies to the remaining equity after disposal. Meanwhile, the other comprehensive gains originally recorded in shareholders' equity is treated pro rata by the same method how the invested businesses handle the accounts while directly disposing the related assets or liabilities. The investor recognizes the ownership interest due to equity changes except net profit and loss, other comprehensive gains and profit distribution, and carries it over pro rata to current profit and loss.

For long-term equity investments calculated by costs method, the same method applies to the remaining equity after disposal. Other comprehensive gains calculated and recognized by equity method or recognition and measurement principles for financial instruments before the Company obtains control of the invested businesses are treated on the same basis that the invested businesses directly dispose the related assets or liabilities, and it will be carried over pro rata to current profit and loss; and among the invested businesses' net assets that are calculated and recognized by equity method are all other equity changes than net profit and loss, other comprehensive gains and profit distribution carried over pro rata to current profit and loss.

For disposals of long-term investment equity resulting in loss of control over the invested businesses, when compiling individual financial statements, the Company changes to adopt equity method to calculate the

remaining equity that is still sufficient to exert joint control or significant influence, and to make adjustments as since it was acquired; and if the remaining equity is not sufficient, it will be handled in accordance with the relevant recognition and measurement principles for financial instruments and the difference between its fair value and book value will be recorded in current profit and loss since the Company loses control of the invested businesses. For other comprehensive gains recognized by equity method or recognition and measurement principles for financial instruments before the Company obtains control over the invested businesses, the Company adopts the same basis to handle the accounts as the invested businesses directly dispose the related assets or liabilities, and among the invested businesses' net assets that are calculated and recognized by equity method are all other equity changes than net profit and loss, other comprehensive gains and profit distribution carried over pro rata to current profit and loss. For the remaining equity calculated by equity method, other comprehensive gains and other ownership interests will be carried over pro rata while for those treated in accordance with the recognition and measurement principles for financial instruments, other comprehensive gains and other ownership interests will be carrier over entirely.

Under the circumstances that the Company loses joint control over or has no significant influence on the invested businesses due to partial equity disposal, the remaining equity changes to be calculated in accordance with the recognition and measurement principles for financial instruments, and the difference between its fair value on the date that the Company loses the joint control and significant influence and the book value is recorded in current profit and loss. For other comprehensive gains recognized due to calculation of the original equity investments by equity method, the Company adopts the equity method no longer but the same basis to handle the accounts as the invested businesses directly dispose the related assets or liabilities while carrying over to current profit and loss all the ownership interest recognized due to other equity changes than net profit and loss, other comprehensive gains and profit distribution.

If the Company gradually loses control of a subsidiary through multiple transactions, which is a package deal as a whole, then all these transactions will be treated as control losing equity disposal, and before loss of control, the difference between each transaction consideration and the book value of the corresponding long-term equity investment is recognized as other comprehensive gains and in the end, carried over to current profit and loss upon loss of control.

#### 15. Investment property

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

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

The Company makes initial measurement at the costs that the properties is acquired and records as part of the

property costs the subsequent expenses that could bring economic benefit inflows and be measured reliably while other subsequent expenses as part of current profit and loss. Such properties are depreciated or amortized in accordance with the relevant regulations for fixed assets or intangible assets.

## 16. Fixed assets

### (1) Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year.

A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

### (2) Depreciation method

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

Thereinto, the fixed asset whose asset impairment provision has been withdrawn should also have its accumulated amount deducted to count and confirm the depreciation rate.

Fixed assets from financial leasing are depreciated during the useful life if it is reasonable to determine that the ownership could be obtained upon lease expiration; otherwise, the Company should choose the shorter of the lease period and the remaining useful life to depreciate the assets.

When the year of the fixed asset comes to an end, the Company will review its service life, net residual value and depreciation method. Should there be any differences between the estimated amount of service life and the initially estimated one, adjustment will be made for the service life; Should there be any differences between the estimated amount of net residual value and the initially estimated one, adjustment will be made for the estimated one.

### (3) Charge for Major Overhaul

The Company conducts regular checking on major overhaul fee incurred in the fixed asset, and any parts of the fee that have unambiguous evidence to indicate they conform with the condition for confirming fixed asset will be counted into the fixed asset costs, otherwise into the profit and loss of the current period. During the interval period of regular major overhaul, the fixed asset will be depreciated as before.

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

#### 17 .Projects under construction

The costs of construction in progress include all necessary project expenditures, the borrowing expenses that should be capitalized before the works reaches the expected usable status and other relevant expenses.

Construction in progress changes to fixed assets when it reaches the expected usable status.

#### 18 Borrowing expenses

Borrowing expenses include interest, amortization of discount or premium, auxiliary expenses, translation differences arising from borrowings in foreign currency etc. The Company starts to capitalize the borrowing expenses in direct connection to purchase, construction or production of the assets that meet capitalization conditions when there are assets expenditures and borrowing expenses incurred and/or the Company starts all the necessary events to purchase, construct or produce such assets till the assets can be used and sold. Other borrowing expenses are recognized as costs when incurred.

The Company capitalizes the actual interest expense incurred by use of special borrowings, minus the interest income from the remaining borrowing funds in bank or any investment income earned from the interim investment of those borrowings; and for general borrowings, the amount to capitalize is the weighted average of the accumulated assets expenditures in exceed of the special borrowings times the capitalization rate of the used general borrowings, which is determined by the weighted average interest rate of the general borrowings.

During capitalization, all translation differences of special borrowings in foreign currency should be capitalized while those of general borrowings in foreign currency are recorded in current profit and loss.

The qualifying assets to be capitalized are fixed assets, investment properties and inventories which need to be acquired, constructed or produced through a long period of time, in order to become ready for its intended use or sale.

The Company stops capitalization of borrowing costs if an abnormal interruption more than 3 consecutive months occurs during purchase, construction or production of the assets that are eligible to capitalization till all those restart.

For the special loan borrowed for the purchase or production of assets eligible for capitalization, the amount of the borrowing costs incurred in the current period of a special loan, minus the amount of interest earned in the bank on unused borrowed funds or the return on the investment obtained by a temporary investment, to determine the amount of capitalization of borrowing costs.

If general borrowings are used to purchase, construct or produce the capitalization eligible assets, the borrowing cost to capitalize is the weighted average of the accumulated assets expenditures in exceed of the special



borrowings times the capitalization rate of the used general borrowings, which is determined by the weighted average interest rate of the general borrowings.

#### 19. Biological assets

#### 20. Oil-gas assets

#### 21. Intangible assets

##### 1 Pricing method, useful life and impairment test

The Company makes initial measurements on intangible assets in terms of the costs and determines the useful life when obtaining the assets. For intangible assets of a limited useful life, from the time the assets are available for use, the Company adopts the amortization method that reflects realization of the expected economic benefits, or the straight-line amortization method if unable reliably to determine how to realize the expected economic benefits; and no amortization are made for intangible assets of an unlimited useful life.

At the end of each year, the Company reviews the useful life and amortization methods of intangible assets of a limited useful life and makes adjustments and accounting treatment if different from the previous estimates.

For the intangible assets that are estimated to produce no more economic benefits in the future, the Company records the book value of such assets all in current profit and loss.

Intangible assets with uncertain service life shall be explained the judgement basis for uncertainty of service life, and be explained the procedures for reviewing the useful life of the intangible assets during each accounting period, as well as the results of impairment tests for the intangible assets.

##### (2) Internal research and development expenditure accounting policy

#### 22 Impairment of the long-term assets

On balance sheet dates, the Company determines whether there are impairments occurring to fixed assets, construction in progress, intangible assets of a limited life, investment properties measured in the cost model as well as non-current and non-financial assets like the long-term equity investments on subsidiaries, joint ventures and associated companies. If impaired, the Company estimates the retrievable amount and conducts an impairment test. Impairment tests need to be done on goodwill, intangible assets of an unlimited life and the intangible assets that are not yet to reach the usable status, no matter they are impaired or not.

If the impairment test result shows the retrievable amount lower than the book value, impairment provisions will be set aside and recorded in impairment loss. The retrievable amount is the fair value of the assets minus the disposal expenses or the present value of the estimated future cash flows of the assets, whichever is higher. The fair value of the assets is determined in terms of the price specified in the selling agreement that is fair trade; if no selling agreement but there is an active assets market existing, it is determined in terms of the buyer's offer; and if

no selling agreement and active assets market, the fair value can be estimated based on the best available information. Disposal expenses include all related legal charges, taxes, delivery fees or the direct expenses incurred to have the assets reach the usable or sellable status. To determine the present value of the estimated future cash flows from the assets, the Company chooses an appropriate discount rate in the light of the continual usage of the assets and the estimated future cash flows occurring upon final disposal. Impairment provisions of the assets are calculated and recognized on the basis of individual assets. If unable to estimate the retrievable amount of individual assets, the Company determines the amount by reference to the asset group that includes the individual assets. Asset groups are the minimum assets combination that independently produces cash inflows.

For the goodwill separately listed in financial statements, while an impairment test being conducted, the book value is apportioned to the asset groups or combination of asset groups expected to benefit from the synergy effects arising from business combinations. The Company recognizes impairment losses when the test result shows that the retrievable amount of the asset groups or combination of asset groups is lower than their book values. The impairment loss will be first used to write down the book values of the asset groups or combination of asset groups and then those of other assets pro rata.

