

Shenzhen China Bicycle Company (Holdings) Limited

Annual Report of 2021

April 2022

Section I. Important Notice, Contents and Interpretation

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

Li Hai, Principal of the Company, Sun Longlong, person in charge of accounting works and Zhong Xiaojin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2021 Annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for Report deliberation.

The financial report for year of 2021 was audited by Baker Tilly China CPA (LLP), and an unqualified audit report with significant uncertainty of going concern was issued. The board of directors and the board of supervisors of the Company have detailed explanations on related matters. Investors should read carefully.

The Company plans not to distribute cash dividends, not to send bonus shares, and no reserve capitalizing.

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Documents Available for Reference

1. Accounting statement carrying the signatures and seals of the legal representative, person in charge of accounting and person in charge of accounting organ.
2. Originals documents of the Company and manuscripts of public notices that disclosed in the newspaper designated by CSRC in the report period.
3. Originals documents of the Company and manuscripts of public notices that disclosed in the newspaper designated by CSRC in the report period.
4. English version of the Annual Report 2021

Interpretation

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

I. Company information

Short form of the stock	Zhonghua A, Zhonghua B	Code for share	000017, 200017
The abbreviation of the changed stock (if applicable)	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳中华自行车(集团)股份有限公司		
Short form of the Company (in Chinese)	深中华		
Foreign name of the Company (if applicable)	Shenzhen China Bicycle Company (Holdings) Limited		
Short form of foreign name of the Company (if applicable)	CBC		
Legal representative	Li Hai		
Registrations add.	No. 3008, Buxin Rd., Shenzhen		
Code for registrations add	518019		
Historical changes of registered address	N/A		
Offices add.	501 Zhongxin Technology Building, No.31 Bagua Rd., Bagualing, Futian District, Shenzhen		
Codes for office add.	518029		
Company's Internet Web Site	www.cbc.com.cn		
E-mail	dmc@szcbc.com		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Sun Longlong	Yu Xiaomin, Zhong Xiaojin
Contact add.	501 Zhongxin Technology Building, No.31 Bagua Rd., Bagualing, Futian District, Shenzhen	501 Zhongxin Technology Building, No.31 Bagua Rd., Bagualing, Futian District, Shenzhen
Tel.	0755-25516998,28181666	0755-25516998,28181666
Fax.	0755-28181009	0755-28181009
E-mail	dmc@szcbc.com	dmc@szcbc.com

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company disclosed	Shenzhen Stock Exchange (http://www.szse.cn)
Media and Website where the annual report of the Company disclosed	Securities Times, Hong Kong Commercial Daily, Juchao Website (http://www.cninfo.com.cn)
Preparation place for annual report	501 Zhongxin Technology Building, No.31 Bagua Rd., Bagualing, Futian District, Shenzhen

IV. Registration changes of the Company

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

V. Other relevant information

CPA engaged by the Company

Name of CPA	Baker Tilly China CPA (LLP)
Offices add. for CPA	A-1 and A-5 of No.68 Building, No.19 Chegongzhuang West Road, Haidian District Beijing
Signatory accountant	Qu Xianfu, Deng Jun

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2021	2020	Changes in the current year over the previous year (+,-)	2019
Operation revenue (RMB)	165,246,577.95	117,857,480.17	40.21%	76,022,687.75
Net profit attributable to shareholders of the listed company (RMB)	-1,986,692.82	3,785,834.68	-152.48%	-7,186,905.64
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-4,548,872.83	3,071,751.90	-248.09%	-7,370,499.83
Net cash flow arising from operating activities (RMB)	15,673,932.87	3,942,228.96	297.59%	-13,791,941.34
Basic earnings per share (RMB/Share)	-0.0036	0.0069	-152.17%	-0.0130
Diluted earnings per share (RMB/Share)	-0.0036	0.0069	-152.17%	-0.0130
Weighted average ROE	-20.04%	42.01%	-62.05%	-53.69%
	Year-end of 2021	Year-end of 2020	Changes at end of the current year compared with the end of previous year (+,-)	Year-end of 2019
Total assets (RMB)	97,363,437.22	91,742,769.99	6.13%	62,733,602.58
Net assets attributable to shareholder of listed company (RMB)	8,918,538.16	10,905,230.98	-18.22%	7,119,396.30

The lower of the company's net profit before or after deduction of non-recurring profit (gain)/loss for the last three financial years is negative, and the audit report for the latest year indicates that there is uncertainty about the company's ability to continue as a going concern

Yes No

The lower of the net profit before or after deduction of non-recurring profit (gain)/loss is negative

Yes No

Item	2021	2020	Note
operation revenue (RMB)	165,246,577.95	117,857,480.17	N/A
Deduction amount of operation revenue 9RMB)	51,644.42	41,142.96	N/A
Amount of operation revenue after deduction (RMB)	165,194,966.53	117,816,337.21	N/A

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

Unit: RMB/CNY

	Q 1	Q 2	Q 3	Q 4
operation revenue	23,163,329.56	30,966,988.04	29,113,392.89	82,002,867.46
Net profit attributable to shareholders of the listed company	-211,535.36	1,577,028.70	575,788.96	-3,927,975.12
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-211,535.36	-205,058.93	326,846.26	-4,109,642.17
Net cash flow arising from operating activities	1,399,162.83	-3,846,289.65	-3,377,294.28	21,498,353.97

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

Yes No

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

Applicable Not applicable

Unit: RMB/CNY

Item	2021	2020	2019	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-	24,936.44	-	
Government subsidy reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	397,876.20	-	-	
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	1,881,334.27			
Other non-operation revenue and expenditure except for the aforementioned items	376,450.05	754,370.46	194,691.02	
Less: Impact on income tax	18.42	0.18	48,672.76	
Impact on minority shareholders' equity (post-tax)	93,462.09	65,223.94	-37,575.93	
Total	2,562,180.01	714,082.78	183,594.19	--

Other gains/losses items that conform to the definition of non-recurring gains/losses:

Applicable Not applicable

The Company does not have other gains/losses items that conform to the definition of non-recurring gains/losses

Information on the definition of non-recurring profit(gain)/loss that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* as the recurring profit(gain)/loss

Applicable Not applicable

The Company does not have any non-recurring profit(gain)/loss listed under the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* defined as recurring profit(gain)/loss

Section III Management Discussion and Analysis

I. Industry of the Company during the reporting period

The Company shall comply with the disclosure requirement of jewelry-related industries in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3- Industry Disclosure”

(i) Analysis of the industry market size

1. The product category of the industry is relatively rich

Jewelry can be divided into gold, diamond, jade, colored jewelry and others. Under the background of China’s cultural tradition of advocating gold jewelry and the investment properties of gold, gold jewelry occupies a relatively high proportion in the domestic jewelry market, reaching 60.13%. Diamond and jade are also the main categories of jewelry in China, accounting for 13.97% and 9.85%. From the international market, the jewelry markets of developed countries such as the United States, Japan, and Europe are all dominated by diamond jewelry. Compared with the international market, the main categories of China’s jewelry market are more abundant, and the proportion of various jewelry markets is more balanced.

