

Chongqing Jianshe Vehicle System Co., Ltd.

The Semi-Annual Report 2019

2019-066

July 2019

I. Important Prompts, Table of Contents, and Definitions

The Board of Directors, The Supervisory Committee, the supervisors and the directors of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Mr. Lv Hongxian, The Company leader, Mr.Tan Mingxian, Chief financial officer and the Ms.Niu Yanli, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in the semi-report.

All directors presented the Board Meeting at which this report was examined.

Prospective statements carried in this report, such as business plans for future are not constituting any substantial commitment to the investors. Please be cautious to the risks. This report is prepared both in English and Chinese. When there is any conflict in understanding, the Chinese version shall prevail.

The Company analyzed the risks that may exist in the course of the operation of the Company and the countermeasures in the section "The Risks Faced by the Company and the Countermeasures " in Section 4 "Discussion and Analysis of Business Operation Situation", so please pay attention to that relevant contents.

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

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Definition

Terms to be defined	Defined as	Definition
Company, the Company, Jianmo Stock, Jianshe Vehicle B	Defined as	Chongqing Jianshe Vehicle System Co., Ltd.
Shenjianmo	Defined as	Shenzhen North Jianshe Motorcycle Co., Ltd. (predecessor of the Company)
Jianmo B	Defined as	Chongqing Jianshe Motorcycle Co., Ltd. (predecessor of the Company)
Military Equipment Group	Defined as	China Military Equipment Group Co., Ltd.
Military Finance Co.	Defined as	Military Equipment Group Finance Co., Ltd.
Southern Motorcycle	Defined as	Chongqing Southern Motorcycle Co., Ltd.
Jianshe Industry	Defined as	Chongqing Jianshe Industry Co., Ltd. – former State-owned Jianshe Machinery Factory, Jianshe Industry (Group) Co., Ltd.
Jianshe Group	Defined as	Jianshe Industrial (Group) Co., Ltd.
Jianshe Mechanical and Electric	Defined as	Chongqing Jianshe Mechanical and Electric Co., Ltd.
HANON, KOREA HANON	Refined as	Korea Hanon System Co., Ltd.
Jianshe HANON	Refined as	Chongqing Jianshe HANON Automobile Thermal Management System Co., Ltd.
China Jialin	Defined as	China Jialin Industry Co., Ltd. (Group)
Jinan Qingqi	Defined as	Jinan Qingqi Motorcycle Co., Ltd.
Changan Auto	Defined as	Chongqing Changan Automobile Co., Ltd.
Luoyang Northern	Defined as	Luoyang Northern Enterprise Group Co., Ltd.
Vehicle air conditioner	Defined as	Chongqing Jianshe Automobile Air-conditioner Co., Ltd.
Import & Export Co.	Defined as	Chongqing Northern Jianshe Import & Export Co., Ltd.
Shanghai Jianshe	Defined as	Shanghai Jianshe Motorcycle Co., Ltd.
Chongqing Jianya	Defined as	Chongqing Jianshe YAMAHA Motorcycle Co., Ltd.
Zhuzhou Jianya	Defined as	Zhuzhou Jianshe YAMAHA Motorcycle Co., Ltd.
Pingshan Taikai	Defined as	Chongqing Pingshan Taikai Carburetor Co., Ltd.
South Air International	Defined as	South Air International Co., Ltd.
Major asset restructuring	Defined as	The company has made an agreement to sale the 100% stake of Jianshe Mechanical and Electric Company-the company's subsidiary funded by the liabilities and the motorcycle business related assets held by the company to Military Equipment Group.

II. Corporate Profile and Key Financial Results

1. Basic Information

Stock ID	Jianshe Vehicle B	Stock Code	200054
Stock Exchange Listed in	Shenzhen Stock Exchange		
Company Name in Chinese	重庆建设汽车系统股份有限公司		
Short form of Company Name in Chinese	建车 B		
Company Name in English	Chongqing Jianshe Vehicle System Co., Ltd		
Short form of Company Name in English	JSVS-B		
Legal representative:	Lv Hongxian		

2. Contact person and contact manner

	Secretary of the Board	Representative of Stock Affairs
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
Tel.	023-66295333	023-66295333
Fax.	023-66295333	023-66295333
E-mail.	cqjismc@jianshe.com.cn	cqjismc@jianshe.com.cn

3. Other

(1) Way to contact the Company

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

☐ Applicable ☒ Not Applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2018 Annual Report.

(2) About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

☐ Applicable ☒ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2018 Annual Report.

4.Summary of Accounting data and Financial index

May the Company make retroactive adjustment or restatement of the accounting data of the previous years

☐ Yes ☒ No

	Reporting period	Same period of last year	YOY+/- (%)
Operating income (Yuan)	418,614,177.29	511,696,731.41	-18.19%
Net profit attributable to the shareholders of the listed company (Yuan)	-36,884,117.51	66,076,528.49	-155.82%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	-35,805,459.18	65,795,940.72	-154.42%
Cash flow generated by business operation, net (Yuan)	119,150,528.53	28,486,030.25	318.28%
Basic earning per share(Yuan/Share)	-0.3090	0.5535	-155.83%
Diluted gains per share(Yuan/Share)	-0.3090	0.5535	-155.83%
Weighted average ROE(%)	-13.42%	21.04%	-34.46%
	As at the end of the reporting period	As at the end of last year	YOY+/- (%)
Gross assets (Yuan)	1,295,002,639.52	1,461,770,573.54	-11.41%
Shareholders' equity attributable to shareholders of the listed company (Yuan)	256,417,333.03	293,301,450.54	-12.58%

5. 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

No difference.

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

☐ Applicable ☒ Not applicable

No difference.

6.Items and amount of deducted non-current gains and losses

√ Applicable ☐ Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-1,712,382.50	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	30,000.00	
Other non-business income and expenditures other than the above	603,724.17	
Total	-1,078,658.33	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

☐ Applicable ☒ Not applicable

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non –recurring gain/loss in the report period.

III. Outline of Company Business

I .Main Business the Company is Engaged in During the Report Period

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

No

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 strategical cooperative partners including the leading production and sales volume in terms of finished automobile such as Chanan Auto, PEUGEOT, Dongfeng Nissan and Great Wall Motors, etc.

II . Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Equity assets	24.64% equity (RMB 102.74 million) of Jianshe HANON is acquired, and the registered capital of Pingshan Taikai is reduced by RMB 30.19 million.

2. Main Conditions of Overseas Assets

☐ Applicable ☒ Not applicable

III. Analysis On core Competitiveness

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

No

The company has the enterprise technology center which recognized by Chongqing City, established the rotary vane technology platform and the piston technology platform and formed the three series products of iron, aluminum and electric-driven. Through continuous independent innovation and introduction, the company has shaped a strong R&D capability of automotive air conditioner compressor, and the products are mature and cost-effective with stable performance. In the rotary vane compressor market, the company's product has constantly gained a stable market share. The advanced equipment which introduced from countries including the United States, Germany, Switzerland and Japan accounts for more than 80%, enabling the company to have precision manufacturing capacity. In the last two years, the company increased the investment in technological transformation, so the company has realized the production and sales scale of 2.3 million per year, and the company has made a comprehensive improvement on on-line testing ability, quality testing ability and R&D

capability and experimental capability.

IV. Performance Discussion and Analysis

I .General

In the first half year, the company sold 1.0526 million sets of auto air-conditioning compressors due to the decline in the production and sales scale of the auto industry, down 14.28% year-on-year, with 50.1% of the annual plan completed. The sales volume of domestic trade reached 520,000 sets, with a decrease by 41.21% compared with the same period; the sales volume of foreign trade reached 530,000 sets, with an increase by 56.30% over the same period.

Affected by such factors as the decline in sales volume of products, the reduction in prices of automotive main engine plants and the increase in raw materials, the company's main business income decreased by 15.58% year on year, the cost of main business decreased by 9.73% year on year, and the gross profit margin decreased by 5.76% compared with the same period. Affected by the decline in sales volume of domestic brands, the domestic market sales revenue of the company's products decreased by 38.62% year on year. Through the expansion of the foreign automobile market, the sales revenue of the company's products in the foreign market increased by 75.92% year on year.

II. Main business analysis

Refer to relevant contents of “1.Summarization” in “Discussion and Analysis of Management”.

Changes in the financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause change
Operating income	418,614,177.29	511,696,731.41	-18.19%	
Operating cost	374,155,299.95	424,270,937.01	-11.81%	
Sale expenses	9,005,395.08	12,662,136.26	-28.88%	
Administrative expenses	38,337,008.17	38,290,461.08	0.12%	
Financial expenses	11,222,802.17	20,585,397.71	-45.48%	Structural impact of financing due
Income tax expenses	205,333.76	561,775.84	-63.45%	Lower profit
R & D Investment	6,342,684.21	5,492,327.34	15.48%	
Cash flow generated by business operation, net	119,150,528.53	28,486,030.25	318.28%	Increase in exports, increase in cash receipts
Net cash flow generated by investment	-8,030,645.77	41,235,623.28	-119.48%	Last year, there was a sale of equity income
Net cash flow generated by financing	-163,195,614.16	-34,957,175.84	-366.84%	Increase in bill settlement
Net increasing of cash and cash equivalents	-52,075,731.40	34,764,477.69	-249.80%	Increase in bill settlement

Major changes in profit composition or sources during the report period

☐ Applicable ☒ Not applicable

No major changes.

Breakdown of main business

In RMB

	Operating revenue	operating costs	Gross profit rate(%)	Increase/decrease of reverse in the same period of the previous year(%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industries						
Industry	418,614,177.29	374,155,299.95	10.62%	-13.30%	-6.65%	-6.37%
On products						
Vehicle air conditioner	405,277,406.43	360,028,273.54	11.16%	-15.58%	-9.73%	-5.76%
Other	13,336,770.86	14,127,026.41	-5.93%	382.10%	625.64%	-35.55%
On Area						
Domestic	230,853,717.66	199,960,051.78	13.38%	-38.62%	-33.70%	-6.43%
Overseas	187,760,459.63	174,195,248.17	7.22%	75.92%	75.59%	0.17%

III. Non-core business analysis

☒ Applicable ☐ Not applicable

In RMB

	Amount	Ratio to the total profit amount (%)	Notes of the causes	Recurring or not
Investment income	-10,791,697.77	29.42%	Equity method long-term equity investment	Yes
Asset impairment	280,777.30	0.76%	Bad debt preparation	No
Non-operating income	232,624.17	0.63%		No
Asset disposal gains and losses	-1,712,382.50	4.66%	Disposal of assets	No
Other earnings	401,100.00	1.09%	Government subsidy	No

IV. Analysis of assets and liabilities

1. Significant changes in asset composition

In RMB

	End of Reporting period		End of same period of last year		Change in percentage(%)	Reason for significant change
	Amount	As a percentage of total assets(%)	Amount	As a percentage of total assets(%)		
Monetary fund	175,083,490.58	13.52%	306,009,444.15	21.45%	-7.93%	
Account receivable	241,375,131.90	18.64%	344,712,842.84	24.16%	-5.52%	
Inventories	168,166,967.62	12.99%	190,097,635.16	13.32%	-0.33%	
Real estate Investment	34,413,632.16	2.66%	54,413,486.25	3.81%	-1.15%	Leased area reduction
Long-term equity investment	246,966,038.98	19.07%	104,127,592.86	7.30%	11.77%	New investment
Fixed assets	333,238,183.59	25.73%	364,119,471.83	25.52%	0.21%	
Construction in process	212,893.56	0.02%	5,032,611.25	0.35%	-0.33%	Transfer fixed assets
Short-term loans	252,000,000.00	19.46%	262,000,000.00	18.36%	1.10%	
Note payable	512,840,000.00	39.60%	472,278,000.00	33.10%	6.50%	

2. Asset and Liabilities Measured by Fair Value

☐ Applicable ☒ Not applicable

3. Restricted asset rights as of the end of this Reporting Period

Items	Ending book value	Reason
Monetary fund	154,616,698.79	Bill margin
Total	154,616,698.79	

V. Analysis on investment Status

1. General

☒ Applicable ☐ Not applicable

Investments made in the Reporting Period (RMB)	Investments made in the prior year (RMB)	Increase/Decrease(%)
102,743,305.30	106,500,000.00	-3.53%

2. Condition of Acquiring Significant Share Right Investment during the Report Period

√ Applicable □ Not applicable

In RMB

Target company name	Main business	Investment way	Investment amount	Shareholding rate	Capital source	Partner	Investment period	Product type	Progress to the balance sheet date	Predicted revenue	Investment profit and loss of the current period	Litigation	Disclosure date (if any)	Disclosure Index (if any)
Jianshe HANO N	Development, manufacturing, sales and import of the auto thermal management system	Purchase	102,743,305.30	24.64%	Self	Korea HANO N	50 years	Air conditioning, compressor, motor cooling system, electronic components, related parts and CKD, etc.	Equity delivery procedures completed	0.00	-7,077,733.94	No	April 1, 2019	See on www.cninfo.com.cn company announcement on January 16, 2019, April 1, 2019, April 12, 2019 and June 21, 2019. Announcement No. 2019-003, 2019-015, 2019-024 and 2019-061.
Total	--	--	102,743,305.30	--	--	--	--	--	--	0.00	-7,077,733.94	--	--	--

3. Situation of the Significant Non-equity Investment Undergoing in the Report Period

☐ Applicable ☒ Not applicable

4. Investment of Financial Asset

(1) Securities investment

☐ Applicable ☒ Not applicable

There was no investment in securities by the Company in the Reporting period.

(2) Investment in Derivatives

☐ Applicable ☒ Not applicable

The Company had no investment in derivatives in the reporting period.

VI. Sales of major assets and equity

1. Sales of major assets

☐ Applicable ☒ Not applicable

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

2. Sales of major equity

☐ Applicable ☒ Not applicable

VII. Analysis of the Main Share Holding Companies and Share Participating Companies

☒ Applicable ☐ Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

In RMB

Company name	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Air Conditioner Co.	Subsidiaries	Manufacturing and sales of auto air-conditioners	16000	1,077,842,318.16	252,344,368.14	405,277,406.43	-3,237,440.04	-3,232,822.18
Pingshan Taikai	Shareholding company	Production and sales of motorcycles and parts	USD 10 million	108,811,027.14	94,997,904.31	28,960,946.89	-5,542,443.92	-5,601,133.87
Jianshe HANON	Shareholding company	Production and sales of Automobile Thermal Energy	42000	642,185,542.23	407,283,932.31	50,626,815.55	-12,538,679.57	-12,538,179.57

		Management system						
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Acquirement and disposal of subsidiaries in the Reporting period

☒ Applicable ☐ Not applicable

Name	Ways of acquisition and disposal of subsidiaries during the reporting period	Impact on overall operation and performance
Jianshe HANON	Agreed acquisition of 24.64% equity of Jianshe HANON held by Jianshe Electromechanical	1. Jianshe HANON becomes a joint venture of the company holding 50% equity after the acquisition is completed. Such a joint venture shall not be included in the consolidated statement of the company and shall be accounted by the company in accordance with the long-term equity investment equity method. 2. During the transition period of equity transfer and a certain period after the completion of equity transfer, Jianshe HANON is in the preparation period and the product market development period, with the relatively large investment in the initial period. The production and sales scale has not yet been formed, and there will be a certain loss in the initial period, which will have an impact on the investment income of the Company.