Once the aforesaid impairment losses are recognized, they cannot be reinstated in the future.

### 23. Long-term amortizable expenses

Long-term unamortized expenses are valued at the actual costs and amortized at average in an estimated beneficial period of time. If those cannot benefit the Company in future accounting periods, the remaining will be recorded all in current profit and loss.

### 24. Employee compensation

#### 1. Accounting treatment of short-term remuneration

Employee compensation refers to all kinds of rewards or compensations given in return for employees' services or employment termination. It includes short-term compensation, post-employment benefits, demission benefit.

Short-term compensation includes payroll, bonus, allowances and subsidies, employee welfare, medical insurance, injury insurance and birth insurance, housing fund, labor union and employee training expenditures, non-monetary benefits and other short-term rewards. It recognizes as liabilities the actual short-term compensation incurred during the accounting period that the employees provide their services and records in current profit and loss or the relevant asset costs. Non-monetary benefits are measured at the fair value.

#### 2. Accounting treatment of benefits paid after departure

Post-employment benefits are mainly defined contribution plans, which include basic pension, unemployment insurance etc. The corresponding contributions are recorded in the relevant asset costs or current profit and loss when incurred.

#### 3. Accounting treatment of dismissal welfare

When terminating labor relations before expiration of contract, or layoffs with compensations, and the Company cannot terminate the labor relations unilaterally or reduce the demission welfare, remuneration and liabilities

produced from the demission welfare should be determined and included in current profits and losses when determining the costs of demission welfare and recombination. However, demission welfare not fully paid within 12 months after annual Reporting Period should be handled the same as other long-term employees' payrolls.

The inside employee retirement plan is treated by adopting the same principle with the above demission welfare. The Company would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (demission welfare) under the condition that they meet the recognition conditions of estimated liabilities.

#### 4 .Accounting treatment of other long term employee benefits

The other long-term welfare that the Company offers to the staffs, if met with the defined contribution plans, should be accounting disposed according to the defined contribution plans, while the rest should be disposed according to the defined-benefit plan.

## 25. Estimated Liabilities

The Company recognizes as estimated liabilities the obligations that meet the following conditions:

- A. Current obligations being undertaken by the Company;
- B. Fulfillment of the obligations that lead to cash flow out of the Company;
- C. The amount of the obligations that can be measured reliably.

If it is expected that a third party can compensate for all or partial expenditures to pay off the recognized estimated liabilities, the compensation can be recognized separately as assets only when the Company is sure to receive it. The amount to recognize cannot exceed the book value of the recognized liabilities.

## 26. Share-based Payment

### (1) Types of Share-based Payment

It is divided into equity-settled share-based payment and cash-settled share-based payment.

### (2) Recognition of Equity Instruments' Fair Value

For the granted equity instruments that there is an active market for, e.g. options, the Company determines the fair value by reference to the quotation prevailing in the active market. For those that there is no active market for, the options pricing model is adopted to determine the fair value.

### (3) Recognition Basis for Best Estimates on Exercisable Equity Instruments

On each balance sheet date during the vesting period, the Company makes best estimates based on the latest number changes of its employees and adjusts the quantity of estimated exercisable equity. The final quantity of estimated exercisable equity instruments should be consistent with that of the actual ones on vesting dates.

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

28.Revenues

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

No

(1) Merchandise sales

After transferring the significant risks and compensation of the merchandise ownership to the buyer, the company no longer holds the rights to manage and have control over the merchandise, and recognizes the revenue if the economic benefits arising from the related transactions can flow into the Company and all the costs and revenues related to such product sales can be measured reliably.

(2) The concrete principle of Major income

The sales revenue of Chongqing Jianshe Automobile A/C is divided into three categories according to customer groups:

- ① Big customer. The mode of cooperation is mainly according to the customer's production needs; the company will ship the goods to the designated or cooperative tripartite logistics company, which is responsible for the warehousing and distribution services. Each month, the customer would issue a hang account notice according to the actual consumption of the production plan, sales clerk issued a letter of notice for invoices according to the customer's bill hang notice combined with customer consumption, contract unit price and hang account notice, etc., The finance department shall issue invoices to confirm the sales income.
- ② Customers - Delivery after payment. Sales personnel confirm upon receipt of payment by the customer, in accordance with customer requirements and related information of bill, the contract of sale price and customer demand quantity shipment, and issue a letter of notice, then the finance department completes the transaction.
- ③ Customers - After-sales market. Sales personnel deliver the goods to the customer according to the contract and customer demand. After arrival time node, sales personnel issues a letter of notice according to the unit contract price and shipment quantity, and the finance department issues invoices to confirm the sales revenue.

29.Government grants

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

The government grants pertinent to assets are recognized as deferred income and are credited to profit or loss by stages in accordance with a reasonable and systematic method within the useful life of the pertinent assets. If the pertinent assets are sold, transferred, scrapped or destroyed before the end of their useful life, the non-allocated pertinent deferred income balance shall be transferred to the profit or loss of the period of assets disposal, and the recognized government grant needs to be refunded, then it shall write down the carrying amount of the relevant deferred income and the excess part shall be included in the current profit and loss

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

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

For government grants that include both asset-related and income-related components, the accounting treatment shall differentiate the different part; for those that are unable to differentiate, the grants shall be classified as government grants related to income.

The government grants related to the company's routine activities are included in other income or offset related costs in accordance with the business economic nature. The government grants not related to the company's routine activities are included in the non-operating income.

## 30. Deferred income tax assets and deferred income tax liabilities

The balance between the book value and the tax basis of some items of assets and liabilities, as well as the temporary differences issued as the balance between the book value and the tax basis of the tax basis items that unrecognized as assets and liabilities but can be determined as per the provisions of tax law, which shall be determined as the deferred income tax assets and the deferred income tax liabilities in accordance with the balance sheet debt law.

Taxable temporary differences related to the initial recognition of goodwill, as well as the initial recognition of an asset or liability in a transaction that neither belongs to a business consolidation, nor affects the accounting profit and taxable income (or deductible loss) when it happens, the relevant deferred income tax liabilities shall not be recognized. In addition, as for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the Company could control the reverse time of such differences and such differences cannot be reversed in the foreseeable future, the relevant deferred income tax liabilities also shall not be recognized. Apart from the above-mentioned exceptional cases, the Company recognizes all other deferred income tax liabilities caused by taxable temporary differences.

Deductible temporary differences related to the initial recognition of an asset or liability in a transaction that neither belongs to a business consolidation, nor affects the accounting profit and taxable income (or deductible loss) when it happens, the relevant deferred income tax assets shall not be recognized. In addition, as for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, if such differences cannot be reversed in the foreseeable future or are not likely to obtain the taxable income to deduct the deductible temporary differences of the taxable income, the relevant deferred income tax assets shall not be recognized. Apart from the above-mentioned exceptional cases, the Company recognizes other deferred income tax assets caused by deductible temporary differences within the limit of likely obtained taxable income that can be used to deduct the deductible temporary differences of the taxable income.

The corresponding deferred tax assets of deductible loss and tax reduction that can be carried forward during subsequent years shall be recognized within the limit of likely obtained future taxable income that can be used to deduct the deductible loss and tax reduction.

As per the provisions of tax law, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rates used during the period of expectation recovery of relevant assets or pay-off relevant liabilities at the balance sheet date.

The book value of the deferred income tax assets shall be re-checked at the balance sheet date. The book value of the deferred income tax assets shall be written-down if it is unlikely to obtain sufficient taxable income in the future to deduct the benefit of the deferred tax assets and the written-down amount shall be carried forward if it is likely to obtain sufficient taxable income.

### 31.Operational leasing

#### 1.Accounting treatment of operating lease

The Company will transfer substantially all the risks and rewards of ownership of an asset lease are recognized as a finance lease. Other forms of lease besides financial leasing are considered as operating leasing.

At the commencement of the lease term, an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments shall be regarded as the recorded value of the leased assets and an amount equal to the minimum lease payments shall be recognized as a long-term recorded value of the leased assets of payables. The balance between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognized finance charge.

Lease payments under an operating lease shall be accounted into the relevant asset cost or current profit or loss over the lease term on a straight-line basis.

#### 2.Accounting treatment of financing lease

### 32. Other significant accounting policies and estimates

#### ( 1 ) Discontinued Operation

Discontinued operation means enterprises which can meet one of the following conditions and can be distinguished into a constituent part separately, and this part has been disposed or divided into a on-sales category.

- ① This constituent part represents an independent main business or a separate main business area;
- ② This part is a one of the related parts which proposes to dispose an independent main business or an independent main business area.
- ③This part is a subsidiary acquired from being specifically for reselling.