2. The actual consumption of gold jewelry has a steady growth

With the growth of the national economy and the accumulation of wealth of residents, China’s demand for gold grew rapidly in the early 21st century, making it the world’s largest gold consumer. The fall in gold prices in 2013 triggered a boom of buying gold jewelry, and also overdrew the demand for gold jewelry in advance, which declined from 2013 to 2016. However, after a period of readjustment, along with the gradual recovery of the economy and gold prices, the gold jewelry industry has bottomed out since September 2016, and continued to grow steadily in 2017, entering a new round of recovery cycle.

In 2021, the domestic pandemic was effectively controlled, enterprises resumed work and production in an orderly manner, and the consumer market entered a stage of gradual recovery. The gold jewelry consumer market benefited from the rigid demand for weddings, which played a positive role in promoting gold jewelry sales. Based on the further improvement of China’s macroeconomic strength and international status, a huge middle-class consumer group has been formed, which has brought a new development pattern to the development of the gold jewelry market and opened up new incremental space.

3. Trading value of the diamond jewelry importation increased significantly

With the effectively control of epidemic in China, the diamond imports shows a strong rebound in the first half of 2021 after a recovery phase in the second half of 2020 and a downturn in the first half of 2020.

According to recent statistics, the number and value of China’s diamond imports from 2016 to 2021 reached a maximum in 2021;

(ii) Industry development trend analysis

1. The increase in industry concentration has become the mainstream trend

In recent years, consumers’ brand awareness has been increasing. In addition, at the end of 2014, the National Jewelry Standards Technical Committee revised the mandatory national standard “Regulations on the Purity of Precious Metals in Jewelry and Naming” (GB11887-2012), which deleted the “pure gold” and other titles, guided consumers to pay more attention to jewelry design, craftsmanship, style and brand value, and no longer be attracted by the words “pure gold” in the slogan and pay more attention to product quality, prompting small jewelry enterprises to move closer to large jewelry enterprises. The increasing concentration of the jewelry industry has become the mainstream trend.

In contrast, some regional branded or unbranded small jewelry companies are at a disadvantage in terms of scale, capital, cost, etc., coupled with their own lack of ability in brand operation management, product marketing design, and enterprise operation, in the case of consumers paying more and more attention to brand, they will have to choose to rely on the development of jewelry brands with larger brand awareness, which will further promote the improvement of the industry concentration, and the national jewelry brands will gain an opportunity for vigorous development.

2. Third- and fourth-tier cities become important consumer markets for the jewelry industry

In recent years, the pace of urbanization in China has gradually accelerated, and the urbanization rate has continued to grow. Residents in rural areas are gradually relocating and settling in nearby third- and fourth-tier cities, which steadily deliver new vitality to the third- and fourth-tier cities. In the future, the third- and fourth-tier cities will have broad market space and show huge growth potential. With the sinking trend of the jewelry consumption market, the third- and fourth-tier cities will become the main markets for the growth of jewelry companies in the future.

3. Channel strength will be regarded as the core competitiveness of enterprises for a long time

The internal competition in the jewelry industry is relatively large, and the fierce market competition makes the construction and control of sales channels for jewelry companies crucial. At the same time, due to the high value of jewelry, consumers are often worried about the quality of the product and the reasonableness of the price when purchasing, which often prompts them to purchase through physical channels.

There is a certain scarcity of high-quality physical channels, and the number of high-quality shops in a region's high-quality business districts is scarce. Such high-quality shops can not only provide higher traffic, improve the retail performance of jewelry, but also have the important value of brand promotion. Therefore, in the fierce market competition, it is very important for jewelry enterprises to control high-quality physical channels, which reflects the core competitiveness of enterprises on the other side.

4. Brand and design capabilities will become a new driving force for the development of the industry

With the change of consumer demographic structure and the increase of per capita income, the middle and upper middle class and wealthy people have gradually become the main force of consumption, and the mainstream consumption concept has also quietly changed. Compared with traditional consumers, emerging consumer groups pay more attention to the design, craftsmanship, style and brand value of jewelry products, hoping to meet their needs to show their taste and personality. In addition, the National Jewelry Standards Technical Committee has removed titles such as "pure gold from the national standards, further prompting consumers to pay attention to the design, craftsmanship, style and brand value of jewelry, rather than overemphasizing purity.

5. There is large space for improving the penetration rate of diamond jewelry

In China, different jewellery products have different market maturity levels. Among them, gold jewelry has a relatively deep foundation in Chinese culture, and it is still the main jewelry consumption type so far. The diamond jewelry is small in volume but is growing rapidly, and has a broad space for industry development in the future.

(iii) Competitive advantages of the company to engage in the jewelry and gold business

1. High-quality upstream supplier system

At present, the company has established relatively stable cooperative relationships with major diamond suppliers and processors at home and abroad, and has advantages in raw material procurement cost, order production cycle and product quality control, which can continuously reduce supply cost and improve operational efficiency.

2. Diversified downstream market channels and customer resources

The company is actively expanding its gold jewelry customers now. In addition to customers with clear orders, it is currently negotiating business cooperation with a number of domestic jewelry brands. The above customers include three types of customers, of which Class A customers are national well-known brand customers, with more than 500 retail stores; Class B customers are small and medium-sized/regional/segmented brands, with 300-500 retail stores; Class C customers are small and medium-sized brands, with 50-100 retail stores.

3. Improve the industrial chain of production and design

The company has a one-stop industrial chain of design, production, processing, testing, and wholesale. Brand owners can rely on our jewelry processing resources to hand over lower value-added links such as manufacturing and distribution to the company, so as to focus on the higher value-added brand operation and sales links. Outsourcing in the production and design process can improve the homogenization of gold jewelry products.

4. Closed-loop business process and risk control system

The company has formulated strict business internal control processes such as supplier admittance standards, customer evaluation system, full-process order tracking system, and procurement price comparison system, and has realized the closed-loop control of capital flow, information flow and logistics and the multi-level risk control through the integrated service platform of supply system and the integrated solution of capital management.

In the bicycle and lithium battery materials industry, as a traditional manufacturing industry, the bicycle industry continues the dilemma of rising labor costs, manufacturing costs, capital costs, and material costs. The implementation of the new national standards for safety technical specifications of electric bicycle in April 2019 accelerated the reshuffle of the industry and formed a new round of industry shocks. In addition, on the basis of the violent shock of shared bicycles with capital advantages on the bicycle industry and upstream supply chain operations in the past few years, the aftershocks continue to impact the recovery of the industry due to the lack of profit model and capital chain problems. At the same time, the bicycle industry as a traditional manufacturing field has also ushered in an important opportunity to accelerate transformation and upgrading under the guidance of the "Made in China 2025" strategy of strengthening the country under the guidance of the basic policy of "innovation-driven, quality-first, green development, structural optimization, and talent-oriented", ushered in the development opportunities for the implementation of the new national standards for electric bicycles, and faced important opportunities and challenges of e-commerce development on channel impact, channel integration and Internet+. Our country is the world's largest country in the production and sales of electric bicycles. After years of development, electric bicycles have gradually become an important means of transportation for consumers' daily short-distance trips. At present, there are about 200 million vehicles in the whole society. Structural body, motor, power battery, and control system, as the core components of electric bicycles, Shenzhen China Bicycle has closely followed up and studied their technological development, application development and commercial value for a long time, and determined the list of qualified suppliers for core components year by year. As one of the core components of electric bicycle, lead-acid batteries have been mainly used as the power batteries in the past ten or twenty years. With the development and popularization of new energy technologies and new energy materials, it is expected that they will be replaced by lithium batteries on a large scale in the future. The implementation of the new national standards for safety technical specifications of electric bicycle has comprehensively improved the safety performance of electric bicycles, adjusted and improved technical indicators such as speed limit, vehicle quality, and pedaling ability. The new standards that are close to the people's livelihood and serve the people's livelihood have increased the application space of lithium battery energy storage, and lithium battery electric bicycles will usher in a new stage of development.