Notes

VIII. Structured vehicle controlled by the Company

☐ Applicable ☒ Not applicable

IX. Prediction of business performance for January -September 2019

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

☐ Applicable ☒ Not applicable

X. Risks facing the Company and countermeasures

1. Possible risks

1. Influence of industry condition. In the first half year, there was an obvious decline in the domestic automobile market. The automobile main engine plant further transferred the cost pressure to the parts enterprises, causing more intense competition in the automobile air-conditioning compressor market.

2. Customer dependencies. At present, more than 84% of the company's total sales revenue is attributed to top 5 big customers, indicating strong dependencies on large customers.

3. Investment risk. Jianshe HANON, the newly-established enterprise, is in the preparation period and the product market development period. The production and sales scale has not yet been formed, and there will be a certain loss in the initial period, which will have an impact on the investment income of the Company.

2. Solutions

Market shall be further explored to actively respond to changes in the industry and the market; core competence shall be strengthened and cultivated to build technological and product reserves with core

competitiveness, thus increasing profit margin; Greater efforts shall be made to realize cost reduction in procurement to ensure the achievement of the annual profit target. Vigorously develop the electric vehicle market and accelerate the realization of economies of scale.

V. Important Events

I. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
First Provisional Shareholders' general meeting of 2019	Provisional Shareholders' general meeting	76.83%	April 11, 2019	April 12, 2019	For details please find the Resolutions of first provisional Shareholders' Meeting of 2019, Announcement 2019-024 on securities times, Hongkong Commercial daily and http://www.cninfo.com.cn
Annual General Meeting of 2018	Annual General Meeting	74.45%	May 17, 2019	May 18, 2019	For details please find the Resolutions of Shareholders' Meeting of 2018, Announcement 2019-059 on securities times, Hongkong Commercial daily and http://www.cninfo.com.cn

2. Preferred stockholders restored voting rights to request to convene Provisional Shareholders' Meeting.

☐Applicable ☒Not applicable

II. Proposal for profit distribution and converting capital Reserve into share actual for the reporting period

☐ Applicable ☒ Not applicable

For the reporting period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

III. The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

Not existent

IV. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

☐ Yes ☒ Not

The semi-annual report was not audited.

V.Explanations given by board of directors and supervisory board regarding “ Modified auditor’s” Issued by CPAs firm for the reporting period

☐ Applicable ☒ Not applicable

VI. Explanations given by Board of Directors regarding “ Modified auditor’s Report” Issued for last year

☐ Applicable ☒ Not applicable

VII. Bankruptcy and restructuring

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

VIII. Lawsuit

Significant lawsuits or arbitrations

☒ Applicable ☐ Not applicable

General information	Involved amount (RMB 10,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
Chongqing HYOSOW Parts Co., Ltd.,	2,110.63	No	The case will be heard for a	No judgment has been made, and the company fully	Unknown	November 16, 2018	See details in the company's

Chongqing Bisu Yumbo Power Technology Co., Ltd. and Chongqing Kaite Engine Technology Co., Ltd. have failed to pay a total of 21.1063 million yuan for the air conditioning compressor and products of the wholly-owned subsidiary automobile air conditioning company. The automobile air conditioning company filed a lawsuit against the above three companies with the Chongqing Yubei District People's Court on November 2, 2018, and Chongqing Yubei District People's Court accepted the lawsuit and issued a Notice of Acceptance on November 13, 2018 [(2018) Y0112MC24010, (2018) Y0112MC23992, (2018) Y0112MC24011]			third time in July 2019.	accrued bad debts in 2018.			announcement published on securities times, Hongkong Commercial daily and http://www.cninfo.com.cn (Announcement No.:2018-065)
A wholly-owned subsidiary of the	399.99	No	Automobile Co., Ltd.	The company has fully accrued bad	The case is currently under	November 16,2018	See details in the

company, Automobile Air Conditioning Company, supplied automotive air conditioning compressors to Hafei Automobile Co., Ltd. and fulfilled its supply obligations. Hafei Auto has paid part of the purchase price and still owes 3,999,900 yuan. After mediation by the Pingfang District People's Court, Harbin City, Heilongjiang Province (<i>Paper of Civil Mediation</i> issued on October 24, 2018 [(2018) H0108MC1416]), Hafei Auto agreed to pay 3,999,900 yuan in arrears.			did not issue the payment on schedule. In December 2018, Chongqing Jianshe Automobile Air Conditioner Co., Ltd. applied to the court for compulsory enforcement . The case is currently under implementat ion.	debts	implementation.		company's announcem ent published on securities times, Hongkong Commercial daily and http://www.cninfo.com.cn (Announce ment No.:2018-0 65)
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Other legal matters

☐ Applicable ☒ Not applicable

IX. Punishments and rectifications

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

X. Credit conditions of the Company as well as its Controlling shareholder and actual Controller

☐ Applicable ☒ Not applicable

XI. Equity incentive plans, employee stock ownership plans or other incentive measures for employees

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

XII. Material related transactions

1. Related transactions in connection with daily operation

√ Applicable □ Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade ten thousand yuan	Ratio in similar trades	Trading limit approved ten thousand yuan	Whether approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Jianshe Mechanical and Electric	Controlling shareholder	Purchase of goods	Spare parts	Fair Market Price	350	153	100.00%	350	No	Cash	350	April 25, 2019	http://www.cninfo.com.cn . Announcement No.: 2019-037
China Chang'an Automobile Group Co., Ltd. And its affiliated Enterprises	Under same control	Sales of goods	Sale of finished parts and components	Fair Market Price	18000	4,968	13.00%	18,000	No	Cash	18000	April 25, 2019	The same as above
Jianshe Mechanical and Electric	Under same control	Sales of goods	Rental warehouse	Fair Market Price	500	219	100.00%	500	No	Cash	500	April 25, 2019	The same as above
Chongqi	Joint	Sales of	Spare	Fair	700	81	0.20%	700	No	Cash	700	April	The

ng Jianya	venture of controlli ng sharehol der	goods	parts sales	Market Price								25,2019	same as above
South Air Internati onal	Joint venture of controlli ng sharehol der	Sales of goods	Spare parts sales	Fair Market Price	50	4		50	No	Cash	50	April 25,2019	The same as above
Jianshe Industry	Under same control	Services	Test fee	Fair Market Price	100	60	12.00%	100	No	Cash	100	April 25,2019	The same as above
China Changa n Automo bile Group Co., Ltd. And its affiliate d Enterpri ses	Under same control	Services	Accept mainten ance	Fair Market Price	250	69	13.00%	250	No	Cash	250	April 25,2019	The same as above
Total				--	--	5,554	--	19,950	--	--	--	--	--
Details of any sales return of a large amount				Nil									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				The total amount of various types of routine connected transactions that occurred in the Company by categories did not exceed the scope of the examination and approval.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

2. Related-party transactions arising from asset acquisition or sold

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

3. Related-party transitions with joint investments

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

4. Contact of related credit and debt

☒ Applicable ☐ Not applicable

Whether there is non operating related debt and debt

☐ Yes ☒ No

No such cases in the reporting period.

5. Other significant related-party transactions

☒ Applicable ☐ Not applicable

Acquisition of Jianshe HANON Equity Project:

In 2017, the company co-invested with Jianshe Mechanical and Electric and HANON in establishing Jianshe HANON, a joint venture, in which the Company held 25.36% equity; 24.64% equity are held by Jianshe Mechanical and Electric; HANON holds 50% equity. In order to highlight the development of the main business and reduce affiliated transactions, the company purchased 24.64% equity of Jianshe HANON held by Jianshe Mechanical and Electric with an appraisal value of RMB 102.7433 million through the Resolution on Purchasing Equity of Chongqing Jianshe HANON Automobile Thermal Management System Co., Ltd. and Related Transactions was examined and approved at the 15th session of the eighth board meeting of the company held on March 31, 2019 and the first extraordinary general meeting of 2019 held on April 11, 2019.

The registration of industrial and commercial alteration of foreign-invested enterprises and the filing of the Articles of Association of Chongqing Jianshe HANON Automobile Thermal Management System Co., Ltd. were completed on June 14, 2019, with the Business License renewed by Chongqing Municipal Bureau of Market Supervision and the Notice on the Registration Alteration of Foreign-invested Enterprises WZBZZ (BNSJ) obtained. The company completed the alteration filing in Chongqing Municipal Commission of Commerce and obtained the Receipt of Alteration Filing for Foreign-invested Enterprises (YSWZB 201900344) on June 19, 2019. At this point, the acquisition of Jianshe HANON equity project was fully completed. After the completion of the transaction, the Company and HANON hold 50% equity in Jianshe HANON respectively.

Website for temporary disclosure of the connected transaction

Announcement	Date of disclosure	Website for disclosure
Announcement of 15th meeting of the Eighth board of directors	April 1, 2019	See details in the company's announcement published on securities times, Hongkong Commercial daily and http://www.cninfo.com.cn (Announcement

		No.:2019-014)
Announcement on Supplementary Notice of the First provisional General Meeting in 2019	April 1,2019	http://www.cninfo.com.cn . Announcement No.:2019-016
Announcement on Proposed Purchase of Equity of Chongqing Jianshe HANON Automobile Thermal Management System Co., Ltd. and Related Transactions	April 1,2019	http://www.cninfo.com.cn . Announcement No.:2019-015
Announcement of Resolutions of the first provisional shareholders' general meeting of 2019	April 12,2019	See details in the company's announcement published on securities times, Hongkong Commercial daily and http://www.cninfo.com.cn (Announcement No.:2019-024)
Announcement on Completion of Equity Transfer Procedures for Chongqing Jianshe HANON Automobile Thermal Management System Co., Ltd.	June 21,2019	See details in the company's announcement published on securities times, Hongkong Commercial daily and http://www.cninfo.com.cn (Announcement No.:2019-061)

XIII. Particulars about the non-operating occupation of funds by the Controlling shareholder and other related parties of the Company

☐Applicable ☒ Not applicable

The company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the reporting period.

XIV. Significant contracts and execution

1.Entrustments, contracting and leasing

(1) Trusteeship

☐Applicable ☒ Not applicable

No trusteeship, contract or leasing for the Company in reporting period.

(2) Contract

☐ Applicable ☒ Not applicable

No any contract for the Company in the reporting period.

(3) Lease

☒Applicable ☐ Not applicable

Lease description

Name of lessor	Name of lessee	Leased assets	Amount (RMB 10,000)	lease start date	Lease Termination Date	Lease income recognized (RMB 10,000)	Determination basis of lease income.	The impact of Leasing income on the Company	Whether or not related transaction	Associatio Relationship
Jianshe Stock	Jianshe Mechanical and Electric Co., Ltd.	Plant	481	January 1, 2019	December 31, 2019	219	Contract	Affect profit and loss	Yes	Under same control
Jianshe Mechanical and Electric Co., Ltd.	Jianshe Stock	Plant	325	January 1, 2019	December 31, 2019	153	Contract	Affect profit and loss	Yes	Under same control

Items which resulted in profit or loss achieving over 10% of the total profit for the Company

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

2. Guarantees

☒ Applicable ☐ Not applicable

(1) Guarantees

Ten thousand yuan

External Guarantee (Exclude controlled subsidiaries)								
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Total amount of approved external guarantee in the report period(A1)		0		Total actually amount of external guarantee in the report period(A2)		0		
Total amount of approved external guarantee at the end of the report period(A3)		0		Total actually amount of external guarantee at the end of the report period(A4)		0		

Guarantee of the company for its subsidiaries								
Name of the company guaranteed	Related announcement date and no.	Amount of guarantee	Date of happening(date of signing agreement)	Actually guarantee amount	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party(yes or no)
Vehicle air conditioner	April 26,2018	1,998	October 10,2018	1,998	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	1,400	October 11,2018	1,400	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	2,450	October 12,2018	2,450	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	2,500	November 15,2018	2,500	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	2,849	November 22,2018	2,849	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	2,730	May 30,2018	2,730	Joint liabilities	12 months	Yes	No
Vehicle air conditioner	April 26,2018	2,500	May 30,2018	2,500	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	1,000	November 30,2018	1,000	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	2,450	December 11,2018	2,450	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	1,000	December 11,2018	1,000	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	1,750	December 24,2018	1,750	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	3,500	December 27,2018	3,500	Joint liabilities	6 months	Yes	No
Vehicle air conditioner	April 26,2018	5,000	August 13,2018	5,000	Joint liabilities	12 months	No	No
Vehicle air conditioner	April 26,2018	3,000	September 10,2018	3,000	Joint liabilities	12 months	No	No
Vehicle air conditioner	April 26,2018	3,000	September 21,2018	3,000	Joint liabilities	12 months	No	No
Vehicle air conditioner	April 26,2018	4,200	September 30,2018	4,200	Joint liabilities	12 months	No	No
Vehicle air conditioner	April	700	September	700	Joint liabilities	12 months	No	No

	26,2018		29,2018					
Vehicle air conditioner	April 26,2018	5,000	December 6,2018	5,000	Joint liabilities	12 months	No	No
Vehicle air conditioner	April 25,2019	1,750	January 4,2019	1,750	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	1,771	January 10,2019	1,771	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,000	January 28,2019	2,000	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,549	January 31,2019	2,549	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,000	March 26,2019	2,000	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	1,400	April 14,2019	1,400	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,450	April 15,2019	2,450	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,500	April 25,2019	2,500	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	1,000	April 25,2019	1,000	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,500	May 14,2019	2,500	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,849	May 23,2019	2,849	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,730	May 30,2019	2,730	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	1,000	June 5,2019	1,000	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	2,450	June 12,2019	2,450	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	1,750	June 18,2019	1,750	Joint liabilities	6 months	No	No
Vehicle air conditioner	April 25,2019	3,500	June 24,2019	3,500	Joint liabilities	6 months	No	No
Total amount of approving guarantee for subsidiaries in report period (B1)		140,200		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		34,199		

Total amount of approved guarantee for subsidiaries at the end of reporting period（B3）		140,200		Total amount of actual occurred guarantee for subsidiaries at the end of reporting period（B4）		55,099		
Guarantee of the subsidiaries for its subsidiaries								
Name of the company guaranteed	Related announcement date and no.	Amount of guarantee	Date of happening(date of signing agreement)	Actually guarantee amount	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party(yes or no)
Total guarantee quota to the subsidiaries approved in the reporting period (C1)		0		Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)		0		
Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)		0		Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)		0		
Total of Company's guarantee（namely total of the large three aforementioned）								
Total of guarantee in the Period（A1+B1+C1）		140,200		Total of actual guarantee in the Period（A2+B2+C2）		34,199		
Total of guarantee at Period-end（A3+B3+C3）		140,200		Total of actual guarantee at Period-end（A4+B4+C4）		55,099		
The Company's total guarantee(i.e.total of the first three main items）（A4+B4+C4）				214.88%				
Including:								
Amount of guarantee for shareholders, actual controller and its associated parties（D）				0				
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly（E）				55,099				
Proportion of total amount of guarantee in net assets of the company exceed 50%（F）				42,278				
Explanations about joint and several liability for repayment in respect of undue guarantee(if any)				Nil				
Explanation about external guarantee violating established procedure if any）				Nil				

Description of the guarantee with complex method

(2) Illegal providing of external guarantees

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

3. Other significant contract

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

XV. Social responsibilities

1. Major environmental protection

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

No

The company shall strictly abide by the national environmental protection laws and regulations, adhere to the legal and compliant discharge of sewage and pay the sewage charge according to law. The company shall establish environmental protection management organization and enterprise environmental management system, and standardize on-site environmental management, with complete environmental protection files. The company was rated as "Chongqing Ecological Civilization Demonstration Enterprise" and "Good Enterprise in Environmental Credit in Chongqing" from 2015 to 2018.