For accounting treatment methods for discontinued operation, see the relevant descriptions at Article 13-

## Possession of On-Sales Asset in Note III

## 33.Change of main accounting policies and estimations

## (1)Change of main accounting policies

Applicable  Not applicable

## (2) Change of main accounting estimations

Applicable  Not applicable

## 34.Other

Not applicable

**VI. Taxation**

## 1. Main categories and rates of taxes

Class of tax	Tax basis	Tax rate
VAT	Calculated on tax law from selling goods and taxable services based on the calculation of output tax, after deduction of input tax deductibility of the current period, the balance part of VAT payable	16、 11、 6
Consumption tax	Revenue of taxable consumables	3
City maintenance and construction tax	Value-added tax, operating tax and consumption tax paid	7
Enterprise income tax	Taxable income	25、 15
Operational tax	Levied based on the taxable income (Since May 1, 2016, the Business tax changes to Value-added tax)	5
Education surcharges	Levied based on the actual payment of business tax, VAT and consumption tax	3
Local education surcharges	Levied based on the actual payment of business tax, VAT and consumption tax	2

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

Name of Taxpayer	Rate of Income Tax
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## 2. Preferential tax treatment

The company is subject to the enterprise income tax rate of 15% in 2017, as a result of the preferential enterprise income tax policies to promote the large-scale development of the western region in accordance with the

Announcement on Issues of Enterprise Income Tax concerning In-depth Implementation of Western Region Large-scale Development Strategy (Announcement of the State Administration of Taxation [2012] No.12).

Chongqing Jianshe Automobile A/C Co., Ltd. by high and new technology enterprise qualification on December 5, 2016, acquire the qualification of new high-tech enterprises, Certificate No. GR201651100400, valid for three years. Chongqing Jianshe Automobile A/C Co., Ltd. calculates and pay enterprise income tax shall be levied at the reduced tax rate 15% from 2017 to 2019.

### 3.Other

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

### 1. Monetary funds

In RMB

Items	Closing balance	Opening balance
Cash on hand		29,270.09
Bank deposits	160,989,944.15	126,196,196.37
Other cash and cash equivalents	145,019,500.00	123,423,000.00
Total	306,009,444.15	249,648,466.46

Other notes

Notes: The amounts of other currency funds in beginning balance and ending balance are bank acceptance deposit, it shall be classified as restricted funds.

Other notes

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

In RMB

Items	Closing balance	Opening

Other notes:

### 3. Derivative financial assets

Applicable  Not applicable

### 4. Notes receivable

#### (1) Notes receivable listed by category

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	32,456,659.53	16,272,808.72
Trade acceptance bill	837,000.00	1,528,000.00



Total	33,293,659.53	17,800,808.72
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## (2) Notes receivable pledged by the Company at the period-end

In RMB

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

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

In RMB

Items	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	338,399,565.05	
Trade acceptance bill	3,970,000.00	
Total	342,369,565.05	

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

In RMB

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

Other notes

## 5. Accounts receivable

## (1) Accounts receivable disclosed by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Account receivables with provision for bad debt made on a portfolio with similar risk credit characteristics basis	325,710,943.11	99.99%	14,332,234.80	4.27%	311,378,708.31	295,640,872.01	99.98%	15,297,536.80	5.17%	280,343,335.21
Account receivables with insignificant	46,628.00	0.01%	6,153.00	13.20%	40,475.00	46,628.00	0.02%	6,153.00	13.20%	40,475.00

single amount and provision for bad debt made on an individual basis										
Total	325,757,571.11	100.00%	14,338,387.80	4.27%	311,419,183.31	295,687,500.01	100.00%	15,303,689.80		280,383,810.21

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

Applicable  Not applicable

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

Applicable  Not applicable

In RMB

Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			
Within 6 months(Including 6 months)	294,761,648.47		
6—12 months	8,280,182.40	414,009.12	
Subtotal within 1 year	303,041,830.87		5.00%
1-2 years	3,258,323.53	325,832.35	10.00%
2-3 years	8,232,360.99	2,469,708.30	30.00%
Over 3 years	11,178,427.72	11,122,685.03	
3-4 years	93,775.20	46,887.60	50.00%
4-5 years	44,275.44	35,420.35	80.00%
Over 5 years	11,040,377.08	11,040,377.08	100.00%
Total	325,710,943.10	13,918,225.68	

Notes of the basis of recognizing the group:

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

Applicable  Not applicable

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

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

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

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

In RMB

Items	Reversed or collected amount	Method
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## (3) The actual write-off accounts receivable

In RMB

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

Of which the significant actual write-off accounts receivable:

In RMB

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

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

Name	Book balance	Proportion (%)	Bad debt provision
PSA group	78220793.89	24.01%	0
Zhejiang Yuanjing Auto Parts Co.,Ltd	49,606,586.77	15.23%	0
Great Wall Motor Co.,Ltd. – Tianjin Haval filiale	32,749,390.68	10.05%	0
China Northern Vehicle Co., Ltd.	27,021,208.01	8.29%	9,753,208.010
Chongqing Chanan Aotomobile Co., Ltd.	22,773,503.38	6.99%	
Total	154,005,291.23	47.28%	0

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

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

Other notes:

## 6.Prepayments

## (1) List by aging analysis:

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	13,802,477.17	96.78%	13,138,485.04	98.26%
1-2 years	361,125.35	2.53%	164,291.92	1.23%
2-3 years	32,568.50	0.23%	2,590.50	0.02%
Over 3 years	65,893.80	0.46%	65,893.80	0.49%

Total	14,262,064.82	--	13,371,261.26	--
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Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time

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

Other notes:

## 7. Interest receivable

(1) Category of interest receivable

In RMB

Items	Closing balance	Opening balance
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(2) Significant overdue interest

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

## 8. Dividend receivable

(1) Dividend receivable

In RMB

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

In RMB

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

## 9. Other accounts receivable

(1) Other accounts receivable disclosed by category

In RMB

Category	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book	Book balance	Bad debt provision	Book value

	Amount	Proportion %	Amount	Proportion %	value	Amount	Proportion %	Amount	Proportion %	
Other receivables with provision for bad debt made on a portfolio with similar risk credit characteristics basis	19,559,180.49	98.19%	4,271,468.02	21.84%	15,287,712.47	12,007,500.49	97.08%	4,271,468.02	35.57%	7,736,032.47
Other receivables with insignificant single amount and provision for bad debt made on an individual basis	361,125.35	1.81%	361,125.35	100.00%		361,125.35	2.92%	361,125.35	100.00%	
Total	19,920,305.84	100.00%	4,632,593.37		15,287,712.47	12,368,625.84	100.00%	4,632,593.37		7,736,032.47

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

Applicable  Not applicable

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

Applicable  Not applicable

In RMB

Aging	Closing balance		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			
Within 6 month	15,050,262.08		
7-12 months	24,414.34	1,220.72	5.00%
Subtotal within 1 year	15,074,676.42	1,220.72	0.01%
1-2 years	195,249.68	19,524.97	10.00%
2-3 years	55,045.80	16,513.74	30.00%
Over 3 years	4,234,208.59	4,234,208.59	100.00%
Over 5 years	4,234,208.59	4,234,208.59	100.00%
Total	19,559,180.49	4,271,468.02	

Notes of the basis of recognizing the group:

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

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

In RMB

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

In RMB

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

Of which the significant write-off other accounts receivable:

In RMB

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

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

In RMB

Nature	Closing book balance	Opening book balance
Petty cash and borrowings with small amount	15,631,051.45	8,079,371.45
Fully provided provision for bad debts regarding long-term receivables and payables	4,289,254.39	4,289,254.39
Total	19,920,305.84	12,368,625.84

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

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Shenzhen Jianshe Motorcycle Co.,Ltd.	Other	3,013,664.00	Over 5 years	15.13%	3,013,664.00

Chongqing North Jianshe Import & Export Co., Ltd.	Current account	2,131,448.26	Within 1 year	10.70%	
Ningbo Jianshe Chongqing Office	Other	692,035.31	Over 5 years	3.47%	692,035.31
Ningbo Jianshe Motorcycle Co., Ltd.	Other	329,628.73	1-2 years	1.65%	329,628.73
Chongqing Huicai Steel Structure Co.,Ltd.	Other	209,000.00	Over 5 years	1.05%	20,900.00
Total	--	6,375,776.30	--	34.95%	4,056,228.04

## (6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government	Opening balance	Closing balance	Estimated received time, amount and basis

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

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

Other notes:

## 10. Inventory

## (1) Category of inventory

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	44,010,331.70	4,618,914.59	39,391,417.11	43,232,398.57	4,618,914.59	38,613,483.98
Goods in progress				880,661.36		880,661.36
Stock goods	134,317,224.72	174,210.57	134,143,014.15	135,543,697.36	174,210.57	135,369,486.79
Other	16,563,203.90		16,563,203.90	1,350,567.20		1,350,567.20
Total	194,890,760.32	4,793,125.16	190,097,635.16	181,007,324.49	4,793,125.16	176,214,199.33

Whether the company is required to comply with the "Shenzhen Stock Exchange Industry Information Disclosure

## Guidelines No. 4 - listed companies engaged in seed industry, planting business" disclosure requirements

No

## (2) Falling price reserves of inventory

In RMB

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

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

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

In RMB

Items	Amount
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Other notes:

## 11. Assets divided as held-to-sold

In RMB

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

## 12. Non-current assets due within 1 year

In RMB

Items	Closing balance	Opening balance
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Other notes:

## 13. Other current assets

In RMB

Items	Closing balance	Opening balance
Overpaid VAT	5,533,725.46	2,881,005.35
Prepaid enterprise income tax.	333,013.56	376,219.43