II. Main businesses of the Company during the reporting period

During the reporting period, the company mainly engaged in bicycle and lithium battery material business, and jewelry gold business:

(1) Bicycle and lithium battery material business includes production, assembly, procurement, and sales of bicycles and electric

bicycles, and procurement, sales, and consigned processing of lithium batteries materials, etc.; (2) Gold jewelry business mainly provides supply management and services in the vertical field of gold jewelry. The company connected with downstream gold jewelry brands, purchased gold and diamonds according to their product needs, and then entrusted gold jewelry processing plants for processing, and delivered the inspected and qualified finished products to downstream customers after making product certificate for them. Through the integration of upstream supplier resources and downstream customer resources, the turnover speed of gold jewelry products in upstream and downstream has been improved, the cost of circulation has been reduced, and the overall competitive advantage of upstream and downstream has formed.

As the operation revenue from jewelry-related business for year of 2021 accounts for more than 30% of the Company's audited operation revenue for the most recent fiscal year, the Company is required to comply with the disclosure requirement of jewelry-related industries in the "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3- Industry Disclosure", specific disclosures are as follow:

(i) Main business models during the reporting period

1. Procurement model

The upstream raw material suppliers of the company's gold jewelry supply chain business were mainly diamonds and gold, of which the diamond suppliers were mainly source producers or wholesalers from India or Hong Kong, and domestic mature diamond wholesalers (generally members of the Shanghai Diamond Exchange), gold was mainly purchased from the Shanghai Gold Exchange through the company's membership qualifications at Shanghai Gold Exchange. The company has established professional procurement department and team to be responsible for the procurement of diamond products and jewellery. The specific procurement models varied according to customer needs.

2. Production model

By integrating upstream commissioned processing plants, the company outsourced the production of products ordered by customers to professional jewelry manufacturers to give full play to their professional and scale effect. In view of the current situation and characteristics of domestic jewelry processing enterprises, the company established a set of effective supplier management mechanisms and evaluation standards to achieve a benign interaction between the production system of outsourced manufacturers and the company's business development.

3. Sales model

According to the annual order planning and regular procurement requirements of brand retailers, the company provided B-end customers with various forms of supply chain management services such as spot procurement, order production, and customized development, so as to minimize product inventory and improve the supply chain effectiveness for customers.

Spot procurement: Organized the goods through the integration of upstream factories and exhibition halls and suppliers' product styles and spot resources, and provided corresponding product structure according to the customer's brand characteristics and terminal market needs;

Order production: Customers placed orders to the company according to their own needs, and the company purchased raw materials and subcontracted processing to form finished products and sell them to customers;

Customized development: According to the characteristics of their own brands and future development needs, customers entrusted the company to develop and design the product styles, and produce finished products to sell to customers.

(ii) Operation of the physical store during the reporting period

During the reporting period, gold and jewelry business of the Company mainly provides supply chain management and services in

the vertical field of gold and jewelry, it connects with the downstream gold jewelry brand and does not have the physical stores.

(iii) Operation of the on-line sales in reporting period

The Company does not have on-line sales in the Period

(iv) Inventory in the reporting period

As of end of the Period, balance of inventory from jewelry business amounted to 7,685,551.16 yuan, a 27.92% up compared with that of period-begin, types of the inventory includes:

Unit: RMB/CNY

Item	Types	Amount	Proportion
Finished goods	Jewelry	1,966,368.40	25.59%
	Gold jewelry	—	—
	Other	—	—
	Total	1,966,368.40	25.59%
Raw materials	Gold	3,418,162.23	44.48%
	Platinum	—	—
	Diamond	1,624,915.85	21.14%
	Total	5,043,078.08	65.62%
Wrappage		105,670.36	1.37%
Goods in process		570,434.32	7.42%
Total		7,685,551.16	100.00%

III. Core Competitiveness Analysis

In 2021, based on its own poor economic conditions after the reorganization, the company continued to adhere to the traditional business development of electric bicycles, strived to carry out new product research and development, and carried out online and offline sales and brand management; at the same time, based on the long-term process of the electric bicycle business, correspondingly carried out follow-up research on related industrial projects and technical applications in the upstream and downstream of the industrial chain. On the basis of extensive commercial contacts and previous businesses, the company continued to expand the lithium battery material business to enrich the main business. On the one hand, the company continued to promote the development of the jewelry and gold business and expand the business dimension. In August 2019, the Company and Shenzhen Zuankinson Jewelry Co., Ltd jointly established a Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd with contribution of 6.5 million yuan. Of which, the Company holds 65% equity, and is the controlling shareholder of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd, while 35% equity held by Zuankinson Jewelry. According to actual operation development, in February 2020, the two parties are decided to increase the capital of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd to 20 million yuan in the same proportion. Relevant registration capital is fully funded in June 2020. In order to meet the future business development needs of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., it will enhance its financial strength, comprehensive competitiveness and anti-risk capabilities. In August 2020, the company and the joint venture partner, Shenzhen Zuankinson Jewelry and Gold Supply Chain Co., Ltd. decided to jointly increase the capital of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd. in the same

proportion, increasing the registered capital from 20 million yuan to 200 million yuan, of which, the company newly increased capital of 117 million yuan, which was successively invested in accordance with its own funds and the availability of funds raised from the non-public issuance of A shares; Zuankinson Jewelry newly increased capital of 63 million yuan, a total of 180 million yuan increased. The above mentioned capital increase event has been deliberated and approved by the second extraordinary general meeting of shareholders of 2020 dated 21 August 2020. On the one hand, making more efforts to promote the selection of restructuring party and planning for the non-public offering of shares in the hope of improving the business strength and development momentum of the Company.

In terms of the planning of a non-public offering of shares, on December 30, 2020, the company held the third extraordinary general meeting of shareholders in 2020, and reviewed and approved the new plan for non-public issuance of A shares, intending to raise funds from Wansheng Industrial Company through non-public issuance of shares not exceeding 293.6 million yuan, which would be used to supplement working capital after deducting issuance costs, this issuance would lead to changes in the company's right of control. On November 11, 2021, the Company received the Approval of Non-public Issue of Shares under the name of Shenzhen China Bicycle Company (Holdings) Limited (ZJ XK [2021] No. 3552) from the CSRC, which approved the application for the above non-public offering of shares. The Approval will be valid for 12 months from the date of approval of the issue. Relevant follow-up works are in progress.