1. Environmental Protection Facilities Investment Construction and Operation

(1) In 2007, the company invested 2.63 million yuan and built a sewage treatment station, which uses physical biochemical process technology and its processing capacity is 33 cubic meters / hour. The treated sewage is discharged to the municipal pipe network after reaching the first grade standard of GB8978-1996. The company has carried out a standardized rectification of the discharge of waste water, with environmentally friendly graphic signs, and installed with automatic online monitoring device.

(2) In 2008, the company invested 300,000 yuan in the new phosphate production line and built a set of acid mist exhaust gas purification facilities, which uses acid-base neutralization process to neutralize the hydrochloric acid mist, and the treated flue gas is discharged through the standardized sewage outlet discharge.

(3) In 2009, the company invested 200,000 yuan in the new spraying production line and built a set of sand gas purification facilities, which uses water washing and filtration treatment, and the treated flue gas emissions is discharged through the standardized sewage outlet discharge.

(4) In 2009, the company invested 500,000 yuan in the PTFE coating production line and built two sets of purification facilities, which uses activated carbon adsorption treatment and the treated flue gas emissions is discharged through the standardized sewage outlet discharge.

(5) In 2009, the company invested 500,000 yuan in the chemical tinning line production line and built two sets of purification facilities, which uses acid-alkali neutralization process to treat the waste gas, and the treated flue gas emissions is discharged through the standardized sewage outlet discharge.

(6) In 2012, the company invested 300,000 yuan in the expansion phosphating production line and built a set of

acid waste gas purification facilities, which uses neutralization process of hydrochloric acid mist neutralization treatment, and the treated flue gas emissions is discharged through the standardized sewage outlet discharge.

(7) In 2016, according to the requirements of organic waste treatment Chongqing Environmental Protection Bureau, the company invested 200,000 yuan in the Teflon coating production line of the existing purification process, adding new purification process facilities to ensure organic waste gas treatment up to 90% of the standard.

2. Enterprise Internal Environmental Management

The company passed the ISO14001 environmental management system, OHSAS18001 occupational health and safety management system in 2009. Strictly in accordance with the system requirements to carry out various activities, focusing on process control. In particular, after the implementation of the new environmental law, the company carried out a series of special activities, and strive to environmental protection work in line with the provisions of the new environmental law.

3. Energy conservation and emission reduction

The company shall issue energy conservation and emission reduction plan every year and implement examination. The energy conservation index reduced by 3% per annum and the pollutant index reduced by 3% per annum shall be issued. Each unit shall smoothly reach the target, and the energy consumption shall be reduced steadily. Meanwhile, the pollutant shall be discharged in strict accordance with the national standards.

(1) The cooling tower of central air-conditioning direct-fired unit is upgraded and transformed, and it is estimated that 2,000 tons of water will be saved every month. "Green Lighting" activities shall be carried out, with about 3500 degrees of electricity saved per month. It is estimated that about 1500 tons will be saved per month by changing the helium inspection equipment in long-flow water cooling to oil cooling and recycling.

(2) The daily maintenance and management of water-using equipment shall be strengthened, the leakage shall be strictly inspected, and the faults shall be promptly removed when they are found; the centralized production mode shall be carried out to reduce the gas cost of heating and heat preservation of equipment.

4. Cleaner Production, Pollution Control

In 2012, the company passed the clean production audit work of the Chongqing Municipal Environmental Protection Bureau, and has been in accordance with the idea of sustainable development, the selection of low energy consumption and pollution of small products, technology, equipment, raw materials, and always adhere to the "low carbon, environmental protection, energy saving, recycling, green development concept.

(1) Pollution treatment facilities work efficiently, and pollutant discharge reaches the standards comprehensively: Sewage shall be treated in strict accordance with regulations by strengthening supervision and management, and the principle of non-discharge without reaching the standards shall be achieved, so that all wastewater discharge shall meet the standards throughout the year to ensure no environmental pollution accident. The company shall strictly abide by the "three-simultaneous system of environmental protection", EIA documents and EIA approval for the construction of pollution control facilities. Meanwhile, the daily management, operation and maintenance of the management facilities shall be strengthened, with records of dosing, operation and maintenance made.

(2) Introduction of natural gas clean energy: Pollutant SO₂ and dust discharged into the air shall be reduced to zero, with energy consumption reduced. The original three steam boilers (two coal burning boilers and one oil-fired boiler) shall be abolished, with natural gas clean energy used and two gas-fired atmospheric pressure hot water circulating boilers provided. Original four melting holding furnaces use diesel oil and kerosene as fuel, and the melting cost of aluminum ingots is high, thus the four melting holding furnaces are replaced by natural gas melting holding furnaces. The total investment in the construction of the coal-to-gas project is RMB 13.41

million.

(3) Implementation of the volatile organic pollutant treatment project: New volatile organic pollutant treatment facilities will be built, and the emission reduction of volatile organic compounds produced by painting and spraying will be achieved. Since 2016, the company, its subsidiaries and joint venture have carried out treatment of volatile organic pollutants in accordance with the requirements of district and county environmental protection bureaus. In addition to the use of original water curtain and Venturi adsorption facilities, photocatalytic oxidation equipment will be added. Subsidiary air conditioning company has added photocatalytic oxidation equipment. The total investment in the reconstruction of volatile organic pollution facilities of the company is RMB 12.41 million.

5. Comprehensive utilization of waste sorting treatment

The workshop is equipped with recoverable and non-recoverable general industrial solid waste collection buckets and hazardous waste collection buckets, with a hazardous waste dump built separately. All hazardous wastes of the company are entrusted to qualified units for safe transfer and disposal. During the transfer process, a hazardous waste transfer form has been implemented, a hazardous waste management account has been established, a temporary hazardous waste storage room in 30 cubic meters has been built, and "three prevention" measures have been taken to prevent the loss of hazardous waste.

2. Overview of the annual targeted poverty alleviation

The company has no precise social responsibility for poverty alleviation in the period and has no follow-up plan either.

XVI. Other material events

☒ Applicable ☐ Not applicable

Cancel the Technology Center of the branch Chongqing Jianshe Motorcycle Co., Ltd.

Chongqing Jianshe Motorcycle Co., Ltd. Branch Technology Center's business scope is motorcycle research and development, which is no longer the company's main business development direction. In order to further improve the company's business structure and reduce the level of operation, the company convened the 13th meeting of the eighth Board of Directors on January 14, 2019, and deliberated and passed the *Proposal on Cancellation of Branch Technology Center* (for details, see the Announcement on Cancellation of Branch Technology Center disclosed on January 16, 2019). The cancellation will not change the scope of the company's consolidated financial statements, will not affect the company's business development and sustained profitability, and will not harm the interests of the company and all shareholders.

On March 29, 2019, Chongqing Municipal Market Supervision Administration issued the Notice of Cancellation of Foreign-invested Enterprises (ZY) YZXZ Zi [2019] No. 000137, confirming that the Technology Center of the company's branch had been canceled.

XVII. Material issues of the subsidiaries

☐ Applicable ☒ Not applicable

VI. Change of share capital and shareholding of Principal Shareholders

I .Changes in share capital

1. Changes in share capital

In Shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Unlisted shares	89,375,000	74.87%	0	0	0	0	0	89,375,000	74.87%
1. Founder's stock	89,375,000	74.87%	0	0	0	0	0	89,375,000	74.87%
Including: State-owned shares	84,906,250	71.13%	0	0	0	0	0	84,906,250	71.13%
Shares held by domestic legal persons	1,750,000	1.46%	0	0	0	0	0	1,750,000	1.46%
Share held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Other	2,718,750	2.28%	0	0	0	0	0	2,718,750	2.28%
2. Raising legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Internal staff shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Preferred stock or other	0	0.00%	0	0	0	0	0	0	0.00%
II Listed shares	30,000,000	25.13%	0	0	0	0	0	30,000,000	25.13%
1. Common shares in RMB	0	0.00%	0	0	0	0	0	0	0.00%
2. Foreign shares in domestic market	30,000,000	25.13%	0	0	0	0	0	30,000,000	25.13%
3. Foreign shares in overseas market	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%

III. Total of capital shares	119,375,000	100.00%	0	0	0	0	0	119,375,000	100.00%
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Reasons for share changed

☐Applicable ☒Not applicable

Approval of Change of Shares

☐Applicable ☒Not applicable

Ownership transfer of share changes

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

Progress on any share repurchase:

☐Applicable ☒Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

2. Change of shares with limited sales condition

☐Applicable ☒Not applicable

II. Self-defined Chapter

When the company was founded in 1995, North China Industrial Shenzhen Co., Ltd., one of the founders, held 17,875,000 shares of the company, accounting for 3.74% of the company's total share capital. According to the Civil Order of the Shenzhen Intermediate People's Court of Guangdong Province- [2006] Shenzhong Famin Two Bankruptcy Zi No. 21-4) on March 6th, 2007, it's ruled that the proprietary rights of the 3.74% stake (17,875,000 legal person shares) of the company held by North China Industrial Shenzhen Co., Ltd. belongs to the buyers Gu Zuocheng, Yangpu Xinyufeng Investment Co., Ltd. and Feng Yonghui. Thereinto, Gu Zuocheng held 8,875,000 shares; Yangpu Xinyufeng Investment Co., Ltd. held 7,000,000 shares; Feng Yonghui held 20,000 million shares.

On September 12, 2013, the company implemented a 4:1 share-shrunk. After the share-shrunk, Gu Zuocheng held 2,218,750 shares; Anhui Hengsheng Economic Development Group Co., Ltd. (The shares transferred by Yangpu Xinyufeng Investment Co., Ltd. on March 21, 2012) held 1,750,000 shares; Feng Yonghui held 500,000 shares.

Therefore, in the above "Changes in Shares" table, the number of shares that's filled in the "others" for the sponsors'

shares is the total shares held by the natural persons Gu Zuocheng and Feng Yonghui, namely: 2,718,750 shares.

III. Issuing and listing

☐ Applicable ☒ Not applicable

IV. Shareholders and shareholding

In Shares

Total number of common shareholders at the end of the reporting period		7,950		Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)			0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held（%）	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-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	0	84,906,250	0		
Gu Zuocheng	Domestic natural person	1.89%	2,261,000	0	2,218,750	42,250		
Hengsheng Sun Group Co., Ltd.	Domestic non-state-owned legal person	1.47%	1,750,000	0	1,750,000	0	Freeze	1,750,000
Liu Dan	Domestic natural person	0.91%	1,083,251	51,050	0	1,083,251		
Xu Yuanhui	Domestic natural person	0.56%	666,789	0	0	666,789		
Yu Lingfeng	Overseas natural person	0.51%	612,921	0	0	612,921		
Chen Xinqiang	Domestic natural person	0.51%	612,400	0	0	612,400		
Zhang Meilan	Domestic natural person	0.43%	513,560	0	0	513,560		
Feng Yonghui	Domestic natural person	0.42%	500,000	0	500,000	0		
Li Jianping	Domestic natural person	0.36%	431,500	-24,069	0	431,500		
Explanation on associated		There isn't any associated relationship between the sponsoring shareholder and the other						

relationship among the aforesaid shareholders	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’.		
Top 10 holders of unconditional shares			
Name of the shareholder	Amount of unconditional shares held at end of period	Category of shares	
		Category of shares	Amount
Liu Dan	1,083,251	Foreign shares placed in domestic exchange	1,083,251
Xu Yuanhui	666,789	Foreign shares placed in domestic exchange	666,789
Yu Lingfeng	612,921	Foreign shares placed in domestic exchange	612,921
Chen Xinqiang	612,400	Foreign shares placed in domestic exchange	612,400
Zhang Meilan	513,560	Foreign shares placed in domestic exchange	513,560
Li Jianping	431,500	Foreign shares placed in domestic exchange	431,500
CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	424,550	Foreign shares placed in domestic exchange	424,550
Chen Houping	423,561	Foreign shares placed in domestic exchange	423,561
Liu Guosheng	345,575	Foreign shares placed in	345,575

		domestic exchange	
Lv Gang	337,300	Foreign shares placed in domestic exchange	337,300
Action-in-concert among top 10 non-restricted current share holders, top 10 non-restricted current share holders and top 10 shareholders	There is no affiliated relationship between the top ten non-restricted tradable shareholders and the controlling shareholder China Military Equipment Group Co., Ltd. nor do they belong to the consistent actors stipulated in the Administrative Measures for the Acquisition of Listed Companies; it is unknown to the company whether there is an affiliated relationship between the top ten non-restricted tradable shareholders as well as between the top ten non-restricted tradable shareholders and the other top ten shareholders, or whether they are included in the consistent actors stipulated in the Administrative Measures for the Acquisition of Listed Companies.		

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

☐ Yes ☒ No

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

V. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

☐ Applicable ☒ Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

☐ Applicable ☒ Not applicable

There was no any change of the actual controller of the Company in the reporting period.

VII. Situation of the Preferred Shares

☐Applicable ☒Not applicable

The Company had no preferred shares in the reporting period

VIII. Information about Directors, Supervisors and Senior Executives

I. Change in shares held by directors, supervisors and senior executives

☐Applicable ☒Not applicable

There was no change in shareholding of directors, supervisors and senior management staffs, for the specific information please refer to the 2018 Annual Report.

