

Stock code: 200054

Stock Abbreviation: Jianshe Vehicle B

Announcement No.: 2019-033

Summary of 2018 Annual Report of Chongqing Jianshe Vehicle System Co., Ltd

1. Important notes

The summary is abstract from full-text of annual report, for more details information, investors should found in the full-text of annual report that published on website of Shenzhen Stock Exchange and other website appointed by CSRC.

Objections of the directors, supervisors and senior management

Name	Office title	Objection & reason
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Statement

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

Name of director absent	Title for absent director	Reasons for absent	Attorney
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Except the following directors, all the directors attended the board meeting for reviewing the annual Report.

The name of the directors absent	Positions	Reasons for the absence	Name of the consignee
Yan Xuechuan	Director	Business trip	Lv Hongxian
Hao Lin	Director	Business trip	Li Dingqing
Liu Zhiqiang	Independent Director	Business trip	Peng Jue

Non-standard auditor's opinion

Applicable Not applicable

Preliminary plan for profit distribution to the common shareholders or turning the capital reserve into the share capital for the reporting period, which has been reviewed and approved at the board meeting

Applicable Not applicable

The Company will not distribute cash dividend or bonus shares, neither capitalizing of common reserves for the report period.

Plans for profit distribution on preference shares for the reporting period approved by the Board

Applicable Not applicable

II. Company Information

1. Company Profile

Stock ID	Jianshe Vehicle B	Stock Code	200054
Stock Exchange Listed	Shenzhen Stock Exchange		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Zhang Hushan	Li Wenling	
Address	No.1 Jianshe Road, Huaxi Industrial Zone, Ba'nian District, Chongqing	No.1 Jianshe Road, Huaxi Industrial Zone, Ba'nian District, Chongqing	
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Email.	cqjismc@jianshe.com.cn	cqjismc@jianshe.com.cn

2. Brief introduction to the main business or products in the reporting period

The company engages mainly in production and sales of the vehicle air compressor including the vane iron and aluminous compressor, piston swash-plate fixed discharge rate compressor, piston swash-plate variable discharge rate compressor and motor compressor (with the discharge rate from 32cc to 480cc), has been awarded “China Famous Brand”, “High-quality Product of French Technological Quality Surveillance Evaluation Commission” and “China Recommended Product for Entry into WTO”, etc. for products and has the strategic cooperative partners including the leading production and sales volume in terms of finished automobile such as PEUGEOT, Great Wall Motors, Changan Auto and Dongfeng Nissan, etc.

3. Accounting and financial highlights

1. Accounting and financial highlights for the past three years

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

Yes No

In RMB

	2018	2017	Changed over last year (%)	2016
Operation revenue (Yuan)	971,804,000.23	1,009,531,078.68	-3.74%	873,286,486.75
Net profit attributable to the shareholders of the listed company (Yuan)	10,543,247.05	14,375,111.84	-26.66%	12,267,006.14
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	9,074,662.19	13,866,734.69	-34.56%	12,908,428.98
Net Cash flow generated by business operation (Yuan)	162,824,513.55	62,980,107.16	158.53%	108,619,119.02
Basic earning per share(Yuan/Share)	0.088	0.120	-26.67%	0.103
Diluted gains per share(Yuan/Share)(Yuan/Share)	0.088	0.120	-26.67%	0.103
Net asset earning ratio (%)	3.66%	5.22%	-1.56%	4.68%
	End of 2018	End of 2017	Changed over last year (%)	End of 2016
Gross assets (Yuan)	1,461,770,573.54	1,302,238,427.15	12.25%	1,559,334,881.03
Net assets attributable to shareholders of the listed company (Yuan)	293,301,450.54	282,758,203.49	3.73%	268,383,091.65

2. Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operation revenue	266,811,269.51	244,885,461.90	215,629,758.62	244,477,510.20
Net profit attributable to the shareholders of the listed company	55,789.60	66,020,738.88	-1,585,147.13	-53,948,134.3
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-275,476.62	66,071,417.34	-3,124,094.71	-53,597,183.82

Net Cash flow generated by business operation	18,706,058.10	9,779,972.15	56,259,518.62	78,078,964.68
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Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

Yes No

4. Share capital and shareholders

1. Numbers of the common shareholders and the preference shareholders with resumed voting rights as well as the shareholdings of the top 10 shareholders