Jewelry and gold business of the Company has gradually become the core business of the Company through the endogenous development

IV. Main business analysis

1. Overview

In 2021, the global pandemic continued, the world economic recovery was short of impetus, commodity prices fluctuated at a high level, and the external environment became more complex, severe and uncertain. China's economic development faced triple pressures of demand contraction, supply shock, and weakening expectations. Local outbreaks occurred from time to time. The recovery of consumption and investment was slow, the supply of energy and raw materials was still tight, the pressure of imported inflation increased, the production and operation of small, medium and micro enterprises and individual industrial and commercial households were difficult, the task of stabilizing employment became more arduous, and there were many hidden risks in the economic and financial fields. In the face of complex and severe domestic and international situations and many risks and challenges, under the leadership of the Party and the government, all people of the whole country worked together to coordinate pandemic prevention and control and economic and social development, the government took multiple measures to stabilize people's livelihood, stabilize businesses and promote employment, and companies increased revenue and reduced expenditure to ensure business stability, survival and development, and achieved positive results.

In 2021, combine actual condition of financially insecure after reorganization, on the one hand, we continue to adhere to traditional business model development of electric bicycles, and strive to carry out R&D on new products, and online & offline sales as well as the brand management works. At the same time, based on the long-term process of the electric bicycle business, the follow-up research of related industrial projects and technology applications in the upstream and downstream of the industrial chain have been carried out accordingly, and on the basis of extensive business contacts and businesses in previous years, it continued to expand the lithium battery material business to enrich the main business. On the one hand, continued to promote the development of the jewelry gold supply chain business and expand the business dimension. In August 2019, the company and Shenzhen Zuankinson Jewelry Co., Ltd. jointly invested 6.5 million yuan to establish Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., the company holding 65% of the shares as the controlling shareholder of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., while Zuankinson Jewelry

holding 35% of the shares. According to the actual situation of business development, in February 2020, the two parties decided to increase the capital of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd. to 20 million yuan in the same proportion, and the relevant registered capital have been in place in June 2020. In order to meet the future operation and development needs of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., and enhance its financial strength, comprehensive competitiveness and anti-risk ability, the company signed a capital increase contract with the joint venture Shenzhen Zuankinson Jewelry and Gold Supply Chain Co., Ltd. in August 2020, and once again increased capital to Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd. in the same proportion, and the registered capital was increased from 20 million yuan to 200 million yuan, of which the company increased capital of 117 million yuan, which would be successively invested in accordance with its own funds and the availability of funds raised from the non-public issuance of A shares; Zuankinson Jewelry newly increased capital of 63 million yuan, totaling 180 million yuan. On August 21, 2020, the company's 2020 second extraordinary general meeting of shareholders reviewed and approved the above capital increase. On the one hand, we strived to promote the selection of the company's restructuring party and plan for the non-public issuance of stocks, hoping to improve the company's business strength and development potential.

In terms of the planning of a non-public offering of shares, on December 30, 2020, the company held the third extraordinary general meeting of shareholders in 2020, and reviewed and approved the new plan for non-public issuance of A shares, intending to raise funds from Wansheng Industrial Company through non-public issuance of shares not exceeding 293.6 million yuan, which would be used to supplement working capital after deducting issuance costs, this issuance would lead to changes in the company's right of control. On November 11, 2021, the Company received the Approval of Non-public Issue of Shares under the name of Shenzhen China Bicycle Company (Holdings) Limited (ZJ XK [2021] No. 3552) from the CSRC, which approved the application for the above non-public offering of shares. The Approval will be valid for 12 months from the date of approval of the issue. Relevant follow-up works are in progress.

In order to promote the Phase II renovation of Zhonghua Garden and solve the historical legacy of licensing issues, the company and Shenzhen Jianzhi Industrial Co., Ltd. signed the "Urban renewal project of Zhonghua Garden (Phase II) Cooperation Contract" in 2020. The contract has been reviewed and approved by the company's board meeting and the general meeting of shareholders and announced to take effect, and our company and Shenzhen Jianzhi Industrial Co., Ltd. Have established a working team to jointly promote contract performance and related affairs. During the project development process, the Shenzhen Municipal People's Congress issued and implemented the Regulations on Urban Renewal of Shenzhen Special Economic Zone on March 1, 2021, as a result, the residents' willingness to renew which the project should obtain before applying for the plan to demolish and rebuild urban renewal units increased from 90% to 95%, and the company's basis for fulfilling the Cooperation Contract had major changes. Based on the company's long-term development, and in order to better solve the problem of handling the property right certificates left by the residents of Zhonghua Garden Phase II, in October 2021, the board meeting and the general meeting of shareholders considered and approved that the company would terminate the performance of the Cooperation Contract and no longer be a partner of the project.

Jewelry and gold business of the Company has gradually become the core business of the Company through the endogenous development. In 2021, the Company achieved operation revenue of 165.25 million yuan through various efforts to carry out, the net profit attributable to shareholder of listed company was -1.99 million yuan.

Item	Period-end/current period	Period-begin/last period	Y-o-y changes (+,-)	Cause of change
Operation revenue	165,246,577.95	117,857,480.17	40.21%	Revenue from jewelry and gold business increased during the Period
Operation cost	152,606,986.59	103,221,623.73	47.84%	Costs from jewelry and gold business increased

				during the Period
Credit impairment loss (loss is listed with “-”)	-2,398,980.61	-603,180.13	297.72%	Increase in the impairment of account receivable in the Period compared with previous period
Net profit	-1,639,556.00	4,375,706.59	-137.47%	The revenue increased in the Period, gross profit declined and the expenses and bad debts increased
Net profit attributable to shareholder of parent company	-1,986,692.82	3,785,834.68	-152.48%	The revenue increased in the Period, gross profit declined and the expenses and bad debts increased
Net cash flow arising from operating activities	15,673,932.87	3,942,228.96	297.59%	Receipt of the first repurchase payment for the Shajing cooperation lands on behalf of the manager in the Period
Net cash flow arising from investment activities	-18,890.56	46,381.18	-140.73%	Purchasing new fixed assets in the Period while fixed assets are disposed in the previous period
Net cash flow arising from financing activities	-2,296,062.44	9,825,000.00	-123.37%	Current period refers to the amount of lease payment under the new lease standards, the previous period refers to the minority investment received by subsidiary Xinsen due to capital increase
Monetary fund	33,246,957.92	19,887,978.05	67.17%	Receipt of the first repurchase payment for the Shajing cooperation lands on behalf of the manager in the Period
Other current assets	1,814,200.53	2,715,425.31	-33.19%	Decrease in the retained credit in the Period
Deferred income tax assets	64,046.67	793,170.75	-91.93%	Reversal of deferred income tax assets by subsidiary
Contract liability	124,328.07	15,254,713.38	-99.18%	Deposit received in the previous period for Zhonghua Garden Phase II and the rents received in advance are transferred to other account payable
Other account payable	61,407,301.04	37,882,805.52	62.10%	Receipt of the first repurchase payment for the Shajing cooperation lands on behalf of the manager in the Period, and deposit received in the previous period for Zhonghua Garden Phase II and the rents received in advance are transferred to other account payable
Non-current liability due within one year	1,456,782.04			Re-classification of the lease liability due within one year
Other current liability	11,700.06	1,175,251.38	-99.00%	Decrease in contract liability, and the taxes declined correspondingly