II. Changes in directors, supervisors and senior management staffs

☒Applicable ☐Not applicable

Name	Title	Type	Date	Reason
Dong Qihong	Director, Member of the auditors committee	Elected	April 11,2019	The personnel is elected as the director by the shareholders' general meeting and the member of the Audit Committee by the board of directors.
Zhang Di	Director, Member of the strategic committee	Elected	April 11,2019	The personnel is elected as the director by the shareholders' general meeting and the member of the strategem Committee by the board of directors.
Yan Xuechuan	General Manager	Appointment	March 25,2019	Board appointment
Yu Wenbiao	Deputy General Manager	Appointment	March 25,2019	Board appointment
Fan Aijun	Deputy General Manager	Appointment	March 25,2019	Board appointment
Tan Mingxian	Deputy General Manager, CFO	Appointment	March 25,2019	Board appointment
Yu Jiang	Employee director	Elected	March 20,2019	Election of Staff Delegation Leader Meeting
Fan Aijun	Director, General Manger , CFO, Member of the strategic Committee, Member of the nominating committee	Appointed	March 25,2019	In case of any change of work, the personnel shall no longer serve as a director, general manager, finance employee in charge, member of the Strategic Committee or the Nomination Committee. The personnel is appointed as the deputy general manager of the company by the board of directors.
Tan Mingxian	Director, Member of the auditors committee	Appointed	March 25,2019	In case of any change of work, the personnel shall no longer serve as a director and the member of the Audit Committee. The personnel is appointed as deputy general manager and finance employee in charge of the company by the board of directors.

Zhang Xiangdong	Deputy General Manager	Appointed	March 25,2019	In case of any change of work, the personnel shall no longer serve as Deputy General Manager. The personnel is appointed as the deputy director of Procurement Department by the company.
Deng Xianming	Deputy General Manager	Appointed	March 25,2019	In case of any change of work, the personnel shall no longer serve as Deputy General Manager. The personnel is appointed by the company as the process technology director professional in non-administrative position.
Cao Bing	Deputy General Manager	Appointed	March 25,2019	In case of any change of work, the personnel shall no longer serve as Deputy General Manager. The personnel is appointed as the deputy director of the Sales Department by the Company (presiding over the work).
Hu Jiawang	Deputy General Manager	Appointed	March 25,2019	In case of any change of work, the personnel shall no longer serve as Deputy General Manager. The personnel is appointed as the director of the New Energy Division by the company.
Deng Gang	Employee director	Appointed	March 20,2019	The Staff Delegation Leader Meeting has resolved that Deng Gang would no longer serve as the employee director. The personnel assumes the post of deputy director of the company's research and development center after leaving the post.
Zhang Lungang	Supervisor, Chairman of the board of supervisors	Elected	April 11,2019	The personnel is elected as the supervisor by the shareholders' general meeting and the chairman of the board of supervisors by the board of supervisors.
Jiang Chaojie	Supervisor	Elected	April 11,2019	Shareholders' meeting election
Qiao Guoan	Supervisor	Elected	April 11,2019	Shareholders' meeting election
Li Yongjiang	Employee supervisor	Elected	March 20,2019	Election of Staff Delegation Leader Meeting
Rao Song	Employee supervisor	Elected	March 20,2019	Election of Staff Delegation Leader Meeting
Xu Dongxia	Employee supervisor	Appointed	March 20,2019	The Staff Delegation Leader Meeting resolved that Xu Dongxia would no longer serve as the employee supervisor. The personnel assumes the post of the deputy director of the Audit Risk Department of the company after leaving the post.
Wu Yangmin	Employee supervisor	Appointed	March 20,2019	The Staff Delegation Leader Meeting resolved that Wu Yangmin would no longer serve as the employee supervisor. The personnel will assume the post of the

				director of the company office and the Party Committee office after leaving the post.
Lu Cuiwen	Supervisor, Chairman of the board of supervisors	Appointed	April 11,2019	In case of any change of work, the personnel shall no longer serve as supervisor and Chairman of the Board of Supervisors, The personnel is appointed by the company as the process technology director professional in non-administrative position.
Tao Xuqian	Supervisor	Appointed	April 11,2019	In case of any change of work, the personnel shall no longer serve as supervisor, The personnel is appointed as deputy secretary of the Discipline Inspection Commission, director of the Discipline Inspection Commission Office, the Supervision Department and the Inspection Office by the company.
Wu Haiwen	Supervisor	Appointed	April 11,2019	In case of any change of work, the personnel shall no longer serve as supervisor, The personnel is appointed as the director of the Operation Planning Department (Board Secretary's Office) of the company by the company.

IX. Corporate Bond

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

X. Financial Report

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, 2019

In RMB

Items	June 30,2019	December 31,2018
Current asset:		
Monetary fund	175,083,490.58	351,903,987.18
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	34,449,387.65	28,022,405.38
Account receivable	241,375,131.90	274,941,895.41
Financing of receivables		
Prepayments	13,927,030.78	15,797,660.14
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	6,010,600.52	2,414,406.24

Including: Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	168,166,967.62	177,566,823.26
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	4,104,819.54	4,292,742.61
Total of current assets	643,117,428.59	854,939,920.22
Non-current assets:		
Loans and payment on other's behalf disbursed		
Debt investment		
Available for sale of financial assets		
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	246,966,038.98	187,208,081.45
Other equity instruments investment		
Other non-current financial assets		
Property investment	34,413,632.16	45,698,993.28
Fixed assets	333,238,183.59	341,863,883.57
Construction in progress	212,893.56	
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	23,152,317.07	23,481,249.43
Development expenses		
Goodwill		
Long-germ expenses to be amortized	2,573,545.84	1,912,833.34
Deferred income tax asset	4,850,090.39	4,850,090.39
Other non-current asset	6,478,509.34	1,815,521.86
Total of non-current assets	651,885,210.93	606,830,653.32
Total of assets	1,295,002,639.52	1,461,770,573.54

Current liabilities		
Short-term loans	252,000,000.00	262,000,000.00
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable	512,840,000.00	627,563,000.00
Account payable	248,454,006.37	237,795,755.60
Advance receipts	1,420,366.52	1,982,012.20
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	5,378,799.21	3,155,693.31
Tax payable	14,249,356.34	19,484,228.95
Other account payable	4,242,778.05	14,988,432.94
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Contract Liabilities		
Liabilities held for sales		
Non-current liability due within 1 year		1,500,000.00
Other current liability		
Total of current liability	1,038,585,306.49	1,168,469,123.00
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan		
Bond payable		

Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities		
Total of liability	1,038,585,306.49	1,168,469,123.00
Owners' equity		
Share capital	119,375,000.00	119,375,000.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	958,565,294.29	958,565,294.29
Less: Shares in stock		
Other comprehensive income	9,800.00	9,800.00
Special reserve		
Surplus reserves	125,686,000.00	125,686,000.00
Common risk provision		
Retained profit	-947,218,761.26	-910,334,643.75
Total of owner's equity belong to the parent company	256,417,333.03	293,301,450.54
Minority shareholders' equity		
Total of owners' equity	256,417,333.03	293,301,450.54
Total of liabilities and owners' equity	1,295,002,639.52	1,461,770,573.54

Legal Representative: Lv Hongxian

Person in charge of accounting: Tan Mingxian

Accounting Dept Leader: Niu Yanli

2. Balance sheet of Parent Company

In RMB

Items	June 30,2019	December 31,2018
Current asset :		
Monetary fund	17,345,556.49	66,377,117.54
Transactional financial assets		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	3,600,000.00	12,106,000.00
Account receivable	1,309,317.31	1,700,752.51
Financing of receivables		
Prepayments	7,086,534.92	7,910,371.97
Other account receivable	2,615,311.15	567,726.24
Including: Interest receivable		
Dividend receivable		
Inventories	11,085,461.23	14,582,880.35
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		4,292,742.61
Total of current assets	43,042,181.10	107,537,591.22
Non-current assets:		
Debt investment		
Available for sale of financial assets		
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	406,966,038.98	347,208,081.45
Other equity instruments investment		
Other non-current financial assets		
Property investment	34,413,632.16	45,698,993.28
Fixed assets	125,476,621.15	121,333,665.76

Construction in progress	212,893.56	
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	14,798,606.95	15,007,629.61
Development expenses		
Goodwill		
Long-term expenses to be amortized	2,241,777.75	1,418,480.05
Deferred income tax asset		
Other non-current asset		
Total of non-current assets	584,109,570.55	530,666,850.15
Total of assets	627,151,751.65	638,204,441.37
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	194,613,938.33	200,972,608.59
Advance receipts	180,083.38	180,083.38
Contract Liabilities		
Employees' wage payable	2,403,187.72	185,652.20
Tax payable	13,124,656.49	15,239,129.76
Other account payable	252,756,920.83	223,902,707.22
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	463,078,786.75	440,480,181.15
Non-current liabilities:		
Long-term loan		

Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income		
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities		
Total of liability	463,078,786.75	440,480,181.15
Owners' equity		
Share capital	119,375,000.00	119,375,000.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	958,565,294.29	958,565,294.29
Less: Shares in stock		
Other comprehensive income	9,800.00	9,800.00
Special reserve		
Surplus reserves	125,686,000.00	125,686,000.00
Retained profit	-1,039,563,129.39	-1,005,911,834.07
Total of owners' equity	164,072,964.90	197,724,260.22
Total of liabilities and owners' equity	627,151,751.65	638,204,441.37

3.Consolidated Income Statement

Items	Amount in this period	Amount in last period
I. Income from the key business	418,614,177.29	511,696,731.41
Incl: Business income	418,614,177.29	511,696,731.41
Interest income		
Insurance fee earned		
Fee and commission received		

II. Total business cost	443,141,827.64	505,398,898.77
Incl: Business cost	374,155,299.95	424,270,937.01
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	4,078,638.06	4,097,639.38
Sales expense	9,005,395.08	12,662,136.26
Administrative expense	38,337,008.17	38,290,461.08
R & D expense	6,342,684.21	5,492,327.34
Financial expenses	11,222,802.17	20,585,397.71
Including: Interest expense		
Interest income		
Add: Other income	401,100.00	
Investment gain (“-”for loss)	-10,791,697.77	60,830,865.45
Including: investment gains from affiliates	-10,791,697.77	60,830,865.45
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss		
Impairment loss of assets	-280,777.30	-414,009.12
Assets disposal income	-1,712,382.50	-52,595.40
III. Operational profit (“-”for loss)	-36,911,407.92	66,662,093.57
Add : Non-operational income	232,624.17	357,960.24
Less: Non-operating expense		24,777.08
IV. Total profit (“-”for loss)	-36,678,783.75	66,995,276.73
Less: Income tax expenses	205,333.76	561,775.84
V. Net profit	-36,884,117.51	66,433,500.89
(I) Classification by business		

continuity		
1.Net continuing operating profit		
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	-36,884,117.51	66,076,528.49
2.Minority shareholders' equity		356,972.40
VI. Net after-tax of 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.		
3. Changes in the fair value of investments in other equity instruments		
4. Changes in the fair value of the company's credit risks		
5.Other		
(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. Changes in the fair value of investments in other debt obligations		
3.Gains and losses from changes in fair value available for sale financial assets		

4. Other comprehensive income arising from the reclassification of financial assets		
5. Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8. Translation differences in currency financial statements		
9. Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	-36,884,117.51	66,433,500.89
Total comprehensive income attributable to the owner of the parent company	-36,884,117.51	66,076,528.49
Total comprehensive income attributable minority shareholders		356,972.40
VIII. Earnings per share		
(I) Basic earnings per share	-0.3090	0.5535
(II) Diluted earnings per share	-0.3090	0.5535

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0.00, last period the combined party realized RMB0.00.

Legal Representative: Lv Hongxian

Person in charge of accounting: Tan Mingxian

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	313,202,860.70	397,145,699.33
Incl: Business cost	305,109,623.38	362,672,276.66

Business tax and surcharge	868,531.18	1,515,717.24
Sales expense	701,341.96	324,477.46
Administrative expense	21,259,635.13	20,533,457.45
R & D expense	660,149.91	9,412.13
Financial expenses	5,773,466.75	10,591,372.14
Including: Interest expenses		
Interest income		
Add: Other income		
Investment gain (“-”for loss)	-10,791,697.77	54,775,798.80
Including: investment gains from affiliates	-10,791,697.77	54,775,798.80
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss		
Impairment loss of assets		
Assets disposal income	-1,712,382.50	
II. Operational profit (“-”for loss)	-33,673,967.88	56,274,785.05
Add : Non-operational income	22,672.56	2,096.06
Less: Non -operational expenses		3,797.36
III. Total profit (“-”for loss)	-33,651,295.32	56,273,083.75
Less: Income tax expenses		
IV. Net profit	-33,651,295.32	56,273,083.75
1.Net continuing operating profit		
2.Termination of operating net profit		
V. Net after-tax 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 th		

e equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments		
4. Changes in the fair value of the company's credit risks		
5.Other		
(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. Changes in the fair value of investments in other debt obligations		
3. Gains and losses from changes in fair value available for sale financial assets		
4. Other comprehensive income arising from the reclassification of financial assets		
5.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8. Translation differences in currency financial statements		
9.Other		
VI. Total comprehensive income	-33,651,295.32	56,273,083.75
VII. Earnings per share		
(I) Basic earnings per share	-0.2819	0.4714
(II) Diluted earnings per share	-0.2819	0.4714

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	244,731,519.75	183,435,859.06
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		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	9,272,854.78	3,865,269.30
Other cash received from business operation	2,694,008.36	14,049,354.57
Sub-total of cash inflow	256,698,382.89	201,350,482.93
Cash paid for purchasing of merchandise and services	76,167,238.32	77,479,182.57
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		

Cash paid to staffs or paid for staffs	45,547,443.61	38,274,323.44
Taxes paid	7,087,627.07	14,899,387.30
Other cash paid for business activities	8,745,545.36	42,211,559.37
Sub-total of cash outflow from business activities	137,547,854.36	172,864,452.68
Net cash generated from /used in operating activities	119,150,528.53	28,486,030.25
II. Cash flow generated by investing		
Cash received from investment retrieving	30,193,650.00	8,160,000.00
Cash received as investment gains	2,000,000.00	56,540,000.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	21,742.92	
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	32,215,392.92	64,700,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	3,573,143.11	2,164,376.72
Cash paid as investment	36,672,895.58	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	40,246,038.69	23,464,376.72
Net cash flow generated by investment	-8,030,645.77	41,235,623.28
III. Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	110,000,000.00	20,000,000.00
Cash received from bond placing		

Other financing –related cash received	141,753,830.08	399,577,250.28
Sub-total of cash inflow from financing activities	251,753,830.08	419,577,250.28
Cash to repay debts	121,530,208.33	136,123,111.10
Cash paid as dividend, profit, or interests	13,548,041.75	20,924,052.91
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	279,871,194.16	297,487,262.11
Sub-total of cash outflow due to financing activities	414,949,444.24	454,534,426.12
Net cash flow generated by financing	-163,195,614.16	-34,957,175.84
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-52,075,731.40	34,764,477.69
Add: balance of cash and cash equivalents at the beginning of term	72,542,523.19	126,225,466.46
VI ..Balance of cash and cash equivalents at the end of term	20,466,791.79	160,989,944.15