In shares

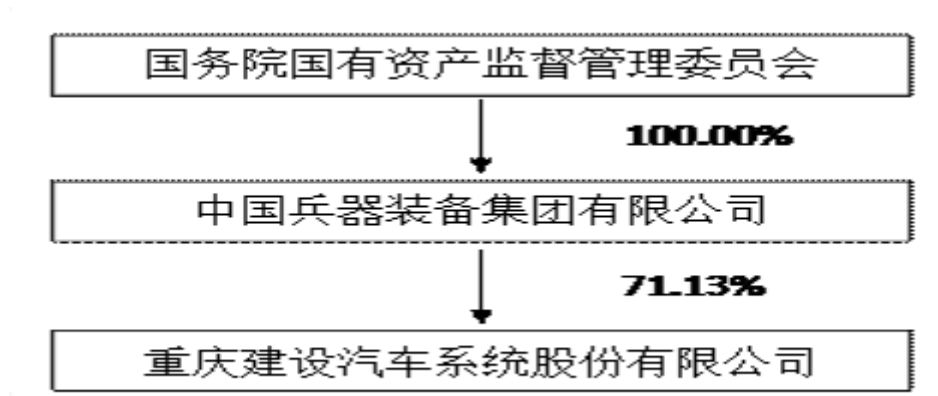
Shareholders	Nature of shareholder	Proportion of shares held(%)	Number of shares held at period -end	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
China Military Equipment Group Co., Ltd.	State-owned legal person	71.13%	84,906,250	84,906,250		
Gu Zuocheng	Domestic natural person	1.89%	2,261,000	2,218,750		
Hengsheng Sun Group Co., Ltd.	Domestic non-state-owned legal person	1.47%	1,750,000	1,750,000	Freeze	1,750,000
Liu Dan	Domestic natural person	0.86%	1,032,201	0		
Xu Yuanhui	Domestic natural person	0.56%	666,789	0		
Yu Lingfeng	Overseas natural person	0.51%	612,921	0		
Chen Xinqiang	Domestic natural person	0.51%	612,400	0		
Zhang Meilan	Domestic natural person	0.43%	513,560	0		
Feng Yonghui	Domestic natural person	0.42%	500,000	500,000		
Li Jianping	Domestic natural person	0.38%	455,569	0		
Explanation on associated relationship among the aforesaid shareholders	There isn't any associated relationship between the sponsoring shareholder and the other shareholders among the top-10 list. None of them are regarded as 'Acting in concert' in accordance with 'The rules of information disclosure on change of shareholding.' Foreign shareholders are unknown for their condition of 'Associated relationship' and 'Acting in concert'.					

2. Number of the preference shareholders and the shareholdings of the top 10 of them

Applicable Not applicable

No preference shareholders in the reporting period

3.Relationship between the Company and its actual controller in the form of diagram



5. Corporate bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

III. Management's Discussion and Analysis

1. Business review for the reporting period

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

No

In 2018, facing the unstable international environment, Sino-US trade friction, more intense market competition and adjustment of national policies, we made great efforts to promote the transformation and upgrading of enterprises, improve quality and increase efficiency. the auto air-conditioning industry continued to maintain steady development, with sales volume of 2.3532 million units, operating income of 970 million yuan and profit of 10.54 million yuan, accounting for 98% of the annual sales budget and 105% of the revenue budget.

1. Main business income and cost

During the reporting period, the sales volume of automobile air-conditioning compressors reached 2.3532 million units, with a year-on-year increase of 1.61%. Influenced by factors such as the price reduction of the automobile main engine factory and the price increase of manufacturing factors, the company's main business income decreased by 6.87% year on year, the main business cost decreased by 4.77% year on year, and the gross profit margin decreased by 1.87% year on year.

2. Charges

During the reporting period, the company incurred a total of 154 million yuan in expenses, up 17 million yuan from the previous year, with a year-on-year increase of 12.65%. This is mainly due to the corresponding increase in staff salaries, depreciation, repair and other expenses after the new auto parts processing business was added, resulting in a 29.96% year-on-year increase in management expenses.

3. Research and development investment

This year, the company has invested 23.85 million yuan in research and development on projects such as "electric compressor project", "aluminum machine project" and "key customer project of rotary blade iron machine", accounting for 2.45% of operating income, with a year-on-year decrease of 32%.

2. Significant changes in the main business in the reporting period

Yes No

3. Products contributing over 10% of the main business revenue or profit

√Applicable Not applicable

In RMB

Name	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Compressor	911,621,983.96	138,998,964.91	15.25%	-7.16%	-16.69%	-1.75%

4. Seasonal or periodic characteristics in the operating performance that need special attention

 Yes No

5. Significant YoY changes in the operating revenues, operating costs and net profits attributable to the common shareholders or their composition

√Applicable Not applicable

Operating income: due to the price reduction of the main engine factory during the year, the operating income decreased by 3.74% from the last period under that there was an increase in product sales.

Investment income: In the current year, the Company transferred the 51% equity of Shanghai Construction, and obtained investment income of 53.04 million yuan. The investment income increased by 1587.57% compared with the last period.