<b>Total</b>	5,866,739.02	3,257,224.78
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Other notes:

#### 14. Available-for-sale financial assets

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

In RMB

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

##### (2) Available-for-sale financial assets measured by fair value at the period-end

In RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total

##### (3) Available-for-sale financial assets measured by cost at the period-end

In RMB

Investee	Book balance				Impairment provision				Shareholding proportion among the investees	Cash bonus of the reporting period
	Period-beg in	Period-beg in	Increase	Decrease	Period-end	Increase	Decrease	Period-end		

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

In RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total

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

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

## 15. Investment held-to-maturity

### (1) List of investment held-to-maturity

In RMB

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

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

In RMB

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

Other notes

## 16. Long-term accounts receivable

### (1) List of long-term accounts receivable

In RMB

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

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

Other notes

#### 17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment			Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
<b>I. Joint ventures</b>											
Chongqing Pingshan TK Carburettor Co., Ltd.	84,591,794.06			1,735,798.80			3,500,000.00			82,827,592.86	
Chongqing Jianshe Hanon Automobile heat management system co., Ltd.		21,300,000.00								21,300,000.00	
<b>Subtotal</b>	<b>84,591,794.06</b>	<b>21,300,000.00</b>	<b>0.00</b>	<b>1,735,798.80</b>	<b>0.00</b>	<b>0.00</b>	<b>3,500,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>104,127,592.86</b>	
<b>II. Associates</b>											
<b>Total</b>	<b>84,591,794.06</b>	<b>21,300,000.00</b>	<b>0.00</b>	<b>1,735,798.80</b>	<b>0.00</b>	<b>0.00</b>	<b>3,500,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>104,127,592.86</b>	

Other notes

## 18. Investment property

## (1) Investment property adopted the cost measurement mode

√Applicable □ Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	131,695,310.84	20,902,264.96		152,597,575.80
2. Increase in the current period				
(1) Purchase				
(2) Inventory\Fixed assets\ Transferred from construction in progress				
(3) Increased of Enterprise Combination				
3. Decreased amount of the period	65,531,586.66	10,400,967.05		75,932,553.72
(1) Dispose				
(2) Other out	65,531,586.66	10,400,967.05		75,932,553.72
4. Balance at period-end	66,163,724.16	10,501,297.92		76,665,022.08
II. Accumulated amortization				
1. Opening balance	36,474,631.36	5,476,590.03		41,951,221.39
2. Increased amount of the period	1,070,229.21	105,012.99		1,175,242.19
(1) Withdrawal	1,070,229.21	105,012.99		1,175,242.19
3. Decreased amount of the period	18,149,776.55	2,725,151.20		20,874,927.75
(1) Dispose				
(2) Other out				
	18,149,776.56	2,725,151.20		20,874,927.76
4. Balance at	19,395,084.01	2,856,451.82		22,251,535.83

period-end				
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end				
IV. Book value				
1. Book value at period-end	46,768,640.15	7,644,846.10		54,413,486.25
2. Book value at period-beginning	95,220,679.48	15,425,674.93		110,646,354.41

(2) Investment property adopted fair value measurement mode

Applicable  Not applicable

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

In RMB

Items	Book value	Reason
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Other notes

19. Fixed assets

(1) List of fixed assets

In RMB

Items	House and Buildings	Machinery equipment	Vehicles	Other	Total
I. Original book value:					
1. Opening balance	89,165,656.22	683,814,001.83	8,899,841.25	15,771,914.40	797,651,413.70
2. Increased amount	65,531,586.67	3,742,702.70		134,629.91	69,408,919.28

of the period					
(1) Purchase		3,742,702.70		134,629.91	
(2) Transfer of project under Construction					
(3) Increased from enterprise merger					
	65,531,586.67				
3.Decreased amount of the period	10,552,682.32	1,106,035.86	596,636.00	614,207.72	12,869,561.90
(1) Disposal or scrap				126,577.16	126,577.16
	10,552,682.32	1,106,035.86	596,636.00	487,630.56	12,742,984.74
4.Closing balance	144,144,560.57	686,450,668.67	8,303,205.25	15,292,336.59	854,190,771.08
II. Accumulative depreciation					
1.Opening balance	28,672,186.30	400,393,778.17	7,865,240.65	11,899,432.01	448,830,637.13
2.Increased amount of the period	20,345,767.84	14,560,465.76	215,412.90	637,479.15	35,759,125.65
(1) Withdrawal	2,195,991.28	14,560,465.76	215,412.90	637,479.15	17,609,349.09
	18,149,776.56				18,149,776.56
3.Decreased amount of the period	6,475,011.57	1,017,146.35	553,417.88	586,028.79	8,631,604.59
(1) Disposal or scrap				122,779.80	122,779.80
	6,475,011.57	1,017,146.35	553,417.88	463,248.99	8,508,824.79
4.Closing balance	42,542,942.57	413,937,097.58	7,527,235.67	11,950,882.37	475,958,158.19
III. Depreciation reserves					
1. Opening balance		14,113,141.06			14,113,141.06
2.Increased amount of the period					
(1) Withdrawal					
3.Decreased amount of the period					

(1) Disposal or scrap					
4.Closing balance		14,113,141.06			14,113,141.06
IV. Book Value					
1.Closing book value	101,601,618.00	258,400,430.03	775,969.58	3,341,454.22	364,119,471.83
2.Opening book value	60,493,469.92	269,307,082.60	1,034,600.60	3,872,482.39	334,707,635.51

## (2) List of temporarily idle fixed assets

In RMB

Items	Original Book value	Accumulative depreciation	Accumulative depreciation	Book value	Notes
Machinery equipment	86,249,110.46	53,465,024.47	14,113,141.06	18,670,944.93	
Transportation	3,087,032.65	2,952,702.52		134,330.13	
Total	89,336,143.11	56,417,726.99	14,113,141.06	18,805,275.06	

## (3) Fixed assets leased in from financing lease

In RMB

Items	Original book value	Accumulative depreciation	Impairment provision	Book value

## (4) Fixed assets leased out from operation lease

In RMB

Items	

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

In RMB

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

Other notes

## 20. Construction in progress

## (1) List of construction in progress

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Replacement of equipment	4,901,086.98		4,901,086.98	4,667,174.08		4,667,174.08
Civil engineering and other	131,524.27		131,524.27	133,002.27		133,002.27
<b>Total</b>	<b>5,032,611.25</b>		<b>5,032,611.25</b>	<b>4,800,176.35</b>		<b>4,800,176.35</b>

## (2) Changes of significant construction in progress

In RMB

Name of items	Estimated number	Opening balance	Increase amount of the period	Amount that transferred to fixed assets of the period	Other decrease amount of the period	Closing balance	Proportion of the project accumulative input	Project progress	Accumulative amount of capitalized interests	Of which: The amount of the capitalized interests of the period	Capitalization rate of the interests of the period	Capital resources
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## (3) List of the withdrawal of the impairment provision of the construction in progress

In RMB

Items	Withdrawn amount	Reason
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Other notes:

## 21. Engineering material

In RMB

Items	Closing balance	Opening balance
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Other notes:



## 22. Liquidation of fixed assets

In RMB

Items	Closing balance	Opening balance
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Other notes:

## 23. Productive biological assets

(1) Productive biological assets measured at cost methods

 Applicable  Not applicable

(2) Productive biological assets measured at fair value

 Applicable  Not applicable

## 24. Oil and gas assets

 Applicable  Inapplicable

## 25. Intangible assets

(1) Information

In RMB

Items	Land use right	Patent	Non-patents		Total
I. Total original book value					
1. Opening balance	15,768,620.49				15,768,620.49
2. Increase in the reporting period					
(1) Purchase					
(2) Internal R&D					
(3) Increase from enterprise combination	10,400,967.05				10,400,967.05
	10,400,967.05				10,400,967.05
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	26,169,587.54	0.00	0.00	0.00	26,169,587.54
II. Total accrued					

amortization					
1. Opening balance	4,384,638.03				4,384,638.03
2. Increased in the reporting period	5,619,613.82				5,619,613.82
(1) Withdrawal	2,894,462.62				2,894,462.62
	2,725,151.20				2,725,151.20
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	10,004,251.85				10,004,251.85
III. Impairment provision					
1. Opening balance					
2. Increases in the reporting period					
(1) Withdrawal					
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Book value of the period-end	16,165,335.69				16,165,335.69
2. Book value of the period-begin	11,383,982.46				11,383,982.46

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

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

In RMB

Items	Book value	Reasons for absence of certificate of title
Buildings and constructions	42,288,815.25	Waiting for final acceptance

Other notes:

## 26. R&amp;D expenses

In RMB

Items	Opening balance	Increase			Decrease			Closing balance
No items		4,125,991.09				4,125,991.09		
120 aluminum machine development project		87,592.48				87,592.48		
Domestic project of aluminous machine		330,235.25				330,235.25		
140 iron machine R & D project		135,128.59				135,128.59		
Total		4,678,947.41				4,678,947.41		