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	115,565,043.01	60,926,056.16
Tax returned		
Other cash received from business operation	196,811.23	20,455.50
Sub-total of cash inflow	115,761,854.24	60,946,511.66
Cash paid for purchasing of merchandise and services	27,745,984.32	94,856,965.27
Cash paid to staffs or paid for staffs	23,631,994.07	21,685,566.62
Taxes paid	633,031.98	4,378,220.07
Other cash paid for business activities	1,090,431.80	2,035,778.28
Sub-total of cash outflow from business	53,101,442.17	122,956,530.24

activities		
Net cash generated from /used in operating activities	62,660,412.07	-62,010,018.58
II. Cash flow generated by investing		
Cash received from investment retrieving	30,193,650.00	8,160,000.00
Cash received as investment gains	2,000,000.00	56,540,000.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	21,742.92	
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	32,215,392.92	64,700,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	3,567,182.57	602,707.13
Cash paid as investment	36,672,895.58	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	40,240,078.15	21,902,707.13
Net cash flow generated by investment	-8,024,685.23	42,797,292.87
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received	322,910,000.00	266,746,000.00
Sub-total of cash inflow from financing activities	322,910,000.00	266,746,000.00
Cash to repay debts		
Cash paid as dividend, profit, or interests	7,475,284.26	10,829,540.25
Other cash paid for financing activities	419,102,003.63	234,470,060.33

Sub-total of cash outflow due to financing activities	426,577,287.89	245,299,600.58
Net cash flow generated by financing	-103,667,287.89	21,446,399.42
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-49,031,561.05	2,233,673.71
Add: balance of cash and cash equivalents at the beginning of term	66,377,117.54	93,728,199.64
VI ..Balance of cash and cash equivalents at the end of term	17,345,556.49	95,961,873.35

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 shareh olders’ equity	Total of owners , equity
	share Capit a	Other Equity instrument			Capital reserve s	Less: Shares in stock	Other Compr ehensi ve Incom e	Specia lized reserve	Surplu s reserve s	Comm on risk provisi on	Retain ed profi t	Other	Subtot al		
		prefe rred stock	Susta inabl e debt	Other											
I.Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00		-910,334,643.75		293,301,450.54	293,301,450.54	
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		-910,334,643.75		293,301,450.54	293,301,450.54	

III.Changed in the current year											-36,884,117.51		-36,884,117.51		-36,884,117.51
(1) Total comprehensive income											-36,884,117.51		-36,884,117.51		-36,884,117.51
(II) Investment or decreasing of capital by owners															
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. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. 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		-947,218,761.26		256,417,333.03		256,417,333.03	

Amount in last year

In RMB

Items	Amount in last year													
	Owner's equity Attributable to the Parent Company												Minor shareho lders' equity	Total of owners', equity
	share Capit a	Other Equity instrument			Capital reserve s	Less: Shares in stock	Other Compr ehensi ve	Specia lized reserve	Surplu s reserve s	Comm on risk provisi on	Retain ed profi	Other		

		stock	e				Incom								
		debt					e								
I.Balance at the end of last year	119,375,000.00				958,575,094.29				125,686,000.00		-920,877,890.80		282,758,203.49	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 current year	119,375,000.00				958,575,094.29				125,686,000.00		-920,877,890.80		282,758,203.49	1,665,414.53	284,423,618.02
III.Changed in the current year											10,543,247.05		10,543,247.05	-1,665,414.53	8,877,832.52
(1) Total comprehensive income											10,543,247.05		10,543,247.05	356,972.40	10,900,219.45
(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														-2,022,386.93	-2,022,386.93
(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. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															

6. 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		-910,334,643.75		293,301,450.54	293,301,450.54

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

Amount in this period

In RMB

Items	Amount in this period											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	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	-1,005,911,834.07		197,724,260.22
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	-1,005,911,834.07		197,724,260.22
III. Changed in the current year										-33,651,295.32		-33,651,295.32
(I) Total comprehensive income										-33,651,295.32		-33,651,295.32

(II) Investment or decreasing of capital by owners												
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. 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.Change amount of												

defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. 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	-1,039,563,129.39		164,072,964.90

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	Retained profit	Other	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	-1,005,060,247.56		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										-851,586.51		-851,586.51
(I) Total comprehensive income										-851,586.51		-851,586.51
(II) Investment or decreasing of capital by owners												
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. 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.Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. 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	-1,005,911,834.07		197,724,260.22

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.

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.

On October 22, 2018, Chongqing Jianshe mechanical and electrical Co., Ltd., the controlling shareholder of the company, signed the "Equity transfer Agreement for State-owned listed companies" with China South Industries Group Corporation (hereinafter referred to as "GSGC"). The Chongqing Jianshe mechanical and electrical co., LTD. transferred 84,906,250 shares of its state-owned legal person shares to the GSGC, it accounts for 71.13% of the Chongqing Jianshe 's total share capital.

On December 21, 2018 , The company received the " Confirmation of registration of securities transfer " issued by the Shenzhen Branch of China Securities Registration and Clearing Co., Ltd., and the registration procedures for the transfer of shares under this agreement have been completed in the Shenzhen branch of China Securities Registration and settlement Co., Ltd.

After the completion of this agreement transfer, Chongqing Jianshe mechanical and electrical co., LTD., would no longer hold shares of the company. GSGC became the controlling shareholder of the company, the proportion of shareholding is 71.13%, and the nature of the shares is State-owned legal person shares.

The ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission (SASAC).

As at June 30, 2019, 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 disclosure of the financial report was approved by the Board of Directors on July 29, 2019.

As at June 30, 2019, 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 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:

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

No

Specific accounting policies and accounting estimates:

See the accounting policy 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, 2019 operational results, cash flow, and other relevant information of January–June 2019.

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 acquire 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 acquire (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 acquire 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 shot 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. Notes receivable

12. 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
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Accounts receivable without provision for bad debt	Age analysis method
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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%
6 months -within 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.

13. Financing of receivables

14. Other account receivable

Determination method of expected credit loss of other receivables and accounting treatment method

15. 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.

16. Contract assets

17. Contract cost

18. 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.

19. Debt investment

20. Other debt investment

21. Long-term account receivable

22. 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.

23. 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.

24. 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	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

(3) Recognition basis, pricing and depreciation method of fixed assets by finance lease

Fixed assets leased by the Company are recognized as financing leased fixed assets when they meet one or more of the following criteria:

- ① At the end of the lease term, ownership of the leased assets is transferred to the Company.
- ② The Company has the option to purchase leased assets, and the contracted purchase price is expected to be well below the fair value of the leased assets at the time of exercise of the option, So it can be reasonably certain that the Company will exercise this option on the date of commencement of the lease.

③Even if ownership of the assets is not transferred, the lease term accounts for the majority of the useful life of the leased assets.

④The present value of the minimum lease payment of the Company at the date of commencement of the lease is almost equivalent to the fair value of the leased assets on the date of commencement of the lease.

⑤The leased assets are of a special nature, if no major modifications are made, only the company can use them.

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.

25 .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.

26. 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.

27. Biological assets

28. Oil-gas assets

29. Assets of the right to use

30. 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.

(2) Research and development expenses

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

The research expenditures shall be recorded into the profit or loss for the current period.

The development expenditures shall be capitalized when they satisfy the following conditions simultaneously: It is

feasible technically to finish intangible assets for use or sale; Having the intention to complete the intangible asset and use or sell it; The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself for the intangible assets will be used internally; It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; Expenditures attributable to the development phase of the intangible assets can be measured reliably. Development expenditures that do not meet the above conditions are included in the profits and losses of the current period.

After meeting the above conditions, the corresponding projects of the company study their technical feasibility and economic feasibility, and enter the development stage after the formation of the project.

31 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.

32. 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.

33. Contract Liabilities

34. 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-service benefits mainly include defined contribution plan and defined benefit plan. The defined contribution plan mainly includes 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.

4. Accounting treatment of other long term employee benefits

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 Retained Earnings.

35. Lease liabilities

36. Estimated Liabilities

The Company recognizes obligations relating to contingent events as estimated liabilities if they meet the following conditions:

A. That obligation is a present obligation of the enterprise;

B. It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation;

C. A reliable estimate can be made of the amount of the obligation.

The estimated liabilities is initially measured on the basis of the best estimate of the expenditure required to meet the relevant current obligations, taking into account factors such as risks, uncertainties and the time value of the currency associated with contingencies. Where the time value of the currency has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

When all or some of the expenses necessary for the liquidation of an estimated liabilities of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement should not exceed the book value of the estimated liabilities.

37.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 the 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.

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

39.Revenues

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

No

Whether implemented new revenue guidelines?

☒ Yes ☐ No

Accounting policies used for revenue recognition and measurement

(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.

Different business models of similar businesses lead to differences in revenue recognition accounting policies.

40. Governmental subsidy

Government subsidy means the Company gratuitously obtains monetary assets or non-monetary assets from the government, not including the capital into which the government invests as an investor who has relevant ownership interest. Government subsidies are divided into the subsidy related to assets and the other related to earnings. Government subsidies related to monetary assets will be measured according to the amount received or the amount receivable. Those which related to non-monetary assets will be measured according to fair value; For any fair value which cannot be reliable to be obtained, the assets will be measured according to the nominal amount, and the one measured according to the nominal amount will be directly counted into the current profits and losses.

Government subsidies can only be recognized when the company is able to meet the conditions attached to government subsidies and is able to receive government subsidies.

Government subsidies are divided into asset-related government subsidies and income-related government subsidies. Government subsidies related to assets refer to government subsidies obtained by companies for the purchase, construction or other formation of long-term assets. Government subsidies related to income refer to government subsidies in addition to those 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. The government grants

pertinent to income that are used to compensate the relevant costs or losses of the subsequent period of the enterprise are recognized as deferred income and are credited to the current profit or loss for the period when the relevant costs, expenses or losses are recognized; those government grants used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

For the government subsidy which includes both the assets related part and the income related part, the different parts are treated separately; if it is difficult to distinguish, the whole is classified as the government subsidy related to the income.

Government subsidies related to the daily activities of the company shall be included in other earnings in accordance with the substance of the economic business. Government subsidies not related to the daily activities of the company shall be included in the non-operating income and expenditure.

41. 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.

42. 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

43. 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.
- ③ This 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

44. 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

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases

☐ Applicable ☒ Not applicable

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases

☐ Applicable ☒ Not applicable

45. Other

VI. Taxation

1. Main categories and rates of taxes

Class of tax	Tax basis	Tax rate
VAT	Calculated on tax law from selling goods and taxable services based on the calculation of output tax, after deduction of input tax deductibility of the current period, the balance part of VAT payable	17、16、11、10、9、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	15

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 2018, 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. The company 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
Bank deposits	20,466,791.79	72,551,130.34
Other cash and cash equivalents	154,616,698.79	279,352,856.84
Total	175,083,490.58	351,903,987.18

Other notes

2. Transactional financial assets

In RMB

Items	Closing balance	Opening balance
Of which :		
Of which:		

Other notes

3. Derivative financial assets

In RMB

Items	Closing balance	Opening balance
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Other notes

4. Notes receivable

(1) Notes receivable listed by category

In RMB

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

Bank acceptance bill	34,228,387.65	24,252,405.38
Trade acceptance bill	221,000.00	3,770,000.00
Total	34,449,387.65	28,022,405.38

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 %	
Including:										
Including:										

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason

Accrual of bad debt provision by portfolio:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Notes:

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period			Closing balance
		Accrual	Reversed or collected amount	Write-off	

Of which the significant actual write-off accounts receivable:

☐ Applicable ☒ Not applicable

(3) Notes receivable pledged by the Company at the end of the period

In RMB

Items	Pledged amount
-------	----------------

(4) 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	999,488,892.11	
Trade acceptance bill	328,000.00	
Total	999,816,892.11	

(5) 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

(6) 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

Notes of the write-off the accounts receivable:

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 %	
Accrual of bad debt	23,815,4	8.70%	23,815,4	100.00%		23,822,67	7.76%	23,822,67	100.00%	

provision by single item	66.24		66.24			1.78		1.78		
Including:										
Accrual of bad debt provision by portfolio	249,829,936.56	91.30%	8,454,804.66	3.38%	241,375,131.90	283,108,717.23	92.24%	8,166,821.82	2.88%	274,941,895.41
Including:										
Total	273,645,402.80	100.00%	32,270,270.90		241,375,131.90	306,931,389.01	100.00%	31,989,493.60		274,941,895.41

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Chongqing Huansu Auto Parts Co.,Ltd.	12,723,992.31	12,723,992.31	100.00%	Individually determined and unable to recover
Chongqing Bisu Yunbo Power Technology Co.,Ltd.	5,396,775.35	5,396,775.35	100.00%	Individually determined and unable to recover
Hafei Automobile co., Ltd.	3,999,944.43	3,999,944.43	100.00%	Individually determined and unable to recover
Chongqing Kaite Power Technology Co.,Ltd.	1,481,654.59	1,481,654.59	100.00%	Individually determined and unable to recover
Guangqi Jiao Auto Co.,Ltd..Luqiao Branch	75,821.20	75,821.20	100.00%	Individually determined and unable to recover
Guangqi Jiao Auto Co.,Ltd.	67,998.51	67,998.51	100.00%	Individually determined and unable to recover
Dongying Jiao Auto Co.,Ltd.	48,579.85	48,579.85	100.00%	Individually determined and unable to recover
Beiqi Yinxiang Auto Co.,Ltd.	20,700.00	20,700.00	100.00%	Individually determined and unable to recover
Total	23,815,466.24	23,815,466.24	--	--

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason

Accrual of bad debt provision by portfolio:

In RMB

Name	Closing balance
------	-----------------

	Book balance	Bad debt provision	Proportion
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Notes:

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	238,838,915.04
1-2 years	1,085,940.74
2-3 years	962,466.00
3-4 years	2,115,568.58
4-5 years	6,153.00
Over 5 years	6,820,893.20
Total	249,829,936.56

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period			Closing balance
		Accural	Reversed or collected amount	Write-off	
loss on bad debt	31,989,493.60	280,777.28			32,270,270.88
Total	31,989,493.60	280,777.28			32,270,270.88

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
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					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
PSA group	134,649,333.42	Within 6 months	49.75%	
Zhejiang Yuanjing Auto Parts Co.,Ltd.	22,258,764.62	Within 6 months	8.22%	
Chongqing Yongchuan Great Wall Auto Parts Co., Ltd.	17,801,683.09	Within 6 months	6.57%	
Chongqing Huansu Auto Parts Co.,Ltd.	12,723,992.31	1-2 years	4.70%	12,723,992.31
Sunlong Automobile Co., Ltd.	9,526,072.50	Within 1 year	3.52%	55,841.39
Total	196,959,845.94		72.76%	12,779,833.70