Impairment loss of assets: The provision for impairment of fixed assets and bad debts for the period was RMB 34.7137 million, an increase of 140.34% over the last period.

6. Suspension in trading or delisting

 Applicable Not applicable

7. Events relating to the financial report

(1) Reason for changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year

√ Applicable Not applicable

1. Changes in accounting policies

(1) Reason for Change

On June 15, 2018, the Ministry of Finance issued the "Notice on the Revision and Issuance of the Format of Financial Statements for General Enterprises in 2018" (No. 15-[2018] Accounting) (hereinafter referred to as the "Notice"). According to the requirement of the "Notice", the Company will prepare the 2018 financial statements in accordance with the general corporate financial statement format (applicable to enterprises that have not yet implemented the new financial standards and new revenue standards).

(2) Date of change: The above-mentioned enterprise accounting standard shall be implemented in accordance with the starting date stipulated in the above document.

(3) The Accounting Policy adopted before the change

Prior to this change, the Company implemented the "Enterprise Accounting Standards-Basic Standards" and various specific accounting standards, subsequently enacted and revised corporate accounting standards, application guidelines for business accounting standards, corporate accounting standards interpretation announcements and other related provisions promulgated by the Ministry of Finance.

(4) The Accounting Policy adopted after the change

After this change, the company will implement the provisions of the "Notice on the Revision and Issuance of the Format of Financial Statements for General Enterprises in 2018" (No. 15-[2018] Accounting), and the other unchanged contents are implemented in accordance with the current documents of the Ministry of Finance.

II. The impact of this accounting policy change on the Company

(I) According to the requirements of the "Notice", the company adjusts the presentation of the following in the financial statements:

1. The original "notes receivable" and "accounts receivable" items are combined into the newly added "notes receivable and accounts receivable" item;
2. The original "interest receivable", "dividends receivable" and "other receivables" items are combined into the "other receivables" item;
3. The original "fixed assets disposal" and "fixed assets" items are combined into the "fixed assets" item;
4. The original "engineering materials" item is merged into the "construction in progress" item;
5. The original "notes payable" and "accounts payable" items are combined into the newly added "notes payable and accounts payable" item;
6. The original "interest payable", "dividend payable" and "other payables" items are combined into the "other payables" item;
7. The original "special payables" item is merged into the "long-term payables" item;
8. The "R&D Expenses" item will be added. The R&D expenses originally included in the "Management Expenses" item will be separately listed as "R&D Expenses" item;
9. The "Interest expense" and "interest income" details items are shown below the "Financial Expenses" item.

(II) The impact on the presentation of the items and amounts of the previous financial statements is as follows:

No	Name of affected item in the statements	Affected amount of December 31, 2017 / 2017
		Increase + / decrease - (yuan)
1	Notes receivable	-17,800,808.72
	Account receivable	-280,383,810.21
	Notes receivable & account receivable	+298,184,618.93
2	Interest receivable	
	Dividend receivable	
	Other receivable	
3	Fixed assets	
	Liquidation of fixed assets	
4	Construction in progress	
	Engineering Material	
5	Notes payable	-411,410,000.00
	Account payable	-179,749,230.79
	Notes payable & account payable	+591,159,230.79
6	Interest payable	
	Dividend payable	
	Other account payable	
7	Special payable	
	Long-term payable	
8	Administrative expenses	-11,848,985.86
	R & D enpenses	+11,848,985.86

Except for the above items' adjustments, this accounting policy change does not involve the retrospective adjustment for the Company's previous annual statements. Changes in the Company's accounting policy will not

affect the Company's current profit and loss and will not have a significant impact on the Company's financial statements.

(2) Reason for retrospective restatement to correct major accounting errors during the reporting period

Applicable Not applicable

Nil

(3) Reason for changes in scope of the consolidated financial statements as compared to the financial report for the prior year

Applicable Not applicable

Applicable Not applicable

Dispose branch company

(1) Loss of control upon a single disposal of investment in a subsidiary

Subsidiary	Disposition of equity - PRICES	Proportion of equity disposition (%)	Share disposal way	Loss of control Timing	Basis to determine the time of losing control power	The difference between the price and the subsidiary's net assets at the consolidated statement level corresponding to the disposal investment
Shanghai Jianshe Motorcycle Co., Ltd.	61,200,000.00	51.00	Transfer by listing agreement	June 15, 2018	After signing the property right transaction contract, receiving the transfer money, the company has gone through the procedures for the transfer of equity rights and lost control of financial management activities	59,095,066.65

Note: In January 2019, Shanghai Jianshe Motorcycle Co., Ltd. completed the equity change procedures and received the updated Business License for Enterprise Legal Person.