2. Revenue(income) and cost

(1) Constitute of operation revenue

Unit: RMB/CNY

	2021		2020		Y-o-y changes (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	165,246,577.95	100%	117,857,480.17	100%	40.21%
According to industries					
Sales of bicycles and spare parts	9,629,736.29	5.83%	16,435,436.09	13.95%	-41.41%
Lithium battery material	19,745,299.24	11.95%	13,405,034.83	11.37%	47.30%
Jewelry and gold	132,915,435.90	80.43%	87,064,073.74	73.87%	52.66%
Other	2,956,106.52	1.79%	952,935.51	0.81%	210.21%
According to products					
Sales of bicycles and spare parts	9,629,736.29	5.83%	16,435,436.09	13.95%	-41.41%
Lithium battery material	19,745,299.24	11.95%	13,405,034.83	11.37%	47.30%
Jewelry and gold	132,915,435.90	80.43%	87,064,073.74	73.87%	52.66%
Other	2,956,106.52	1.79%	952,935.51	0.81%	210.21%
According to region					
Domestic	165,246,577.95	100.00%	117,857,480.17	100.00%	40.21%
According to sale model					
Direct sales	165,246,577.95	100.00%	117,857,480.17	100.00%	40.21%

(2) Industries, products, regions and sales model that account for more than 10% of the operating revenue or operating profit of the Company

√ Applicable □ Not applicable

Unit: RMB/CNY

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						

Sales of bicycles and spare parts	9,629,736.29	5,156,724.06	46.45%	-41.41%	-37.11%	-3.66%
Lithium battery material	19,745,299.24	19,684,264.57	0.31%	47.30%	49.22%	-1.28%
Jewelry and gold	132,915,435.90	124,935,947.83	6.00%	52.66%	54.36%	-1.03%
Other	2,956,106.52	2,830,050.13	4.26%	210.21%	217.92%	-2.33%
According to products						
Sales of bicycles and spare parts	9,629,736.29	5,156,724.06	46.45%	-41.41%	-37.11%	-3.66%
Lithium battery material	19,745,299.24	19,684,264.57	0.31%	47.30%	49.22%	-1.28%
Jewelry and gold	132,915,435.90	124,935,947.83	6.00%	52.66%	54.36%	-1.03%
Other	2,956,106.52	2,830,050.13	4.26%	210.21%	217.92%	-2.33%
According to region						
Domestic	165,246,577.95	152,606,986.59	7.65%	40.21%	47.84%	-4.77%
According to sale model						
Direct sales	165,246,577.95	152,606,986.59	7.65%	40.21%	47.84%	-4.77%

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

Applicable Not applicable

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

Yes No

Industries	Item	Unit	2021	2020	Y-o-y changes (+,-)
Bicycle, electric bicycle	Sales volume	10,000	10.83	12.79	-15.32%
	Output	10,000	10.83	12.63	-14.25%
	Inventory	10,000	0.02	0.02	0.00%
Lithium battery material	Sales volume	Ton	538.38666	126	327.29%
	Output				
	Inventory				
	Purchasing volume	Ton	538.38666	126	327.29%
Lithium battery material	Sales volume	10,000 sets	1,930	1,063	81.56%
	Output				
	Inventory				
	Purchasing volume	10,000 sets	1,930	1,063	81.56%

Lithium battery material	Sales volume	10,000 square meters	136.3	27.28	399.63%
	Output				
	Inventory				
	Purchasing volume	10,000 square meters	136.3	27.28	399.63%
Lithium battery material	Sales volume	10,000	34.585	225	-84.63%
	Output				
	Inventory				
	Purchasing volume	10,000	34.585	225	-84.63%
Jewelry and gold	Sales volume	Piece	73,628	43,673	68.59%
	Output				
	Inventory	Piece	3,803	3,019	25.97%
	Purchasing volume	Piece	74,412	44,986	65.41%

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

√Applicable □Not applicable

1. Revenue from bicycle business mainly refers to the brand fee income earned based on the number of complete bicycles, proportion of traditional vehicle sales declined significantly.

2. The jewelry and gold business from subsidiary Xinsen are fully carried out in the year, last year, Xinsen was just starting up after establishment of the business.

(4) Performance of significant sales contracts, major procurement contract entered into by the company up to the current reporting period

□ Applicable √ Not applicable

(5) Constitute of operation cost

Classification of industries

Unit: RMB/CNY

Industries	Item	2021		2020		Y-o-y changes (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Sales of bicycles and spare parts	Sales of bicycles and spare parts	5,156,724.06	3.38%	8,199,519.90	7.94%	-37.11%
Lithium battery material	Lithium battery material	19,684,264.57	12.90%	13,191,331.01	12.78%	49.22%
Jewelry and gold	Jewelry and gold	124,935,947.83	81.87%	80,940,595.81	78.41%	54.36%
Other	IT business	2,830,050.13	1.85%	890,177.01	0.86%	217.92%

Explanation

Nil

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

Yes No

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

Applicable Not applicable

(8) Major sales and main suppliers

Major sales client of the Company

Total top five clients in sales (RMB)	144,770,923.43
Proportion in total annual sales volume for top five clients	87.61%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client 1	50,175,247.88	30.36%
2	Client 2	46,845,161.35	28.35%
3	Client 3	18,341,278.46	11.10%
4	Client 4	16,751,032.35	10.14%
5	Client 5	12,658,203.39	7.66%
Total	--	144,770,923.43	87.61%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	108,927,207.08
Proportion in total annual purchase amount for top five suppliers	71.38%
Ratio of related parties in annual total sales among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Name	Purchase (RMB)	Proportion in total annual purchase
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1	Supplier 1	55,287,701.91	36.23%
2	Supplier 2	46,191,345.21	30.27%
3	Supplier 3	2,901,402.77	1.90%
4	Supplier 4	2,419,911.50	1.59%
5	Supplier 5	2,126,845.69	1.39%
Total	--	108,927,207.08	71.38%

Other notes of main suppliers

Applicable Not applicable

3. Expenses

Unit: RMB/CNY

	2021	2020	Y-o-y changes (+,-)	Note of major changes
Sales expenses	3,303,956.30	2,540,657.03	30.04%	Increase of the sales expenses due to the growth of revenue
Administrative expenses	6,154,605.29	4,783,608.32	28.66%	
Financial expenses	10,640.11	18,718.74	-43.16%	
R&D expenses	2,037,197.58	2,506,877.57	-18.74%	

4. R&D investment

Applicable Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
R&D of the bicycle clutching structure reset force-saving technology	Save more energy when cycling	R&D in progress	Further improve the comfort of bicycle riding by improving the bicycle clutching structure	Enhance customer experience and riding comfort, improve the product superiority
R&D of multi-control points spontaneous combustion protection technology for electric vehicle	Enhance the electric vehicle spontaneous combustion protection	R&D in progress	Further improve the effect of spontaneous combustion protection of electric vehicles	Enhance product safety and improve the business of the Company
Design of the stress-bearing structure for external buckle	Enhance the load-bearing capability	R&D in progress	Further improve the performance of load-bearing structure	Improve the load-bearing performance to better meet customer needs

bicycle wheel				
R&D of the drum brake control technology for electric vehicles with heat dissipation structure	Enhance the drum brake control performance of electric vehicles	R&D in progress	Further improve the drum brake control performance of electric vehicles	Improve product safety and enhance the business of the Company
R&D of the battery leakage prevention technology for U-zone type electric vehicle	Improve the effect of battery leakage prevention for electric vehicle	R&D in progress	Further improve the battery leakage prevention for electric vehicle	Enhance product performance and improve the quality
R&D of the split force cushioning damping technology for the mountain bike	Riding stability	R&D in progress	Further improve the overall performance of mountain bikes	Enhance product performance and improve the quality