(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. Financing of receivables

In RMB

Items	Closing balance	Opening balance
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Changes in the current period of receivables financing and fair value

☐ Applicable ☒ Not applicable

Relevant information of the financing provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

Other notes:

7.Prepayments

(1) List by aging analysis:

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	13,231,184.03		14,020,455.63	88.75%
1-2 years	587,652.36		1,669,010.12	10.56%
2-3 years	44,159.59		44,159.59	0.28%
Over 3 years	64,034.80		64,034.80	0.41%
Total	13,927,030.78	--	15,797,660.14	--

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

Company Name	Relations with the Company	Amount	Proportion % of total prepaid accounts	Aging	Reason for non-settle accounts
Huayang (Shanghai) trade Co.,Ltd.	Non-related party	2,764,263.61	19.84%	Within 1 year	non-arrival settlement period
Suzhou Ruichang Electromechanical Engineering Co.,Ltd.	Non-related party	2,745,740.00	19.71%	Within 1 year	non-arrival settlement period
Chongqing Bangzhou Import and Export Trade Co., Ltd.	Non-related party	1,587,430.00	11.39%	Within 1 year	non-arrival settlement period
Zhongming Construction Group Co., Ltd.	Non-related party	1,421,720.28	10.20%	Within 1 year	non-arrival settlement period
Jithun Machinery Spindle Trading (Shanghai) Co., Ltd	Non-related party	968,128.21	6.95%	Within 1 year	non-arrival settlement period
Total		9,487,282.10	68.09%		

Other notes:

8. Other accounts receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	6,010,600.52	2,414,406.24
Total	6,010,600.52	2,414,406.24

(1) 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:

3) Bad-debt provision

☐ Applicable ☒ Not applicable

(2) 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:

3) Bad-debt provision

☐ Applicable ☒ Not applicable

Other notes:

(3) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
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Petty cash and borrowings with small amount	5,407,857.86	2,497,623.23
Fully provided provision for bad debts regarding long-term receivables and payables	5,083,333.94	5,083,333.94
Total	10,491,191.80	7,580,957.17

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019	5,166,550.93			5,166,550.93
Balance as at January 1, 2019 in current	—	—	—	—
Balance as at June 20, 2019	5,166,550.93			5,166,550.93

Loss provision changes in current period, change in book balance with significant amount

☐ Applicable ☒ Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	6,126,373.56
1-2 years	75,563.85
3-4 years	55,045.80
Over 5 years	4,234,208.59
Total	10,491,191.80

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period		Closing balance
		Accrual	Reversed or collected amount	
loss on bad debt	5,166,550.93			5,166,550.93
Total	5,166,550.93			5,166,550.93

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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4) 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 other accounts receivable:

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	28.73%	3,013,664.00
Ningbo Jianshe Chongqing Office	Other	692,035.31	Over 5 years	6.60%	692,035.31
Chongqing Jiulongpo District Urban and Rural Development Commission.	Other	488,000.00	Over 5 years	4.65%	488,000.00
Ningbo Jianshe Motorcycle Co., Ltd.	Other	329,628.73	Over 5 years	3.14%	329,628.73
Chongqing Huicai Steel Structure Co.,Ltd.	Other	209,000.00	Within 3 years	1.99%	209,000.00
Total	--	4,732,328.04	--	45.11%	4,732,328.04

6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government	Opening balance	Closing balance	Estimated received time, amount and basis
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7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

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

Other notes:

9. Inventories

Whether implemented new revenue guidelines?

√ Yes □ Not

(1) Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	35,346,555.57		35,346,555.57	41,509,342.09		41,509,342.09
Goods in progress	13,338,022.39		13,338,022.39	6,267,556.55		6,267,556.55
Stock goods	121,023,691.93	1,541,302.27	119,482,389.66	131,331,226.89	1,541,302.27	129,789,924.62
Total	169,708,269.89	1,541,302.27	168,166,967.62	179,108,125.53	1,541,302.27	177,566,823.26

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	
Stock goods	1,541,302.27					1,541,302.27
Total	1,541,302.27					1,541,302.27

(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

10. Contract assets

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value

Amount and reason of material change of book value of contract assets in the current period:

In RMB

Items	Amount	Reason
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Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of contract assets is accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

Provision for impairment of contract assets in the current period

In RMB

Items	Withdrawal	switch back or write-off	write-off	Reason
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Other notes:

11. Assets divided as held-to-sold

In RMB

Items	Book balance at the end of the period	Impairment provision	Closing book value	fair value	Estimated disposal cost	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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Important creditor's rights Investment/other creditor's rights investment

In RMB

Creditor's rights item	Closing balance				Opening balance			
	Face value	Contract	Actual rate	Expiration	Face value	Contract	Actual rate	Expiration

		interest rate, stated rate		date		interest rate, stated rate		date
--	--	-------------------------------	--	------	--	-------------------------------	--	------

Other notes:

13. Other current assets

Whether implemented new revenue guidelines?

√ Yes □ No

In RMB

Items	Closing balance	Opening balance
Tax allowance		
Total		

Other notes:

14. Debt investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value

Important creditor's rights Investment/

In RMB

Items	Closing balance				Opening balance			
	Face value	Contract interest rate, stated rate	Actual rate	Expiration date	Face value	Contract interest rate, stated rate	Actual rate	Expiration date

Provision for bad debts

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019 in current period	—	—	—	—

Loss provision changes in current period, change in book balance with significant amount

□ Applicable √ Not applicable

Other notes:

15. Other creditor's rights investment

In RMB

Items	Opening balance	Accrued interest	Change in fair value in the current period	Closing balance	Costs	Change in cumulative fair value	Cumulative provision for losses recognized in other consolidated income	Remark
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Important creditor's rights Investment/

In RMB

Items	Closing balance				Opening balance			
	Face value	Contract interest rate, stated rate	Actual rate	Expiration date	Face value	Contract interest rate, stated rate	Actual rate	Expiration date

Provision for bad debts

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019 in current period	—	—	—	—

Loss provision changes in current period, change in book balance with significant amount

☐ Applicable ☒ Not applicable

Other notes:

16. Long-term accounts receivable

(1) List of long-term accounts receivable

In RMB

Items	Closing balance			Opening balance			Discount rate interval
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value	

Provision for bad debts

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019 in current period	—	—	—	—

Loss provision changes in current period, change in book balance with significant amount

☐ Applicable ☒ Not applicable

(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	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I.Joint ventures											
Chongqing Pingshan TK Carburettor Co., Ltd.	83,923,460.57		30,193,650.00	-3,713,963.83			2,000,000.00			48,015,846.74	
Chongqing Jianshe Hanon Automobile heat management system	103,284,620.88	102,743,305.30		-7,077,733.94						198,950,192.24	

co., Ltd.											
Subtotal	187,208,0 81.45	102,743,3 05.30	30,193,65 0.00	-10,791,6 97.77			2,000,000 .00			246,966,0 38.98	
II. Associates											
Total	187,208,0 81.45	102,743,3 05.30	30,193,65 0.00	-10,791,6 97.77			2,000,000 .00			246,966,0 38.98	

Other notes

18. Other equity instruments investment

In RMB

Items	Closing balance	Opening balance
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Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized dividend income	Recognized dividend income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
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Other notes

19. Other non-current assets

In RMB

Items	Closing balance	Opening balance
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Other notes

20. 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	66,163,724.17			66,163,724.17
1. Balance at period-beginning	66,163,724.17			66,163,724.17
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	15,144,960.74			15,144,960.74
(1) Dispose				
(2) Other out	15,144,960.74			15,144,960.74
4. Balance at period-end	51,018,763.43			51,018,763.43
II. Accumulated amortization				
1. Opening balance	20,464,730.89			20,464,730.89
2. Increased amount of the period	824,803.34			824,803.34
(1) Withdrawal	824,803.34			824,803.34
3. Decreased amount of the period	4,684,402.96			4,684,402.96
(1) Dispose				
(2) Other out	4,684,402.96			4,684,402.96
4. Balance at period-end	16,605,131.27			16,605,131.27
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				34,413,632.16
1.Book value at period-end	34,413,632.16			34,413,632.16
2.Book value at period-beginning	45,698,993.28			45,698,993.28

(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

21. Fixed assets

In RMB

Items	Closing balance	Opening balance
Fixed assets	333,238,183.59	341,863,883.57
Total	333,238,183.59	341,863,883.57

(1) List of long-term accounts receivable

In RMB

Items	House and Buildings				Total
I. Original book value:					
1. Opening balance	144,534,304.17	621,578,230.38	15,250,817.92	7,750,397.67	789,113,750.14
2.Increased amount of the period	0.00	0.00	0.00	0.00	0.00
(1) Purchase	0.00	273,031.28	155,602.63	28,358.62	456,992.53
(2) Transfer of project under Construction	1,515,969.62	3,552,982.27	0.00	0.00	5,068,951.89

(3) Increased from enterprise merger	0.00	0.00	0.00	0.00	0.00
(4) Investment property transfer	15,144,960.75	0.00	0.00	0.00	15,144,960.75
3.Decreased amount of the period	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	15,798,770.59	0.00	389,136.15	16,187,906.74
		0.00	0.00	0.00	0.00
4.Closing balance	161,195,234.54	609,605,473.34	15,406,420.55	7,389,620.14	793,596,748.57
II. Accumulative depreciation	0.00	0.00	0.00	0.00	0.00
1.Opening balance	44,739,651.61	363,248,451.36	12,373,717.17	7,098,431.89	427,460,252.03
2.Increased amount of the period	0.00	0.00	0.00	0.00	0.00
(1) Withdrawal	2,448,026.14	11,996,897.92	586,792.81	50,383.93	15,082,100.80
(2) Investment property transfer	4,684,402.96	0.00	0.00	0.00	4,684,402.96
3.Decreased amount of the period	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	7,426,706.36	0.00	377,462.16	7,804,168.52
		0.00	0.00	0.00	0.00
4.Closing balance	51,872,080.71	367,818,642.92	12,960,509.98	6,771,353.66	439,422,587.27
III. Impairment provision	0.00	0.00	0.00	0.00	0.00
1. Opening balance	0.00	26,858,566.44	0.00	0.00	26,858,566.44
2.Increased amount of the period	0.00	0.00	0.00	0.00	0.00
(1) Withdrawal	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
3.Decreased amount of the period	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	5,922,588.73	0.00	0.00	5,922,588.73
		0.00	0.00	0.00	0.00

4.Closing balance	0.00	20,935,977.71	0.00	0.00	20,935,977.71
IV. Book Value	0.00	0.00	0.00	0.00	0.00
1.Closing book value	109,323,153.83	220,850,852.71	2,445,910.57	618,266.48	333,238,183.59
2.Opening book value	99,794,652.56	231,471,212.58	2,877,100.75	651,965.78	334,794,931.67

(2) List of temporarily idle fixed assets

In RMB

Items	Original Book value	Accumulative depreciation	Accumulative depreciation	Book value	Notes
Machinery equipment	101,381,388.64	77,421,009.10	20,935,977.71	3,024,401.83	
Transportation	267,500.00	259,475.25		8,024.75	
Total	101,648,888.64	77,680,484.35	20,935,977.71	3,032,426.58	

(3) Fixed assets leased in from financing lease

In RMB

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

In RMB

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

In RMB

Items	Book value	Reason
Buildings and constructions	46,607,348.76	Waiting for final acceptance

Other notes

(6) Liquidation of fixed assets

In RMB

Items	Closing balance	Opening balance
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Other notes

22. Construction in progress

In RMB

Items	Closing balance	Opening balance
Construction in progress	212,893.56	4,800,176.35
Total	212,893.56	4,800,176.35

(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
Construction engineering	212,893.56		212,893.56	4,800,176.35		4,800,176.35
Total	212,893.56		212,893.56	4,800,176.35		4,800,176.35

(2) Changes of significant construction in progress

In RMB

Name of items	Estimated number	Opening balance	Increase d amount of the period	Amount that transferr ed to fixed assets of the period	Other decrease d amount of the period	Closing balance	Proporti on estimate d of the project accumul ative input	Project progress	Accumul ative amount of capitaliz ed interests	Of which: The amount of the capitaliz ed interests of the period	Capitaliz ation rate of the interests of the period	Capital resources

(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:

(4) Engineering material

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

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. Right to use assets

In RMB

Items		Total
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Other notes:

26. Intangible assets

(1) Information

In RMB

Items	Land use right	Patent	Non-patents		Total
I. Total original book value	32,933,611.45				32,933,611.45
1. Opening balance	32,933,611.45				32,933,611.45
2. Increase in the reporting period					
(1) Purchase					
(2) Internal R&D					
(3) Increase from enterprise combination					
3. Decrease in the					

reporting period					
(1) Disposal					
4.Closing balance	32,933,611.45				32,933,611.45
II. Total accrued amortization					
1.Opening balance	9,452,362.02				9,452,362.02
2.Increased in the reporting period	209,022.66				209,022.66
(1) Withdrawal	119,909.70				119,909.70
3.Decrease in the reporting period					
(1) Disposal					
4.Closing balance	9,781,294.38				9,781,294.38
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	23,152,317.07				23,152,317.07
2.Book value of the period-begin	23,481,249.43				23,481,249.43

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
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Other notes:

27. R&D expenses

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Other notes

28. Goodwill

(1) Original book value of goodwill

In RMB

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

In RMB

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

Other notes

29. Long-term unamortized expenses

In RMB

Items	Opening balance	Increase	Amortization amount	Decrease	Closing balance
83 Aluminum machine entry fee	1,545,518.47	1,081,980.00	385,720.72		2,241,777.75
96 Aluminum machine technology transfer fee	367,314.87		35,546.78		331,768.09
Total	1,912,833.34	1,081,980.00	421,267.50		2,573,545.84

Other notes

30. 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	32,333,935.93	4,850,090.39	32,333,935.93	4,850,090.39
Total	32,333,935.93	4,850,090.39	32,333,935.93	4,850,090.39

(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 assets		4,850,090.39		

(4) List of unrecognized deferred income tax assets

In RMB

Items	Closing amount	Opening amount
Deductible temporary difference	34,362,892.35	34,362,892.35
Deductible losses	108,084,389.85	108,084,389.85
Total	142,447,282.20	142,447,282.20

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

In RMB

Year	Closing balance	Opening balance	Notes
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Other notes:

31. Other non-current assets

Whether implemented new revenue guidelines?