Other notes

## 27. Goodwill

## (1) Original book value of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase			Decrease			Closing balance

## (2) Goodwill Impairment provision

In RMB

Items	Opening balance	Increase	Decrease	Closing balance

Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

Other notes

## 28. Long-term unamortized expenses

In RMB

Items	Opening balance	Increase	Amortization amount	Decrease	Closing balance
83 Aluminum machine entry fee	889,267.38		381,114.48		508,153.04
96 Aluminum machine technology transfer fee	438,408.15		35,546.64		402,861.37
Total	1,327,675.53		416,661.12		911,014.41

Other notes

## 29. Deferred income tax assets/deferred income tax liabilities

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

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	12,211,547.13	1,831,732.07	12,211,547.13	1,831,732.07
Total	12,211,547.13	1,831,732.07	12,211,547.13	1,831,732.07

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

In RMB

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

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

In RMB

Items	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax		1,831,732.07		1,831,732.07

### (4) List of unrecognized deferred income tax assets

In RMB

Items	Closing amount	Opening amount
Deductible temporary difference	27,771,917.24	27,771,917.24
Deductible losses	132,566,451.99	132,566,451.99
Total	160,338,369.23	160,338,369.23

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

In RMB

Year	Closing balance	Opening balance	Notes
2018	25,332,418.05	25,332,418.05	
2019	98,496,222.54	98,496,222.54	
2020	7,561,009.01	7,561,009.01	
2021	1,176,802.39	1,176,802.39	
2022			
Total	132,566,451.99	132,566,451.99	--

Other notes:

### 30. Other non-current assets

In RMB

Items	Closing balance	Opening balance
Advance purchase of long-term assets	3,901,483.77	4,537,273.53
Total	3,901,483.77	4,537,273.53

Other notes:

### 31. Short-term loans

#### (1) Category of short-term loans

In RMB

Items	Closing balance	Opening balance
Guarantee loan	202,000,000.00	202,000,000.00
Credit loan	60,000,000.00	110,000,000.00
Total	262,000,000.00	312,000,000.00

Notes of short-term loans category

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

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

In RMB

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

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

In RMB

Items	Closing balance	Opening balance
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Other notes:

## 33. Derivative financial liabilities

Applicable  Inapplicable

## 34. Notes payable

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	472,278,000.00	411,410,000.00
Total	472,278,000.00	411,410,000.00

The total amount of the due but not pay notes payable at the period-end was of RMB 0.00.

## 35. Accounts payable

## (1) List of accounts payable

In RMB

Items	Closing balance	Opening balance
Within 1 year	262,852,744.84	165,957,509.82
1-2 years	4,278,533.02	7,609,524.71
2-3 years	68,858.05	119,199.22
Over 3 years	2,100,872.62	6,062,997.04
Total	269,301,008.53	179,749,230.79

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

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
Zhongzi environmental technology Co.,Ltd.	2,230,162.61	non-arrival settlement period
Chongqing bearing Industry Co., Ltd.	612,280.15	non-arrival settlement period
Chongqing Youcheng Automation Engineering Technology Co., Ltd	389,000.00	non-arrival settlement period
Chongqing Electromechanical Design and Research Institute	375,000.00	non-arrival settlement period
Total	3,606,442.76	--

Other notes:

## 36. Advance from customers

## (1) List of advance from customers

In RMB

Items	Closing balance	Opening balance
Within 1 year	1,855,833.16	1,902,693.88
Over 1 year	444,915.71	414,976.26
Total	2,300,748.87	2,317,670.14

## (2) Significant advance from customers aging over one year

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
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## (3) Particulars of settled but unfinished projects formed by construction contract at period-end.

In RMB

Items	Amount
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Other notes:

## 37. Payroll payable

## (1) List of Payroll payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Short-term compensation	2,351,973.62	33,144,171.80	35,496,145.42	2,457,952.33
Post-employment benefits - defined contribution plans	1,332,810.63	5,632,601.73	6,965,412.36	1,640,976.28
Total	3,684,784.25	38,776,773.53	42,461,557.78	4,098,928.61

## (2) List of Short-term salary

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
(1) Salary, bonus, allowance and subsidy	1,357,502.95	24,140,339.23	25,497,842.18	1,262,432.43
(2) Employee benefits		1,848,784.80	1,848,784.80	0.00
(3) Social insurance expenses	282,299.73	2,691,089.05	2,973,388.78	451,264.65
Including: medical insurance premium	209,522.71	2,364,145.75	2,573,668.46	436,863.99
Work-related injury insurance premium		220,716.90	220,716.90	14,400.66
Maternity insurance premium	72,777.02	106,226.40	179,003.42	0.00
Other				
(4) Housing fund	474,990.00	3,812,986.00	4,287,976.00	329,818.00
(5) Labor union expenditures and employee education expenses	237,180.94	650,972.72	888,153.66	414,437.25
Total	2,351,973.62	33,144,171.80	35,496,145.42	2,457,952.33

## (3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	1,171,764.55	5,448,813.53	6,620,578.08	1,469,677.71
Unemployment insurance premium	161,046.08	183,788.20	344,834.28	171,298.57
Total	1,332,810.63	5,632,601.73	6,965,412.36	1,640,976.28

Other notes:

## 38. Taxes payable

In RMB



Items	Closing balance	Opening balance
VAT	48,289.08	59,383.97
Enterprise income tax		146,100.87
Individual income tax	542,159.49	1,172,046.48
Urban maintenance and construction tax	3,116,482.90	3,116,095.28
Business tax	406,965.05	393,030.84
property tax	3,727,900.64	3,727,900.64
Land royalties	1,808,215.20	1,808,215.20
Educational surtax	1,990,057.88	1,988,736.03
Other	3,676,069.92	3,248,488.48
Total	15,316,140.16	15,659,997.79

Other notes:

### 39. Interest payable

In RMB

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

In RMB

Unit	Overdue amount	Overdue reason
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Other notes:

### 40. Dividends payable

In RMB

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

### 41. Other accounts payable

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

In RMB

Items	Closing balance	Opening balance
Work-related injury payment	217,506.79	287,008.98
Goods	31,230,158.34	27,917,955.28
Maternity benefits payable	332,061.98	1,048,957.08
Payable reward	320,970.00	47,400.00

Other	7,818,911.34	15,101,804.82
Total	39,919,608.45	44,403,126.16

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

In RMB

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

## 42. Liabilities classified as holding for sale

In RMB

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

Other notes:

## 43. Non-current liabilities due within 1 year

In RMB

Items	Closing balance	Opening balance
Long-term <b>Borrowing</b> loans due within 1 year	12,690,000.00	47,090,000.00
Total	12,690,000.00	47,090,000.00

Other notes:

## 44. Other current-liabilities

In RMB

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

In RMB

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

## 45. Long-term borrowing

## (1) Category of long-term loan

In RMB

Items	Closing balance	Opening balance
Credit borrowing		48,590,000.00
Less: Long –borrowing within due in 1 year		-47,090,000.00
Total		1,500,000.00

Notes :

Other notes, including interest rate range:

## 46. Bonds payable

## (1) Bonds payable

In RMB

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

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

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

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

In RMB

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

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

Other notes:

## 47. Long-term payable

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

In RMB

Items	Closing balance	Opening balance
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Other notes:

## 48. Long term payroll payable

## (1) List of long term payroll payable

In RMB

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

Present worth of defined benefit plans obligation:

In RMB

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

In RMB

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

In RMB

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

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

Other notes:

## 49. Special payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Formation reasons
-------	-----------------	----------	----------	-----------------	-------------------

Other notes:

## 50. Accrued liabilities

In RMB

Items	Closing balance	Opening balance	Formation reasons
-------	-----------------	-----------------	-------------------

Other notes, including related important assumptions and estimates of accrued liabilities:

## 51. Deferred income

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Formation reasons
-------	-----------------	----------	----------	-----------------	-------------------

Items involved in government subsidies::

In RMB

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

Other notes:

## 52. Other non-current liabilities

In RMB

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

Other notes:

## 53. Share capital

In RMB

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

Other notes

## 54. Other equity instruments

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

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

In RMB

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

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

Notes:

## 55. Capital reserves

In : RMB

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

Capital premium	702,032,741.07			702,032,741.07
Other capital reserves	256,532,553.22			256,542,353.22
Total	958,575,094.29			958,575,094.29

Other notes, including changes and reason of change:

#### 56. Treasury stock

In RMB

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

Other notes, including changes and reason of change:

#### 57. Other comprehensive income

In RMB

Items	Opening balance	Opening balance					Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future							0.00
A share in other comprehensive income of investee that cannot be reclassified in the loss and gain under the equity method							0.00
Total other comprehensive income	0.00						0.00

Other notes, including the adjustment of the recognition of initial amount of effective part of the cash flow

#### 58. Special reserves

In RMB

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

Other notes, including changes and reason of change:

## 59. Surplus reserves

In RMB

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

Other note, including changes and reason of change

## 60. Retained profits

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Opening balance of retained profits after adjustments	-920,877,890.80	
Add: Net profit attributable to owners of the Parent company	66,490,537.60	
Closing retained profits	-854,387,353.20	

List of adjustment of opening retained profits:

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

## 61. Revenue and Cost of Sales

In RMB

Items	Amount of the Current Term		Amount of the Previous Term	
	Income	Cost	Income	Cost
Main business	482,850,720.88	400,797,229.92	503,087,025.50	411,899,437.65
Other business	28,846,010.53	23,473,707.09	46,987,232.34	44,641,497.15
Total	511,696,731.41	424,270,937.01	550,074,257.84	456,540,934.80