Personnel of R&D

	2021	2020	Change ratio(+,-)
Number of R&D (people)	19	24	-20.83%
Ratio of number of R&D	31.67%	36.92%	-5.25%
Educational background	—	—	—
Undergraduate	6	9	-33.33%
Master	0	0	0.00%
Below bachelor's degree	13	15	-13.33%
Age composition	—	—	—
Under 30	2	2	0.00%
30~40	1	2	-50.00%
Over 40	16	20	-20.00%

Investment of R&D

	2021	2020	Change ratio(+,-)
R&D investment (RMB)	2,037,197.58	2,506,877.57	-18.74%
R&D investment/Operation revenue	1.23%	2.13%	-0.90%
Capitalization of R&D investment (RMB)	0.00	0.00	0.00%

Capitalization of R&D investment/R&D investment	0.00%	0.00%	0.00%
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Reasons and effects of significant changes in composition of the R&D personnel

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

5. Cash flow

Unit: RMB/CNY

Item	2021	2020	Y-o-y changes (+,-)
Subtotal of cash in-flow arising from operation activity	208,259,853.20	121,626,558.28	71.23%
Subtotal of cash out-flow arising from operation activity	192,585,920.33	117,684,329.32	63.65%
Net cash flow arising from operating activities	15,673,932.87	3,942,228.96	297.59%
Subtotal of cash in-flow arising from investment activity		64,500.00	-100.00%
Subtotal of cash out-flow arising from investment activity	18,890.56	18,118.82	4.26%
Net cash flow arising from investment activities	-18,890.56	46,381.18	-140.73%
Subtotal of cash in-flow arising from financing activity		9,825,000.00	-100.00%
Subtotal of cash out-flow arising from financing activity	2,296,062.44		
Net cash flow arising from financing activities	-2,296,062.44	9,825,000.00	-123.37%
Net increased amount of cash and cash equivalent	13,358,979.87	13,813,610.14	-3.29%

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

Applicable Not applicable

The other payable formed arising from the receipt of prior payment for goods and receipt of repurchase payment for the Shajing cooperation plots on behalf of the management in the current Period

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

Applicable Not applicable

The other payable formed arising from the receipt of prior payment for goods and receipt of repurchase payment for the Shajing cooperation plots on behalf of the management in the current Period

V. Analysis of the non-main business

Applicable Not applicable

Unit: RMB/CNY

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
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VI. Analysis of assets and liability

1. Major changes of assets composition

Unit: RMB/CNY

	Year-end of 2021		Year-begin of 2021		Ratio changes (+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	33,246,957.92	34.15%	19,887,978.05	21.67%	12.48%	
Account receivable	46,850,083.59	48.12%	55,031,424.70	59.98%	-11.86%	
Inventory	8,248,573.77	8.47%	7,729,325.94	8.42%	0.05%	
Fix assets	3,439,212.00	3.53%	3,792,133.36	4.13%	-0.60%	
Right-of-use assets	1,505,258.90	1.55%	3,051,512.28	3.33%	-1.78%	
Contract liability	124,328.07	0.13%	15,254,713.38	16.63%	-16.50%	预收的款项转入其他应付款
Lease liability	228,302.37	0.23%	3,051,512.28	3.33%	-3.10%	

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liability measured by fair value

Applicable Not applicable

3. The assets rights restricted till end of the period

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

VII. Investment analysis

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

Applicable Not applicable

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

VIII. 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

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

Applicable Not applicable

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

Unit: RMB/CNY

Company name	Type	Main business	Register capital	Total assets	Net assets	operation revenue	Operating profit	Net profit
Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd	Subsidiary	Supply chain business of jewelry and gold	200,000,000	46,442,081.76	36,869,944.43	132,915,435.90	2,631,422.30	2,454,072.50
Shenzhen Emmelle Industrial Co., Ltd.	Subsidiary	Distribution of bicycles and spare parts	5,000,000	13,390,171.56	3,675,601.16	1,860,173.32	-849,317.86	-1,634,645.53

Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Notes of holding and shareholding companies

1.The Company holds 65 percent equity of the Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd, the balance of minority equity at period-end amounting to 13,396,980.54 Yuan.

2.The Company holds 70 percent equity of the Shenzhen Emmelle Industrial Co., Ltd., the balance of minority equity at period-end amounting to 1,096,312.26 Yuan.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Future Development Prospects

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

In the gold and jewelry industry, in the context of China's sustained rapid economic growth and rising per capita income levels, in addition to meeting the need for keeping the value, the jewelry consumption is also a requirement for people to pursue fashion and show personality. At present, China is one of the world's largest, most important, and fastest-growing jewellery markets, the consumption of many jewellery categories ranks in the forefront of the world, among which the sales of gold, silver, platinum, jade, pearls and other products rank first in the world. China's jewelry gold industry market has formed a three-legged pattern of domestic, Hong Kong and foreign brands, and the market shares continue to be concentrated. At present, China's per capital jewelry consumption is still far lower than that of developed countries, and our jewelry gold consumption market still has a lot of room for improvement, but the market competition is fierce. In August 2019, the company invested in the establishment of a holding subsidiary, Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., and began to get involved in the supply chain business of jewelry and gold. Jewelry and gold business of the Company has gradually become the core business of the Company through the endogenous development

As a sector in the traditional manufacturing field, the bicycle industry continued the dilemma of rise in labor costs, manufacturing costs, capital costs, and material costs. In April 2019, the implementation of the new national standard of safety technical specifications for electric bicycles accelerated the industry reshuffle and resulted a new round of industry shock. In addition, in the past two years, the bike sharing has been violently oscillating the bicycle industry and the upstream supply chain operations with capital advantages, due to the lack of profit model and capital chain problems, its aftershocks continue to rattle the industry's recovery. At the same time, as a traditional manufacturing industry, the bicycle industry also ushered in the "Made in China 2025" strategy, under the guidance of the basic principles of "Innovation Driven, Quality First, Green Development, Structure Optimization, and Talent Based", took the important opportunity to speed up the transformation and upgrading, ushered in the development opportunity of the implementation of the new national standards for electric bicycles, and also faced with the important challenges of e-commerce development impacts on channels, channel integration and Internet+. China has the world's largest production and marketing of electric bicycles, after years of development, electric bicycles have gradually become an important means of transportation for consumers on everyday short-distance trips, at present, there are about 200 million bicycles in the entire society. Structural body, motor, power battery, and control system are the core components of electric bicycles, CBC has been closely following up the research on their technological development, application development, and commercial value for a long period of time, and has determined the qualified suppliers for core components year by year. As one of the core components of electric bicycle, power batteries have been mainly lead-acid batteries in the past decade or two, with the development and popularization of new energy technologies and new energy materials, it is expected to be replaced by the lithium batteries in the future. The implementation of the new national standard for electric bicycle safety technical specifications has comprehensively improved the safety performance of electric bicycles, and adjusted and improved technical indicators such as speed limits, vehicle quality, and pedaling ability. The new standard is close to people's livelihood and serving people's livelihood, which improved the application space of lithium battery energy storage, and the lithium battery electric bicycle is ushering in a new stage of development.