√ Yes ☐ No

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance purchase of long-term assets	6,478,509.34		6,478,509.34	1,815,521.86		1,815,521.86
Total	6,478,509.34		6,478,509.34	1,815,521.86		1,815,521.86

Other notes:

32. Short-term borrowings

(1) Category of short-term borrowings

In RMB

Items	Closing balance	Opening balance
Guaranteed borrowings	202,000,000.00	202,000,000.00
Credit borrowings	50,000,000.00	60,000,000.00
Total	252,000,000.00	262,000,000.00

Notes of short-term **borrowings** category

Unit	Closing balance	Start date	Expiration date	Annual interest rate	Remark
Bank of China .Ninth Branch	50,000,000.00	2018/8/13	2019/8/12	5.0025	Guarantee
Agricultural Commercial Bank Head Office Sales Department	30,000,000.00	2018/9/10	2019/9/5	4.57	Guarantee
Agricultural Commercial Bank Head Office Sales Department	30,000,000.00	2018/9/21	2019/9/20	4.57	Guarantee
Agricultural Commercial Bank Head Office Sales	42,000,000.00	2018/9/30	2019/9/28	4.57	Guarantee

Department					
Agricultural Commercial Bank Head Office Sales Department	50,000,000.00	2018/12/6	2019/12/5	4.57	Guarantee
Bank of communications nine branches	30,000,000.00	2018/8/30	2019/8/30	4.785	Credit
Military Finance Co.	20,000,000.00	2019/4/9	2020/4/9	4.785	Credit
Total	252,000,000.00				

(2) List of the short-term borrowings 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:

33. Transactional financial liabilities

In RMB

Items	Closing balance	Opening balance
Including:		
Including:		

Other notes:

34. Derivative financial liability

In RMB

Items	Closing balance	Opening balance
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Other notes:

35. Notes payable

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	512,840,000.00	627,563,000.00

Total	512,840,000.00	627,563,000.00
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The total amount of the due but not pay notes payable at the period-end was of RMB 0.00.

36. Accounts payable

(1) List of accounts payable

In RMB

Items	Closing balance	Opening balance
Within 1 year	244,854,231.21	233,423,453.69
1-2 years	1,091,154.43	2,226,270.35
2-3 years	564,020.75	615,256.93
Over 3 years	1,944,599.98	1,530,774.63
Total	248,454,006.37	237,795,755.60

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

In RMB

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

37. Advance from customers

(1) List of advance from customers

In RMB

Items	Closing balance	Opening balance
Within 1 year	712,970.46	1,097,390.90
Over 1 year	707,396.06	884,621.30
Total	1,420,366.52	1,982,012.20

(2) Significant advance from customers aging over one year

In RMB

Items	Closing balance	Unpaid/un-carry-over reason
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38. Contract liabilities

In RMB

Items	Closing balance	Opening balance
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Amount and reason for significant changes in book value during the reporting period

In RMB

Items	Amount	Reason
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39. Payroll payable

(1) List of Payroll payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Short-term compensation	2,063,455.21	52,654,309.27	52,015,501.51	2,702,262.97
Post-employment benefits - defined contribution plans	1,092,238.10	9,522,732.14	7,938,434.00	2,676,536.24
Dismissal welfare		525,658.80	525,658.80	
Total	3,155,693.31	62,702,700.21	60,479,594.31	5,378,799.21

(2) Presentation of short-term compensation

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
(1) Salary, bonus, allowance and subsidy	1,509,304.52	35,042,271.31	35,740,224.75	811,351.08
(2) Employee benefits		3,455,776.28	3,455,776.28	
(3) Social insurance expenses	171,269.41	6,336,907.92	5,809,822.94	698,354.39
Including: medical insurance premium	171,269.41	5,901,101.63	5,433,358.93	639,012.11
Work-related injury insurance premium		388,217.94	345,634.07	42,583.87
Maternity insurance premium		47,588.35	30,829.94	16,758.41
(4) Housing fund	339,702.00	6,878,280.55	6,319,026.00	898,956.55
(5) Labor union expenditures and employee education expenses	43,179.28	941,073.21	690,651.54	293,600.95
Total	2,063,455.21	52,654,309.27	52,015,501.51	2,702,262.97

(3) List of drawing scheme

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	940,220.65	9,202,253.57	7,655,498.21	2,486,976.01
Unemployment insurance premium	152,017.45	320,478.57	282,935.79	189,560.23
Total	1,092,238.10	9,522,732.14	7,938,434.00	2,676,536.24

Other notes:

40. Taxes payable

In RMB

Items	Closing balance	Opening balance
VAT	-2,321,179.90	1,241,326.23
Enterprise income tax	1,104,215.84	2,927,901.22
Individual income tax	465,616.18	566,964.67
Urban maintenance and construction tax	3,098,951.14	3,098,951.14
Business tax	406,965.05	393,030.84
Educational surtax	1,977,535.20	1,186,521.12
property tax	4,020,568.03	3,727,900.64
Land royalties	1,808,215.20	1,808,215.20
Other	3,688,469.60	4,533,417.89
Total	14,249,356.34	19,484,228.95

Other notes:

41. Other account payable

In RMB

Items	Closing balance	Opening balance
Other account payable	4,242,778.05	14,988,432.94
Total	4,242,778.05	14,988,432.94

(1) 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:

(2) 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:

(3) Other accounts payable

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

In RMB

Items	Closing balance	Opening balance
Cash deposit	1,165,000.00	1,010,000.00
Work-related injury payment	279,894.45	279,432.94
Goods	1,187,735.14	10,254,641.72
Project payment		500,000.00
Cost of design	25,000.00	47,400.00
Maternity benefits payable	154,126.99	98,361.38
Payable reward		197,627.00
Other	1,371,839.19	2,600,969.90
Testing cost	59,182.28	
Total	4,242,778.05	14,988,432.94

② Significant other payables for over 1 year

In RMB

Item	Ending balance	Reason for unreimbursed or transferred
Guangzhou Yuye Trading Co., Ltd.	30,000.00	non-arrival settlement period
Chongqing Bangbao Auto parts Co., Ltd.	30,000.00	non-arrival settlement period
Chongqing Green Dot Catering Co., Ltd.	20,000.00	non-arrival settlement period
Chongqing Huangdao Automobile Transportation Co., Ltd.	200,000.00	non-arrival settlement period
Department of Transportation, Ruihe loading and unloading Co., Ltd.	260,000.00	non-arrival settlement period
Chongqing Star Speed Logistics Co., Ltd.	400,000.00	non-arrival settlement period
Chongqing Chengbei Logistics Co., Ltd.	50,000.00	non-arrival settlement period

Chongqing Anren Human Resources Management Co., Ltd.	20,000.00	non-arrival settlement period
Chongqing Branch of Northern Engineering Design and Research Institute Co., Ltd.	25,000.00	non-arrival settlement period
Total	1,035,000.00	--

Other notes

42. Liabilities classified as holding for sale

In RMB

Items	Closing balance	Opening balance
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Other notes:

43. Non-current liabilities due within 1 year

In RMB

Items	Closing balance	Opening balance
Long-term Borrowing loans due within 1 year		1,500,000.00
Total		1,500,000.00

Other notes:

44. Other current-liabilities

Whether implemented new revenue guidelines?

√ Yes □ No

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
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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. Lease liability

In RMB

Items	Closing balance	Opening balance
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Other notes

48. Long-term payable

In RMB

Items	Closing balance	Opening balance
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(1) Long-term payable listed by nature of the account

In RMB

Items	Closing balance	Opening balance
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Other notes:

(2) Special payable

In RMB

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

49. 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:

50. Accrued liabilities

In RMB

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

51. Deferred income

In RMB

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

In RMB

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

52. Other non-current liabilities

Whether implemented new revenue guidelines?

√ Yes ☐ No

In RMB

Items	Closing balance	Opening balance
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Other notes:

53. Share capital

In RMB

	Opening balance	Increase ("+") /decrease ("-") for the current year					Closing balance
		Issuance of new shares	Share donation	Share converted from public reserve funds	Others	Sub-total	
Total shares	119,375,000.00						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			256,532,553.22
Total	958,565,294.29			958,565,294.29

Other notes, including changes and reason of change:

56. Treasury stock

In RMB

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

57. Other comprehensive income

In RMB

Items	Opening balance	Occurred current term						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: Prior period included in other composite income transfer to retained income in the current 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	9,800.00							9,800.00
A share in other comprehensive income of investee that cannot be reclassified in the loss and gain under the equity method	9,800.00							9,800.00

Total other comprehensive income	9,800.00							9,800.00
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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
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Other notes, including changes and reason of change:

59. Surplus reserves

In RMB

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

Other note, including changes and reason of change

60. Retained profits

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Adjust the undistributed profits before and at the end of the period	-910,334,643.75	-920,877,890.80
Opening balance of retained profits after adjustments		-920,877,890.80
Add: Net profit attributable to owners of the Parent company	-36,884,117.51	10,543,247.05
Closing retained profits	-947,218,761.26	-910,334,643.75

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. Operating income and operating costs

In RMB

Items	Amount of the Current Term		Amount of the Previous Term	
	Income	Cost	Income	Cost
Main business	398,487,683.92	356,371,797.67	482,850,720.88	400,797,229.92
Other business	20,126,493.37	17,783,502.28	28,846,010.53	23,473,707.09
Total	418,614,177.29	374,155,299.95	511,696,731.41	424,270,937.01

Whether implemented new revenue guidelines?

√ Yes ☐ No

Income related information:

In RMB

Classification of the contract	Division 1	Division 2		Total
Of which				
Of which				
Of which				
Of which				
Of which				
Of which				
Of which				

Information related to performance obligations:

Not applicable

Information related to the transaction price apportioned to the residual performance obligation:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB 0.00, of which RMB 0.00 is expected to be recognized as income in the year, RMB 0.00 is expected to be recognized as income in the year, and RMB 0.00 is expected to be recognized as income in the year.

Other notes

62. Taxes and surcharges

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Urban maintenance and construction tax	1,397,450.77	1,185,383.93
Educational surtax	998,179.12	842,785.96
Resource tax		0.00
House tax	619,106.03	813,042.22
Land royalties	786,341.60	945,215.56

vehicle ship royalties	1,560.00	900.00
Stamp duty	274,653.10	228,411.82
Other	1,347.44	81,899.89
Total	4,078,638.06	4,097,639.38

Other notes:

63. Selling expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Repair cost	2,057,769.71	3,229,756.75
Transportation cost	1,399,728.21	3,642,308.85
Payroll Payable	3,555,974.62	3,233,307.74
Storage and storage fee	817,646.79	803,942.71
Travel expenses	492,623.05	731,363.78
Sales service charge	271,620.06	532,490.09
Advertising expenses	23,417.48	225,710.82
Exhibition fees	21,440.60	28,857.28
Office expenses	63,765.28	73,188.55
Operating expenses		
Depreciation costs	25,504.38	31,726.41
Insurance expenses	275,904.90	129,483.28
Total	9,005,395.08	12,662,136.26

Other notes:

64. Administrative expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Payroll Payable	22,030,414.38	22,176,697.64
Depreciation costs	5,130,565.61	6,339,970.14
Repair charges	6,664,543.67	3,649,996.03
Consulting fee	302,121.15	187,504.60
Office expenses	382,547.21	450,911.45
Agency fee	87,434.56	877,244.45
Travel expenses	292,609.00	475,519.31

Amortization of intangible assets	328,932.36	359,142.11
Board of directors' expenses	130,452.88	195,781.41
Business entertainment	209,646.37	301,050.31
Sewage charge	471,343.22	169,542.51
Legal fare	46,192.46	11,380.00
Technological transfer fees		
Insurance expenses	2,260,205.30	3,095,721.12
Total	38,337,008.17	38,290,461.08

Other notes:

65. R&D Expense

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Salary	3,519,970.71	2,922,139.90
Office expenses	7,738.02	365.02
Material cost	295,987.41	378,813.13
Travel expenses	160,432.80	116,260.03
Tooling fee		
Conference-servicing expenses		
Fees for evaluation, identification and authentication	943.40	8,000.00
Software fee	59,648.00	77,572.53
Trademark, property right, patent fee	112,236.69	82,010.67
Test inspection fee	116,754.44	50,676.34
Repair cost		
Sample fee	23,866.81	55,158.92
Business entertainment	10,937.00	4,208.00
Traffic expense		36.00
Depreciation expense	961,651.81	972,953.46
Consulting fee	42,000.00	3,066.04
Training fee		7,687.37
Other	1,030,517.12	813,379.93
Total	6,342,684.21	5,492,327.34

Other notes:

66. Financial expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Interest expenses	13,132,600.04	20,923,980.91
Less: Interest income	2,006,154.75	313,738.57
discount rate of bill		
Exchange gains and losses	30,822.16	83,224.83
Commission Charge and others	65,534.72	-108,069.46
Total	11,222,802.17	20,585,397.71

Other notes:

67.Other income

In RMB

Other sources of revenue	Amount of the Current Term	Amount of the Previous Term
Obtain the grant of patent license of Jiulongpo District Science and Technology Committee		16,400.00
Subvention from Jiulongpo Finance Bureau (Technical Project Grant for Aluminum Rotary Blades)		10,000.00
Obtained the import and export subsidy of Jiulongpo District Finance Bureau		156,000.00
To receive a subsidy for R & D input from Jiulongpo Finance Bureau		810,000.00
Access to the second batch of special funds for industrial informatization by the Jiulongpo District Finance Bureau	400,000.00	120,000.00
To obtain patent support from Chongqing intellectual property Office		2,000.00
To receive an export insurance premium subsidy from the Jiulongpo District Finance Bureau of Chongqing Municipality		5,000.00
Access to international market development funds for small and medium-sized enterprises in Jiulongpo Finance Bureau		13,000.00
To receive subsidies for automatic monitoring of pollution sources by the Environmental Protection Bureau of Jiulongpo District		7,200.00
Obtained funds for compressor project of Jiulongpo District Finance Bureau		100,000.00
Awarded to Jiulongpo Finance Bureau Municipal intellectual property right advantage Enterprises		50,000.00
Grant for patent authorization of Kowloon po finance bureau		42,900.00
Access to import and export support funds		238,000.00

for foreign trade enterprises of Jiulongpo Finance Bureau		
Won the Jiulongpo Finance Bureau's high-tech product recognition subsidy		6,000.00
To receive a high-level review grant from Jiulongpo Finance Bureau in		20,000.00
Received the subsidy for key enterprises in the Jiulongpo District Finance Bureau of Chongqing City	1,100.00	
Total	401,100.00	1,596,050.00

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	-10,791,697.77	1,735,798.80
Disposal of a long-term equity investment of investment returns		59,095,066.65
Other		
Total	-10,791,697.77	60,830,865.45

Other notes

69. Net exposure hedging income

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
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Other notes

70. Gains on the changes in the fair value

In RMB

Source	Amount of the Current Term	Amount of the Previous Term
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Other notes

71. Credit impairment loss

In RMB

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

Other notes

72. Losses from asset impairment

Whether implemented new revenue guidelines?