## 62. Business tax and surcharges

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Urban maintenance and construction tax	1,185,383.93	1,875,078.50
Educational surtax	842,785.96	882,957.36
Resource tax	0.00	
House tax	813,042.22	874,874.27
Land royalties	945,215.56	
vehicle ship royalties	900.00	
Stamp duty	228,411.82	
Business tax	0.00	3,636.58
Other	81,899.89	822,603.29
Total	4,097,639.38	4,459,150.00

Other notes:

### 63. Sales expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Employee compensation payable	3,233,307.74	2,887,786.88
Depreciation costs	31,726.41	32,592.77
Office costs	73,188.55	103,780.01
Loading and unloading expenses		
Transportation cost	3,642,308.85	3,135,452.31
Insurance premium	7,935.60	40,746.56
Operating funds		7,397.70
Exhibition fees	28,857.28	80,776.70
Advertising expenses	225,710.82	100,164.87
Travel expenses	731,363.78	669,615.71
Sale service fees	532,490.09	763,063.83
Repair charges	3,229,756.75	2,899,469.01
Warehousing custodian fees	803,942.71	1,580,550.42
Other expenses	121,547.68	57,439.23
Total	12,662,136.26	12,358,836.00

Other notes:



## 64. Administrative expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Employee compensation payable	22,176,697.64	25,278,939.52
Depreciation costs	6,339,970.14	6,998,453.47
Office costs	450,911.45	349,863.66
Water and electric charge	109,519.64	
Travel expenses	475,519.31	458,888.14
Transportation cost	79,832.87	115,461.79
Insurance premium	12,317.48	10,915.68
Repair charges	3,649,996.03	1,146,810.29
Consumption of goods and materials	259,509.61	346,813.37
Technological development expenses	4,688,359.54	5,548,061.06
Technological transfer fees	803,967.80	1,378,061.53
Amortization of intangible assets	359,142.11	365,184.06
Entertainment expenses	301,050.31	165,266.91
Conference fees	90,027.23	4,000.00
Intermediary service expenses	877,244.45	629,874.75
Board meeting fees	195,781.41	96,348.77
Other	2,912,941.40	3,751,074.51
<b>Total</b>	<b>43,782,788.42</b>	<b>46,644,017.51</b>

Other notes:

## 65. Financial expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest expenses	20,923,980.91	19,436,793.78
Less: Interest income	313,738.57	29,113.82
Gains or losses on exchange	83,224.83	83,667.69
Other	-108,069.46	-874,278.16
<b>Total</b>	<b>20,585,397.71</b>	<b>18,617,069.49</b>

Other notes

## 66. Asset impairment loss

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
I. Bad debt loss	414,009.12	1,492,613.98
Total	414,009.12	1,492,613.98

Other notes

## 67. Gains on the changes in the fair value

In RMB

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

Other notes

## 68. Investment income

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Long-term equity investment income calculated by equity method	1,735,798.80	1,994,582.10
Profits of disposal of fixed assets	59,095,066.65	
Total	60,830,865.45	1,994,582.10

Other notes

## 69. Assets disposal income

In RMB

Source	Amount of current period	Amount of previous period
--------	--------------------------	---------------------------

## 70. Other income

In RMB

Source	Amount of current period	Amount of previous period
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## 71. Non-operating gains

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Recorded in the amount of the non-recurring gains and losses
-------	----------------------------	-----------------------------	--

Total gains from disposal of non-current assets		200,962.58	
Government Subsidy	332,400.00	36,900.00	
Other	25,560.24	205,685.17	
Total	357,960.24	443,547.75	

Government subsidies recorded into current profits and losses:

In RMB

Items	Issuing body	Issuing Reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
Recruitment subsidy of Human resource and social bureau industrial enterprises								
The funds for international market development								
Industrial supporting funds							36,900.00	
Special funds of foreign trade and economic development								
Other								
Total	--	--	--	--	--		36,900.00	--

Other notes:

## 72. Non-operational expenditures

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Carried to current contingent
-------	----------------------------	-----------------------------	-------------------------------

			gain/loss
Total loss from disposal of non-current assets	52,595.40	142,770.96	
Other	24,777.08	24,387.14	
Total	77,372.48	167,158.10	

Other notes:

### 73. Income tax expense

#### (1) Lists of income tax expense

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Current income tax expense	561,775.84	600,586.60
Total	561,775.84	600,586.60

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

In RMB

Items	June 30,2018
Total profit	67,409,285.85
Income tax expense at statutory / applicable tax rates	561,775.84
Income tax expenses	561,775.84

Other notes

### 74. Other comprehensive income

Refer to the notes

### 75. Supplementary information to cash flow statement

#### (1) Other cash received relevant to operating activities

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest income	57,138.61	86,602.67
Other	13,992,215.96	8,468,864.10
Total	14,049,354.57	8,555,466.77

Other notes:

## (2) Other cash paid related to operation

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Operation fees such as freight, warehousing fees	9,398,031.99	9,411,628.27
Administrative expenses such as office expenses and traveling expenses	15,672,282.64	6,652,129.80
Others	17,141,244.74	14,562,818.38
<b>Total</b>	<b>42,211,559.37</b>	<b>30,626,576.45</b>

Statement on other cash paid related to operation

## (3) Other cash received related to investment

In RMB

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

Statement on other cash received related to investment

## (4) Other cash paid related to investment

In RMB

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

Statement on other cash paid related to investment

## (5) Other cash received related to financing

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Financial note discount received	399,577,250.28	548,004,868.94
<b>Total</b>	<b>399,577,250.28</b>	<b>548,004,868.94</b>

Statement on other cash received related to financing

## (6) Other cash paid relevant to financing activities

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Payment of due financing notes	159,712,262.11	554,303,615.40
Decrease of note deposit	137,775,000.00	112,867,525.61
<b>Total</b>	<b>297,487,262.11</b>	<b>667,171,141.01</b>

Other notes:

## 76. Supplementary information to cash flow statement

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

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flows from operating activities	--	--
Net profits	66,433,500.88	11,632,021.21
Add: Provision for assets impairment		1,492,613.98
Depreciation of fixed assets, oil and gas assets and consumable biological assets	17,881,729.85	18,527,934.70
Amortization of intangible assets	359,142.11	365,184.06
Amortization of Long-term deferred expenses	416,661.12	727,252.00
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	3,797.36	142,770.96
Losses on discarding of fixed assets ("-" for gains)	0.00	
Financial expenses ("-" for income)	20,585,397.71	19,057,069.49
Investments losses ("-" for gains)	-60,830,865.45	-1,994,582.10
Decreases in the deferred income tax assets ("-" for increases)	0.00	
Increases in the deferred income tax liabilities ("-" for decreases)	0.00	
Decreases in inventories ("-" for increases)	-13,883,435.83	46,514,669.20
Decreases in operating receivables ("-" for increases)	-53,213,751.28	-51,840,966.48
Increases in operating receivables ("-" for decreases)	50,733,853.78	18,511,124.89
Net cash flows from operating activities	28,486,030.25	63,135,091.91
2. Significant investment and financing activities involving no cash receipts and payments	--	--
3. Net change in cash and cash equivalents:	--	--
Closing balance of cash	160,989,944.15	167,499,879.38
Less: Opening balance of cash	126,225,466.46	273,768,758.46
Net increase in cash and cash equivalents	34,764,477.69	-106,268,879.08

## (2) Net Cash paid of obtaining the subsidiary

In RMB

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

Other notes:

## (3) Net Cash receive of disposal of the subsidiary

In RMB

	Amount
Cash or cash equivalents received by subsidiaries during the current period	61,200,000.00
Of which	--
Less: Cash and cash equivalents held by the company on the date of loss of control	3,258,712.90
Of which	--
Of which	--
Disposal of net cash received by subsidiaries	57,941,287.10

Other notes:

## (4) Cash and cash equivalents

In RMB

Items	Closing balance	Opening balance
I. Cash	160,989,944.15	126,225,466.46
Including: cash on hand		29,270.09
Unrestricted bank deposit	15,970,444.15	126,196,196.37
Other unrestricted monetary funds	145,019,500.00	126,225,466.46
III. Closing balance of cash and cash equivalents	160,989,944.15	126,225,466.46

Other notes:

## 77. Note of statement of changes in the owner's equity

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

## 78. The assets with the ownership or use right restricted

In RMB

Items	Closing book value	Restricted reason
Monetary capital	145,019,500.00	Provide a guarantee for issuance of bank acceptance bills
Total	145,019,500.00	--

Other notes:

#### 79. Foreign currency monetary items

##### (1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
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Other notes:

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

Applicable  Not applicable

#### 80. Arbitrage

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

#### 81. Other

### VIII. Changes of merge scope

#### 1. Business merger not under same control

##### (1) Business merger not under same control in reporting period

In RMB

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

Other notes:



## (2) Combined cost and goodwill

In RMB

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

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

The main formation reason for the large goodwill:

Other notes:

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

In RMB

	Fair value on purchase date	Book value on purchase date

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

Contingent liability of acquiree undertaken by business merger

Other notes:

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

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

 Yes  No

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

(6) Other notes:

## 2. Business combination under the same control

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

In RMB

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

Other notes:

(2) Combination cost

In RMB

Combination cost	
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Notes to contingent consideration or other changes:

Other notes:

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

In RMB

	Combination date	Last closing period

Contingent liabilities of the combined party undertaken in combination

Other notes:

3. Counter purchase

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

4. The disposal of subsidiary

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

Yes  No

In RMB

Name	Equity disposal price	Equity disposal ratio	Disposal of equity	Loss of control point	Determining the basis for the loss of control	The difference between the disposal price and the share of the subsidiary's net assets at the level	Proportion of remaining stocks at the date of loss of control	The book value of the remaining equity at the date of loss of control	The fair value of the remaining equity at the date of loss of control	Regainin g gains or losses arising from re-measur ement of the remainin g equity at fair value	Determin ation of the fair value of the remainin g equity at the date of loss of control rights and its	The amount of other compreh ensive income related to the atomic company 's equity investme nt
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						of the consolidated financial statement corresponding to the disposal of the investment					main assumptions	transferred to investment profit and loss
Shanghai Jianshe Motorcycle	6,120.00	51.00%	Listing transfer	June 15, 2018			51.00%	8,160,000.00				

Other notes:

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

Yes  No

5. Other reasons for the changes in combination scope

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

6. Other

## IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name	Main operating place	Registration place	Nature of business	Proportion of shareholding		Way of gaining
				Directly	Indirectly	

Air Conditioner Co.	Chongqing	Chongqing	Production and sale of automotive air-conditioners	100.00%		Investment
Shanghai Jianshe Motorcycle	Shanghai	Shanghai	Domestic sales of motorcycles and the relevant accessories	51.00%		Business combination under common control

Notes: holding proportion in subsidiary different from voting proportion:

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

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

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

Other notes:

(2) Significant not wholly owned subsidiary

In RMB

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

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

Other notes:

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

In RMB

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Shanghai Jianshe Motorcycle Co., Ltd.												

In RMB

Name	June 30,2018	June 30,2017

	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow
Shanghai Jianshe Motorcycle Co., Ltd.								

Other notes:

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

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

Other notes:

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

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

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

In RMB

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Other notes

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

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

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

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

## (2) Major joint ventures and associates

In RMB

	Closing balance/June 30, 2018	Opening balance/June 30, 2017
	Chongqing Pingshan TK Carburettor Co., Ltd.	Chongqing Pingshan TK Carburettor Co., Ltd.
Current assets	168,141,352.67	168,577,815.92
Including: cash and cash equivalents	110,830,085.00	102,666,236.99
Non-current assets	21,002,092.65	23,137,339.55
Total assets	189,143,445.32	191,715,155.47
Current liabilities	24,353,846.24	26,082,019.34
Total liabilities	24,353,846.24	26,082,019.34
Equity attributable to the shareholders of parent company	164,789,599.08	165,633,136.13
Operating income	72,450,491.32	64,818,695.71
Financial expenses	-357,203.64	-435,670.01
Income tax expenses	1,157,165.78	1,007,753.29
Net profit	3,471,597.60	4,070,575.72
Total comprehensive income	3,471,597.60	4,070,575.72
Dividends received from joint ventures for the current year	3,500,000.00	4,000,000.00

Other notes

## (3) Main financial information of significant associated enterprise

In RMB

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

Other notes

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

In RMB

	Closing balance/June 30, 2018	Opening balance/June 30, 2017
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--

The total of following items according to the shareholding proportions	--	--
--	----	----

Other notes:

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

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

In RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses or the share of net profit in reporting period	The no cumulative unrecognized losses in reporting period

Other notes:

(7) The unrecognized commitment related to joint venture investment

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

#### 4. Significant common operation

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

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

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

Other notes

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

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

#### 6. Other

### X. The risk related financial instruments

### XI. The disclosure of the fair value

#### 1. Closing fair value of assets and liabilities calculated by fair value

In RMB

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

measurement				
II Inconsistent fair value measurement	--	--	--	--

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

## **XII. Related party and related Transaction**

### 1. Information related to parent company of the Company

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

Notes

The ultimate controller of the Company is

Other notes

### 2. Subsidiaries of the Company

See notes



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

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

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

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

Other notes

### 4. Other related parties of the Company

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

Changan Ford Motor Co.Ltd Harbin branch (“Changan Ford Harbin branch”)	An Joint venture a subsidiary of a controlling shareholder
Harbin dongan Motor Power shares Co. Ltd(“Harbin dongan power”)	Under the common control of the same party

Other notes

## 5. List of related-party transactions

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

#### Acquisition of goods and reception of labor service

In RMB

Related party	Content	Occurred current term	Trading limit approved	Over the trading limit or not?	Occurred in previous term
Jianshe Mechanical and Electric	Purchasing parts and others	845.00	1,000.00	No	27,450,000.00
Import & export Co	Purchasing parts and others	1,126.00	1,800.00	No	15,250,000.00
Jianshe Mechanical and Electric	Lease production site	0.00	250.00	No	0.00
Jianshe Industry	Part test	27.00	200.00	No	830,000.00
Chongqing Jianya	Part test	0.10	2.00	No	4,000.00
Fuyeda	Transportation	0.00	0.00	No	254,000.00
Cbangan Group and its Subsidiaries	Acceptance of repairing service	97.00	500.00	No	1,030,000.00

#### Sales of goods and services

In RMB

Related parties	Subjects of the related transactions	Occurred current term	Occurred in previous term
Cbangan Group and its Subsidiaries	Sales of goods	6,321.00	91,070,000.00
Jianshe Mechanical and Electric	Lease storehouse	0.00	0.00

Notes

### (2) Related trusteeship/contract

#### Lists of related trusteeship/contract

In RMB

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

Lists of entrust/contractee:

In RMB

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

(3) Information of related lease

The Company was lessor:

In RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
Jianshe Mechanical and Electric	Workshop	0.00	0.00

The Company was lessee:

In RMB

Lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
Jianshe Mechanical and Electric	Production site	0.00	0.00

Notes:

(4) Related-party guarantee

The Company was guarantor

In RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
Vehicle air conditioner	35,000,000.00	January 23,2017	January 23,2018	Yes
Vehicle air conditioner	35,000,000.00	January 24,2017	January 24,2018	Yes
Vehicle air conditioner	19,999,000.00	August 30,2017	February 28,2018	Yes
Vehicle air conditioner	28,500,000.00	October 17,2017	April 17,2018	Yes
Vehicle air conditioner	28,000,000.00	November 17,2017	May 17,2018	Yes
Vehicle air conditioner	25,000,000.00	December 11,2017	June 11,2018	Yes
Vehicle air conditioner	17,000,000.00	July 6,2017	July 6,2018	No
Vehicle air conditioner	30,000,000.00	September 12,2017	September 11,2018	No
Vehicle air conditioner	10,970,000.00	September 12,2017	September 12,2018	No
Vehicle air conditioner	14,530,000.00	September 14,2017	September 14,2018	No

Vehicle air conditioner	30,000,000.00	September 21,2017	September 20,2018	No
Vehicle air conditioner	42,000,000.00	September 29,2017	September 28,2018	No
Vehicle air conditioner	24,500,000.00	October 11,2017	October 11,2018	No
Vehicle air conditioner	25,000,000.00	November 8,2017	November 8,2018	No
Vehicle air conditioner	50,000,000.00	December 7,2017	December 6,2018	No
Vehicle air conditioner	10,000,000.00	January 3,2018	July 3,2018	Yes
Vehicle air conditioner	24,500,000.00	January 11,2018	January 9,2019	No
Vehicle air conditioner	35,000,000.00	January 18,2018	January 18,2019	No
Vehicle air conditioner	10,000,000.00	January 16,2018	January 16,2019	No
Vehicle air conditioner	35,000,000.00	January 22,2018	July 22,2018	No
Vehicle air conditioner	20,000,000.00	February 9,2018	February 9,2019	No
Vehicle air conditioner	28,490,000.00	May 21,2018	November 21,2018	No
Vehicle air conditioner	27,300,000.00	May 30,2018	May 29,2019	No
Vehicle air conditioner	25,000,000.00	June 4,2018	December 4,2018	No
Vehicle air conditioner	10,000,000.00	June 7,2018	December 7,2018	No

The Company was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
Jianshe Mechanical and Electric	24,500,000.00	July 10,2017	January 10,2018	Yes
Jianshe Mechanical and Electric	19,980,000.00	April 10,2018	October 9,2018	Yes

Notes

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

In RMB

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

(6) Related party asset transfer and debt restructuring

In RMB

Related party	Content	Occurred current term	Occurred in previous term
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## (7) Rewards for the key management personnel

In RMB

Items	Occurred current term	Occurred in previous term
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## (8) Other related transactions

## 6. Receivable and payables due with related parties

## (1) Receivables

In RMB

Project	Related parties	At end of term		At beginning of term	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Chongqing Jianshe YAMAHA Co., Ltd.	1,061,265.42		350,383.40	
Prepayment	Chongqing Northern Jianshe Import & Export Co., Ltd.			6,648,166.17	
Other receivables	Chongqing Jianshe Industrial (Group) Co., Ltd.				
Other receivables	Shanghai Jianshe Motorcycle Co., Ltd.			667,041.51	

## (2) Payables

In RMB

Project	Related parties	At end of term	At beginning of term
Other account payable	Chongqing Jianshe Sales Co., Ltd.	48,599.35	48,193.05
Other account payable	Chongqing Jianshe Industrial (Group) Co., Ltd.	680,615.89	679,146.63
Other account payable	Chongqing Northern Jianshe Import & Export Co., Ltd.	2,882,204.23	2,879,204.23
Other account payable	Chongqing Jianshe Mechanicaland Electric Co., Ltd.	30,134,704.13	24,332,416.32

7. Related party commitment

As of June 30, 2018, the company does not need to disclose

8. Other

**XIII. Stock payment**

1. The Stock payment overall situation

Applicable  Not applicable

2. The Stock payment settled by equity

Applicable  Not applicable

3. The Stock payment settled by cash

Applicable  Not applicable

4. Modification and termination of the stock payment

Nil

5. Other

#### XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

2. Contingency

(1) Significant contingency at balance sheet date

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

There was no significant contingency in the Company.