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

On the basis of business work over the past few years, the business plan of the Company for 2022 is:

1. Continue to actively cooperate with shareholders and the board of directors to promote the reorganization of the company and make efforts to promote the successful completion of non-public offering of shares.
2. Standardize operations, further reform and improve the internal operation management system, assessment mechanism, strengthen the construction of management teams, business teams and technical teams. Rolling perfected the development plan of the Company.
3. In terms of gold and jewelry business, further establish supplier systems and expand customer resources, improve internal business processes and internal control system construction, promote the construction of a supply chain system platform to improve operational quality and efficiency, and strive to achieve greater growth in operating income.
4. In terms of electric bicycles and lithium battery material business, for key mature areas such as Shandong, Henan, Hebei, Jiangsu, etc., organize supply of goods, control quality, coordinate transportation and improve after sales order by order, and ensure stable order business; for other areas, actively strengthen communication and cooperation with ODM factories to give full play to ODM factories' regional advantages, use its existing sales network for distribution cooperation, expand the brand influence and distribution cooperation basis of the EMMELLE brand in the distribution team of other cooperative manufacturers, so as to promote the growth of orders.
5. Parallel the negotiation and responding to the counterclaims, facilitate the early resolution of termination of the cooperation contract of the urban renewal project for phase II of Zhonghua Garden.
6. Strengthen the background management and office automation, and improve the support degree of background departments to front desk business.

iii. Risk factors adverse to the Company's development:

- (1) The international political and economic situation was complex and severe, wars and geopolitical disputes appeared one after

another, the global pandemic continued, and commodity prices fluctuated at high levels.

(2) China's economic development faced triple pressures of demand contraction, supply shock, and weakening expectations. Local outbreaks occurred from time to time. The recovery of consumption and investment was slow, the supply of energy and raw materials was still tight, the pressure of imported inflation increased, the production and operation of small, medium and micro enterprises and individual businesses were difficult, the task of stabilizing employment became more arduous, and there were many hidden risks in the economic and financial fields.

(3) Domestic local epidemics still occurred from time to time, which posed problems and challenges to business liaison, material supply, production organization, sales and transportation, etc., and accordingly affected materials, transportation, labor, management cost and operational efficiency.

In the face of the above problems, the central government and governments at all levels have taken multiple measures to stabilize the people's livelihood, stabilize the enterprises and employment, the Company will strive to maintain stability and seek development through increase the income and reduce the expenditures. Combined with the actual situation of its own thin family background after the reorganization, on the one hand, the Company continues to adhere to the traditional business development of electric bicycles, and strive to carry out the R&D of new products and online & offline sales and brand management works; at the same time, based on the long-term process of the electric bicycle business, the follow-up research of related industrial projects and technology applications in the upstream and downstream of the industrial chain have been carried out accordingly, and on the basis of extensive business contacts and businesses in previous years, it continued to expand the lithium battery material business to enrich the main business. On the other hand, continued to promote the development of the jewelry gold supply chain business and expand the business dimension. In August 2019, the company and Shenzhen Zuankinson Jewelry Co., Ltd. jointly invested 6.5 million yuan to establish Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., the company holding 65% of the shares as the controlling shareholder of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., while Zuankinson Jewelry holding 35% of the shares. According to the actual situation of business development, in February 2020, the two parties decided to increase the capital of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd. to 20 million yuan in the same proportion, and the relevant registered capital has been in place in June 2020. In order to meet the future operation and development needs of Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd., and enhance its financial strength, comprehensive competitiveness and anti-risk ability, the company signed a capital increase contract with the joint venture Shenzhen Zuankinson Jewelry and Gold Supply Chain Co., Ltd. in August 2020, and once again increased capital to Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd. in the same proportion, and the registered capital was increased from 20 million yuan to 200 million yuan, of which the company increased capital of 117 million yuan, which would be successively invested in accordance with its own funds and the availability of funds raised from the non-public issuance of A shares; Zuankinson Jewelry newly increased capital of 63 million yuan, totaling 180 million yuan. On August 21, 2020, the company's 2020 second extraordinary general meeting of shareholders reviewed and approved the above capital increase. On the one hand, we strived to promote the selection of the company's restructuring party and plan for the non-public issuance of stocks, hoping to improve the company's business strength and development potential.

In terms of the planning of a non-public offering of shares, on December 30, 2020, the company held the third extraordinary general meeting of shareholders in 2020, and reviewed and approved the new plan for non-public issuance of A shares, intending to raise funds from Wansheng Industrial Company through non-public issuance of shares not exceeding 293.6 million yuan, which would be used to supplement working capital after deducting issuance costs, this issuance would lead to changes in the company's right of control. On November 11, 2021, the Company received the Approval of Non-public Issue of Shares under the name of Shenzhen China Bicycle Company (Holdings) Limited (ZJ XK [2021] No. 3552) from the CSRC, which approved the application for the above non-public offering of shares. The Approval will be valid for 12 months from the date of approval of the issue. Relevant follow-up works are in progress.

XII. Reception of research, communication and interview during the reporting period

√ Applicable □ Not applicable

Time	Reception location	Way	Reception type	Object	Main content and information provided	Basic situation index of investigation
Jan.-Mar. 2021	The Company	Telephone communication	Individual	Individual investor	Consulting company restructuring problem	N/A
April- June 2021	The Company	Telephone communication	Individual	Individual investor	Inquiry progress of the private placement	N/A
July - September 2021	The Company	Telephone communication	Individual	Individual investor	Inquiry the progress of urban renewal project of Zhonghua Garden (Phase II)	N/A
October - December 2021	The Company	Telephone communication	Individual	Individual investor	Inquiry progress of the private placement	N/A

Section IV Corporate Governance

I. Corporate governance of the Company

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

1. Shareholders and Shareholders General Meeting

During the reporting period, the convening and convening procedures, the qualification of persons attending the general meeting and voting procedures were in compliance with the Company Law, the Rules for General Meeting of Shareholders of the Listed Companies, the Article of Association, other relevant laws and regulations. For the proposals deliberated in the Meeting are provided with internet voting by the Company to facilitate the exercise of shareholder's rights and further protect the legitimate interest of the shareholders.

2. Listed companies and first largest shareholder

During the reporting period, the Company has no controlling shareholders and no actual controllers. The Company has independent business and autonomous management capabilities, major decision of the Company are made by the general meeting of shareholders in accordance with the law. The major shareholder has exercise their rights in a regulated manner and has not acted to the detriment of the Company and interest of the small and medium shareholders.

3. Directors and BOD (Board of Directors)

The Company strictly follow the laws and provision of Article of Association, directors of the Company are able to attend the Board Meeting and shareholders general meeting in a serious and responsible manner, and properly perform their duties as directors in line with the Article of Association. The special committees under the BOD carry out their works in accordance with the implementation rules of the committee and perform their duties conscientiously.