√ Yes □ No

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
Losses on bad debt	-280,777.30	-414,009.12
Total	-280,777.30	-414,009.12

Other notes

73. Asset disposal income

In RMB

Source	Amount of the Current Term	Amount of the Previous Term
Total profits of non-current assets disposal		
Including: Profits of disposal of fixed assets	-1,712,382.50	
Profits of disposal of intangible assets		
Disposal of other non-current assets		-52,595.40
Total	-1,712,382.50	-52,595.40

74. Non-operating income

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Recorded in the amount of the non-recurring gains and losses
Government Subsidy	30,000.00	332,400.00	30,000.00
Other	202,624.17	25,560.24	202,624.17
Total	232,624.17	357,960.24	232,624.17

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
Focus on supporting subsidy funds for science and							100,000.00	Related to income

technology enterprises								
Incentives for contributions to economic development							50,000.00	Related to income
Top ten high-tech enterprise awards							100,000.00	Related to income
Industry support fund							114,700.00	Related to income
Innovation fund by Jiulongpo Treasury payment center						30,000.00		Related to income
Total						30,000.00	364,700.00	

Other notes

75. Non-operating expenses

In RMB

Items	Amount of the Current Term	Amount of the Previous Term	Carried to current contingent gain/loss
Other		24,777.08	
Total		24,777.08	

Other notes

76. 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	205,333.76	561,775.84
Total	205,333.76	561,775.84

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

In RMB

Items	Amount of the Current Term
Total profit	-36,678,783.75
Income tax expense at statutory / applicable tax rates	205,333.75
Income tax expenses	205,333.76

Other notes

77. Other comprehensive income

Refer to the notes

78. 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
Other	2,694,008.36	13,992,215.96
Total	2,694,008.36	14,049,354.57

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	1,947,118.66	9,398,031.99
Administrative expenses such as office expenses and traveling expenses	3,247,040.88	15,672,282.64
Others	3,551,385.82	17,141,244.74
Total	8,745,545.36	42,211,559.37

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
Receipt of discounted funds for financing bills	141,753,830.08	399,577,250.28
Total	141,753,830.08	399,577,250.28

Notes:

(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	128,911,194.16	159,712,262.11
Decrease of note deposit	150,960,000.00	137,775,000.00
Total	279,871,194.16	297,487,262.11

Notes:

79. Supplementary information to cash flow statement

(1) Information of net profit to net cash flows

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flows from operating activities	--	--
Net profits	-36,884,117.51	66,433,500.89
Add: Provision for assets impairment	280,777.30	
Depreciation of fixed assets, oil and gas assets and consumable biological assets	15,906,904.14	17,881,729.85
Amortization of intangible assets	328,932.36	359,142.11
Amortization of Long-term deferred expenses	399,549.20	416,661.12
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	1,712,382.50	3,797.36
Losses on discarding of fixed assets ("-" for gains)		0.00
Financial expenses ("-" for income)	11,222,802.17	20,585,397.71
Investments losses ("-" for gains)	10,791,697.77	-60,830,865.45
Decreases in the deferred income tax assets ("-" for increases)		0.00
Decreases in inventories ("-" for increases)	9,399,855.65	-13,883,435.83

Decreases in operating receivables ("-" for increases)	23,996,139.39	-53,213,751.28
Increases in operating receivables ("-" for decreases)	81,995,605.56	50,733,853.77
Net cash flows from operating activities	119,150,528.53	28,486,030.25
2、Significant investment and financing activities involving no cash receipts and payments	--	--
3、Net change in cash and cash equivalents:	--	--
Closing balance of cash	20,466,791.79	160,989,944.15
Less: Opening balance of cash	72,542,523.19	126,225,466.46
Net increase in cash and cash equivalents	-52,075,731.40	34,764,477.69

(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
Of which	--
Of which	--
Of which	--

Other notes:

(4) Component of cash and cash equivalents

In RMB

Items	Closing balance	Opening balance
1. Cash	20,466,791.79	72,542,523.19
Unrestricted bank deposit	20,466,791.79	15,970,444.15
Other unrestricted monetary funds		145,019,500.00
III. Closing balance of cash and cash equivalents	20,466,791.79	72,542,523.19

Other notes:

80. 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.:

81. The assets with the ownership or use right restricted

In RMB

Items	Closing book value	Restricted reason
Monetary funds	154,616,698.79	Bank acceptance deposit
Total	154,616,698.79	--

Other notes:

82. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds	--	--	
Including: USD			
Euro			
HKD			
Account receivable	--	--	
Including: USD			
Euro			
HKD			
Long-term borrowing	--	--	
Including: USD			
Euro			
HKD			

Other notes:

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

☐ Applicable ☒ Not applicable

83. Arbitrage

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

84. Government subsidies

(1) Government subsidies confirmed in current period

In RMB

Items	Amount	Project	Amount included in current profit and loss
Access to the second batch of special funds for industrial informatization by the Jiulongpo District Finance Bureau	400,000.00		400,000.00
Received the subsidy for key enterprises in the Jiulongpo District Finance Bureau of Chongqing City	1,100.00		1,100.00
Jiulongpo Management Committee Science and Technology Innovation Award	30,000.00		30,000.00
Total	431,100.00		431,100.00

(2) Government subsidy return

☐ Applicable ☒ Not applicable

Other notes:

85.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

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

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

Contingent liability of acquiree undertaken by business merger

Other notes:

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

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

In RMB

	Combination date
	Last closing period

Contingent liabilities of the combined party undertaken in combination

Other notes:

3. Counter purchase

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

4. The disposal of subsidiary

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

☐ Yes ☒ No

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

☐ Yes ☒ No

5. Other reasons for the changes in combination scope

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

6. Other

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name	Main operating place	Registration place	Nature of business	Proportion of shareholding		Way of gaining
				Directly	Indirectly	
Vehicle air conditioner	Chongqing	Chongqing	Production and sale of automotive air-conditioners	100.00%		Investment

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
------	---	---	--	---

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

In RMB

Name	June 30, 2019				June 30, 2018			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow

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

--	--

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
				Directly	Indirect	

						investments in joint ventures or associates
Chongqing Pingshan TK Carburettor Co., Ltd.	Chongqing	Chongqing	Production and sales of motorcycles and the relevant accessories	50.00%		Equity method
Chongqing Jianshe Hanon Heat Management system Co., Ltd.	Chongqing	Chongqing	Variable displacement compressor assembly and core parts production	50.00%		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, 2019	Opening balance/June 30, 2018

Other notes

(3) Main financial information of significant associated enterprise

In RMB

	Closing balance/June 30, 2019	Opening balance/June 30, 2018

Other notes

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

In RMB

	Closing balance/June 30, 2019	Opening balance/June 30, 2018
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			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
II Inconsistent fair 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 (%)
Military Equipment Group	Beijing	Investment in state-owned assets	1,746,968	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.	Joint venture
Chongqing Jianshe Hanon Heat Management system Co., Ltd.	Associated enterprise

Other notes

4. Other related parties of the Company

Name of other related parties	Relationship with the Company
Jianshe Mechanical and Electric	Under the common control of the same party
Jianshe Industry	Under the common control of the same party
Military Finance Co.	Under the common control of the same party
Chongqing Jianxing Machinery Manufacturing Co., Ltd.	An Joint venture a subsidiary of a controlling shareholder
Changan Auto	Under the common control of the same party
Changan Auto.Beijing Chanan Auto Company.	Under the common control of the same party
Changan SUZUKI	An Joint venture a subsidiary of a controlling shareholder
Hefei Changan	Under the common control of the same party
Nanjing Changan	Under the common control of the same party
Baoding Changan Bus Manufacturing Co., Ltd.	Under the common control of the same party
Heifei Changan Auto	Under the common control of the same party
Southern Motorcycle	Under the common control of the same party
Chongqing Changan Auto Customer service Co., Ltd.	Under the common control of the same party
Chongqing Changan Auto International Sale Service Co., Ltd.	Under the common control of the same party
Chongqing Northern Jianshe Import & Export Co., Ltd.	Under the common control of the same party
Harbin Hafei Automobile Co., Ltd	Under the common control of the same party
Sichuan Huaqing Machinery Co., Ltd.	Under the common control of the same party
Changan Ford Motor Co., Ltd. Harbin Branch	An Joint venture a subsidiary of a controlling shareholder
Harbin Dongan Auto Power Co., Ltd.	Under the common control of the same party
South Air International	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	Lease production site	1,526,542.32	3,500,000.00	No	0.00
Jianshe Industry	Part test	600,000.00	1,000,000.00	No	270,000.00
Cbangan Group and its Subsidiaries	Acceptance of repairing service	690,000.00	2,500,000.00	No	970,000.00

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	49,680,000.00	63,210,000.00
Jianshe Mechanical and Electric	Lease storehouse	2,198,845.20	0.00
Chongqing Yamaha Motorcycle Co., Ltd.	Selling parts	810,000.00	0.00
South Air International	Selling parts	40,000.00	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 eof 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	Fixed assets	2,198,845.20	0.00
Total		2,198,845.20	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	Fixed assets	1,526,542.32	0.00
Total		1,526,542.32	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
---------------	------------------	------------	----------	-------------------------------

The Company was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
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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
---------------	---------	-----------------------	---------------------------

(7) Rewards for the key management personnel

In RMB

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

(8) Other related transactions

6. Receivable and payables due with related parties

(1) Receivables

In RMB

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

(2) Payables

In RMB

Project	Related parties	At end of term	At beginning of term
---------	-----------------	----------------	----------------------

7. Related party commitment

8. Other

XIII. Stock payment

1. The Stock payment overall situation

☐ Applicable ☒ Not applicable

2. The Stock payment settled by equity

☐ Applicable ☒ Not applicable

3. The Stock payment settled by cash

☐ Applicable ☒ Not applicable

4. Modification and termination of the stock payment

5. Other

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

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	Reason of unable to estimate influence number
-------	---------	---	--

		results	
--	--	---------	--

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
---------	--------------------	--

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 %	
Accrual of bad debt provision by single item	6,153.00	0.18%	6,153.00	100.00%		6,153.00	0.18%	6,153.00	100.00%	
Including										
Accrual of bad debt provision by portfolio	3,036,261.89		1,726,944.58	50.38%	1,309,317.31	3,427,697.09	99.82%	1,726,944.58	50.38%	1,700,752.51
Including:										
Total	3,042,414.89		1,733,097.58		1,309,317.31	3,433,850.09	100.00%	1,733,097.58		1,700,752.51

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
	6,153.00	6,153.00	100.00%	Unable to recover
Total	6,153.00	6,153.00	--	--

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason

Accrual of bad debt provision by portfolio:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Notes:

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of account receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	1,309,317.31
Over 5 years	1,726,944.58
Total	3,036,261.89

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period			Closing balance
		Accrual	Reversed or collected amount	Write-off	

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

In RMB

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

(3) The actual write-off accounts receivable

In RMB

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

Of which the significant actual write-off accounts receivable:

In RMB

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

Of which the significant actual write-off accounts receivable:

In RMB

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

Notes of the write-off the accounts receivable:

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

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

Other notes:

2. Other accounts receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	2,615,311.15	567,726.24
Total	2,615,311.15	567,726.24

(1) 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
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				judgment basis
--	--	--	--	----------------

Other notes:

3) Bad-debt provision

☐ Applicable ☒ Not applicable

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
-------	-----------------	-------	--------	--

Other notes:

3) Bad-debt provision

☐ Applicable ☒ Not applicable

Other notes:

(3) Other accounts receivable

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

In RMB

Nature	Closing book balance	Opening book balance
Other current account	2,615,311.15	567,726.24
Total	2,615,311.15	567,726.24

2) Provision for bad debts

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019 in current period	—	—	—	—

Loss provision changes in current period, change in book balance with significant amount

□ Applicable √Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	2,881,806.14
1-2 years	74,563.85
3-4 years	55,045.80
Over 5 years	4,234,208.59
Total	7,245,624.38

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period		Closing balance
		Accrual	Reversed or collected amount	

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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(4) 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 other accounts receivable:

(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
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(6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government	Opening balance	Closing balance	Estimated received time, amount and basis
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(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

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

Other notes:

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	160,000,000.00		160,000,000.00	160,000,000.00		160,000,000.00
Investments in associates and joint ventures	246,966,038.98		246,966,038.98	187,208,081.45		187,208,081.45
Total	406,966,038.98		406,966,038.98	347,208,081.45		347,208,081.45

(1) Investments in subsidiaries

In RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment in the period	Balance as at June 30, 2019 of provision for impairment
Chongqing Jianshe Automobile A/C Co., Ltd.	160,000,000.00			160,000,000.00		
Total	160,000,000.00			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, 2019 of
		Additio nal investm ent	Decrease in investmen t	profits and losses on investmen ts	Other comprehe nsive income	Changes in other equity	Declarati on of cash dividends	Impairme nt provision	Other		

				recognize d under the equity method			or profits				provision for impairme nt
1. Joint ventures											
Chongqing Pingshan TK Carburett or Co., Ltd.	83,923,46 0.57		30,193,65 0.00	-3,713,96 3.83			2,000,000 .00			48,015,84 6.74	
Jianshe HANON	103,284,6 20.88	102,743,3 05.30		-7,077,73 3.94						198,950,1 92.24	
Subtotal	187,208,0 81.45	102,743,3 05.30	30,193,65 0.00	-10,791,6 97.77			2,000,000 .00			246,966,0 38.98	
2. Associates											
Total	187,208,0 81.45	102,743,3 05.30	30,193,65 0.00	-10,791,6 97.77			2,000,000 .00			246,966,0 38.98	

(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	301,476,262.67	304,281,298.49	386,205,807.86	362,617,628.59
Other business income	11,726,598.03	828,324.89	10,939,891.47	54,648.07
Total	313,202,860.70	305,109,623.38	397,145,699.33	362,672,276.66

Whether implemented new revenue guidelines?

√ Yes □ No

Income related information:

In RMB

Division 1	Division 2		Total	Total
Of which:				
Of which:				
Of which:				
Of which:				

Of which:				
Of which:				
Of which:				

Information related to performance obligations:

Not applicable

Information related to the transaction price apportioned to the residual performance obligation:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB 0.00, of which RMB 0.00 is expected to be recognized as income in the year, RMB 0.00 is expected to be recognized as income in the year, and RMB0.00 is expected to be recognized as income in the year.

Other notes:

5. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Long-term equity investment income calculated by equity method	-10,791,697.77	1,735,798.80
Investment income from disposal of long-term equity investment		53,040,000.00
Total	-10,791,697.77	54,775,798.80

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	-1,712,382.50	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	30,000.00	
Other non-business income and expenditures other than the above	603,724.17	
Total	-1,078,658.33	--

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

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	-13.42%	-0.3090	-0.3090
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	-13.03%	-0.2999	-0.2999

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

4. Other

XI. Documents available for inspection

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