3. Other

#### XV. Events after balance sheet date

1. Significant events had not adjusted

In RMB

Items	Content	Influence number to the Financial position and operating results	Reason of unable to estimate influence number

2. Profit distribution

3. Sales return

4. Notes of other significant events

#### XVI. Other significant events

1. The accounting errors correction in previous period

(1) Retrospective restatement

In RMB

Content	Processing program	Name of the influenced report items during comparison period	Accumulative impact

## (2) Prospective application

Content	Processing program	Reason of adopting prospective application
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## 2. Debt restructuring

## 3. Replacement of assets

## (1) Non-monetary assets exchange

## (2) Other assets replacement

## 4. Pension plan

## 5. Discontinuing operation

In RMB

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

## 6. Segment information

## (1) Recognition basis and accounting policies of reportable segment

## (2) The financial information of reportable segment

In RMB

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

(4) Other notes

7. Other important transactions and events have an impact on investors' decision-making

8. Other

## XVII. Notes of main items in the financial statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable classified by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Account receivables with provision for bad debt made on a portfolio with similar risk credit characteristics basis	2,824,892.26	99.78%	1,720,791.58	60.92%	1,104,100.68	2,077,327.98	99.70%	1,726,944.58	83.13%	350,383.40
Account receivables with insignificant single amount and provision for bad debt made on an individual basis	6,153.00	0.22%	6,153.00	100.00%		6,153.00	0.30%	6,153.00	100.00%	
Total	2,831,045.26		1,726,944.58		1,104,100.68	2,083,480.98	100.00%	1,733,097.58		350,383.40

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

Applicable  Not applicable

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

Applicable  Not applicable

In RMB

Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			

Within 6 months	1,104,100.68	0.00	
7-12 months			
Subtotal within 1 year	1,104,100.68	0.00	
Over 3 years	1,720,791.58	1,720,791.58	100.00%
Over 5 years	1,720,791.58	1,720,791.58	100.00%
Total	2,824,892.26	1,720,791.58	

Notes of the basis of recognizing the group:

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

Applicable  Not applicable

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

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

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

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

In RMB

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

In RMB

Items	Amount
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Of which the significant actual write-off accounts receivable:

In RMB

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

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

Company Name	Amount of ending balance	Aging	Proportion of total accounts receivable %	Amount of ending balance for bad debts
Chongqing Jianshe YAMAHA Motorcycle Co., Ltd.	1,061,265.42	Within 6 months	37.49%	0
Sales department of Hanlong Chang Company	473,539.96	Over 5 years	16.73%	473,539.96
Changzheng machinery factory of China Aerospace Science and Technology Corporation	395,296.04	Over 5 years	13.96%	395,296.04

Chongqing Huida trading Company	183,478.00	Over 5 years	6.48%	183,478.00
Chongqing Chihai Maschinenbau LLC.	145,999.35	Over 5 years	5.16%	145,999.35
Total	2,259,578.77		79.81%	1,198,313.35

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

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

Other note:

## 2. Other accounts receivable

### (1) Other accounts receivable disclosed by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Other receivables with provision for bad debt made on a portfolio with similar risk credit characteristics basis	12,172,284.15	97.12%	4,317,906.08	35.47%	7,854,378.07	10,185,072.66	96.58%	4,317,906.08	42.39%	5,867,166.58
Other receivables with insignificant single amount and provision for bad debt made on an individual basis	361,125.35	2.88%	361,125.35	100.00%		361,125.35	3.42%	361,125.35	100.00%	
Total	12,533,409.50		4,679,031.43		7,854,378.07	10,546,198.01	100.00%	4,679,031.43		5,867,166.58

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

Applicable  Not applicable

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

Applicable  Not applicable

In RMB

Aging	Closing balance		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Subitem within 1 year			

Within 6 months	7,211,192.25		
Subtotal within 1 year	7,211,192.25		
1-2 years	671,837.51	67,183.75	10.00%
2-3 years	55,045.80	16,513.74	30.00%
Over 5 years	4,234,208.59	4,234,208.59	100.00%
Total	12,172,284.15	4,317,906.08	

Notes of the basis of recognizing the group:

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

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

In RMB

Name	Reversed or collected amount	Method

(3) The actual write-off other accounts receivable

In RMB

Items	Amount

Of which the significant write-off other accounts receivable:

In RMB

Name	Nature	Amount	Reason	Process	Whether occurred from the related transactions

Notes of write-off other accounts receivable:

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

In RMB

Nature	Closing book balance	Opening book balance
Petty cash	8,406,397.53	4,416,207.00
Goods	4,058,757.24	4,058,757.24
Other	68,254.73	2,071,233.77

Total	12,533,409.50	10,546,198.01
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(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Personal advances received from employees		7,096,542.19	Within 1 year	56.62%	
Shenzhen Jianshe Motorcycle Co., Ltd.	Goods	3,013,664.00	Over 5 years	24.05%	3,013,664.00
Ningbo Jianshe .Chongqing Office	Goods	692,035.31	Over 5 years	5.52%	692,035.31
Ningbo Jianshe Motorcycle Co., Ltd.	Goods	329,628.73	Over 5 years	2.63%	329,628.73
Quality inspection to be processed, Exhibition product	Goods	163,394.48	Over 5 years	1.30%	163,394.48
Total	--	11,295,264.71	--		4,198,722.52

(6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government	Opening balance	Closing balance	Estimated received time, amount and basis

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

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

Other note:

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	160,000,000.00		160,000,000.00	168,160,000.00		168,160,000.00
Investments in associates and joint ventures	104,127,592.86		104,127,592.86	84,591,794.06		84,591,794.06
Total	264,127,592.86		264,127,592.86	252,751,794.06		252,751,794.06

## (1) Investments in subsidiaries

In RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment in the period	Balance as at June 30, 2018 of provision for impairment
Chongqing Jianshe Automobile A/C Co., Ltd.	160,000,000.00			160,000,000.00		
Shanghai Jianshe Motorcycle Co., Ltd.	8,160,000.00		8,160,000.00			
Less: provision for long-term investment impairment						
Total	168,160,000.00		8,160,000.00	160,000,000.00		

## (2) Investments in associates and joint ventures

In RMB

Investee	Opening Balance	Increases/decreases in the current year								Closing balance	Balance as at June 30, 2018 of provision for impairment	
		Additional investment	Decrease in investment	profits and losses on investments recognized under the equity method	Other comprehensive income	Changes in other equity	Declaration of cash dividends or profits	Impairment provision	Other			
1. Joint ventures												
Chongqing Pingshan TK Carburettor Co., Ltd.	84,591,794.06			1,735,798.80			3,500,000.00				82,827,592.86	

Jianshe		21,300,00							21,300,00	
HANON		0.00							0.00	
Subtotal	84,591,79 4.06	21,300,00 0.00		1,735,798 .80			3,500,000 .00		104,127,5 92.86	
2. Associates										
Total	84,591,79 4.06	21,300,00 0.00		1,735,798 .80			3,500,000 .00		104,127,5 92.86	

## (3) Other notes

## 4. Operation income and operation cost

In RMB

Items	Occurred current term		Occurred in previous term	
	Income	Cost	Income	Cost
Major business turnover	386,205,807.86	362,617,628.59		
Other business income	10,939,891.47	54,648.07	339,527,118.70	305,125,226.46
Total	397,145,699.33	362,672,276.66	339,527,118.70	305,125,226.46

Other notes:

## 5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment income calculated by equity method	1,735,798.80	1,994,582.10
Investment income from disposal of long-term equity investment	53,040,000.00	
Total	54,775,798.80	1,994,582.10

## 6. Other

**XVIII. Supplementary Information**

## 1. Details of non-recurring gain/loss of the term

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	-52,595.40	

Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	332,400.00	
Other non-business income and expenditures other than the above	783.16	
Total	280,587.76	--

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

Applicable  Not applicable

## 2. Net income on asset ratio and earning per share

In RMB

Profit of the report period	Net income on asset, weighted	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	21.04%	0.5570	0.5570
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	20.95%	0.5546	0.5546

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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

## 4. Other