4. Supervisor and BOS (Board of Supervisory)

The Company strictly follow the laws and provision of Article of Association, supervisor of the Company are able to perform their duties diligently and conscientiously, to be able to attend shareholders general meeting in the spirit of responsibility to shareholders, to attend the on-site meetings of the BOD and to supervise the directors, the decision-making procedures and resolution of the Board, as well as the operation of the Company in line with the law. And they able to supervise the finances and legal compliance of the directors and senior executives in the performance of their duties.

5. Information disclosure

The Company strengthens the management of information disclosure and discloses the information truthfully, accurately, timely and completely, in strict accordance with the relevant laws and regulations as well as the Information Disclosure Management System. During the reporting period, the Securities Times, Hong Kong Commercial Daily and Juchao Website (<http://www.cninfo.com.cn>) are the media for information disclosure designated by the Company to ensure that all investors have fair access to the company's

information.

6. Investor relations

The Company lays great stress on maintaining the good communication with investors. During the reporting period, by means of the performance communication meeting and various means such as online group reception days for listed companies, the Company introduce the development strategy and business development to the investors; the Company actively uses the investor relations interactive platform as an important channel of communication with investors, especially small and medium-sized investors, and answers investor's questions on the platform in a timely and serious manner.

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

Yes No

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

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

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

III. Horizontal competition

Applicable Not applicable

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

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolutions
Annual General Meeting of 2020	AGM	12.41%	2021-06-28	2021-06-29	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of Annual General Meeting 2020 (No.: 2021026)
First Extraordinary shareholders general meeting 2021	Extraordinary shareholders general meeting	11.79%	2021-10-12	2021-10-13	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of

											First Extraordinary shareholders general meeting 2021 (No.: 2021036)
Second Extraordinary shareholders general meeting 2021	Extraordinary shareholders general meeting			12.09%	2021-12-23					2021-12-24	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of Second Extraordinary shareholders general meeting 2021 (No.: 2021056)

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

Applicable Not applicable

V. Directors, supervisors and senior executives

1. Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)	Reasons for increase or decrease of shares
Li Hai	Director	Currently in office	Male	53	2010-08-26	2020-06-28	0	0	0	0	0	Not applicable
	President	Currently in office	Male	53	2013-09-26	2020-06-28	0	0	0	0	0	Not applicable
	Chairman	Currently in office	Male	53	2015-04-15	2020-06-28	0	0	0	0	0	Not applicable
Yao Zhengwang	Director	Currently in office	Male	47	2010-08-26	2020-06-28	0	0	0	0	0	Not applicable
Cao Fang	Director	Currently in office	Male	48	2010-08-26	2020-06-28	0	0	0	0	0	Not applicable

Yang Fenbo	Director	Currently in office	Male	65	2006-06-30	2020-06-28	0	0	0	0	0	Not applicable
Sun Longlong	Director	Currently in office	Male	49	2017-06-29	2020-06-28	0	0	0	0	0	Not applicable
	Secretary of the Board	Currently in office	Male	49	2012-05-17	2020-06-28	0	0	0	0	0	Not applicable
	CFO	Currently in office	Male	49	2017-05-22	2020-06-28	0	0	0	0	0	Not applicable
Zhong Hua	Director	Currently in office	Male	58	2017-06-29	2020-06-28	0	0	0	0	0	Not applicable
Yang Lan	Independent director	Currently in office	Female	53	2017-06-29	2020-06-28	0	0	0	0	0	Not applicable
Song Xishun	Independent director	Currently in office	Male	59	2017-06-29	2020-06-28	0	0	0	0	0	Not applicable
Zhang Zhigao	Independent director	Currently in office	Male	57	2017-06-29	2020-06-28	0	0	0	0	0	Not applicable
Li Xiang	The convener of the board of supervisors	Currently in office	Male	48	2014-06-27	2021-02-12	0	0	0	0	0	Not applicable
Zheng Zhonghuan	Supervisor	Currently in office	Male	60	2011-06-27	2021-02-12	5,276	0	0	0	5,276	Not applicable
Li Jialin	Staff Supervisor	Currently in office	Male	61	2014-05-22	2021-02-12	0	0	0	0	0	Not applicable
Total	--	--	--	--	--	--	5,276	0	0	0	5,276	--

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior executives

Yes No

Changes of directors, supervisors and senior executives

Applicable Not applicable

2. Post-holding

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

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

Mr. Yao Zhengwang, born in 1975, with bachelor degree of law, successively took the post of Supervisor of Supervision Office, Deputy Manager of Sales Department, and Deputy Manager of Legal Affairs Department of Shenzhen Guomin Investment Development Co. Ltd. and deputy general manager of Administration Center of Compliant Risk Control, as well as director, secretary of the Board and convener of supervisory committee of CBC; now he serves as director of the Company and supervisor of Leshan City Commercial Bank Co., Ltd.

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

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

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

Mr. Zhonghua, born in 1964, undergraduate college, has an engineer title. He worked in the Company since December 1991, and have successively held the posts of director of the quality management dept., director of testing center, deputy GM and GM of the quality management dept., now he serves as director of the Company, director of OEM Management and Manager of Quality Control Department, and Chairman and General Manager of Shenzhen EMMELLE Cloud Technology Co., Ltd.

Ms. Yang Lan, born in 1969, is a master's degree holder, a certified tax accountant, a certified appraiser, a certified public accountant, and an auditor. She successively served as a member of Guiyang Audit Bureau, the head of Zhuhai BDO China Shu Lun Pan Certified Public Accountants, the head of Shanghai Lixin Changjiang Certified Public Accountants, Zhuhai Branch, the head of Guangdong Lixin Changjiang Certified Public Accountants, and the senior manager of Pan-China Certified Public Accountants

(LLP), Guangdong Branch; Investment Director of Guangzhou Securities Innovation Investment Company, deputy head of Guangdong Pujinxinghua Tax Agent Co., Ltd., and the deputy head of Guangdong Lixin Changjiang Certified Public Accountants. Since June 29, 2017, she serves as an independent director of the Company.

Mr. Song Xishun, born in 1963, holds a master's degree in Chinese from Xiamen University. He once served as a teacher of PLA University of Foreign Language, took office at Public Security Bureau of Xiamen City, Xiamen City Bureau of Culture, served as the deputy dean of Cultural Industry School of Xiamen University of Technology and an arbitrator of Xiamen City Personnel Dispute Arbitration Committee. He has been teaching at Xiamen University of Technology since 2003, and currently serves as Independent director of the company, the deputy dean (worked since January 2013, part-time) of Cultural Development Institute of Xiamen University of Technology, a lawyer (part-time) of Zhong Yin (Xiamen) Law Firm, an independent director (part-time) of Ankee Food Co., Ltd., and the vice chairman (part-time) of Xiamen Language Association.

Mr. Zhang Zhigao, born in 1965, is a bachelor of laws from Fudan University, the practicing lawyer with Chinese CPA and certified appraiser qualifications; he has been serving as a partner lawyer of Shanghai Xuan Lun Law Firm since 2007. He used to be a technician of Shanghai Electrical Machinery Plant, a lecturer of Shanghai Lixin University of Commerce, and a partner lawyer of Shanghai Alshine Law Firm; served as an independent director of Shanghai Kai Kai Industrial Co., Ltd., an independent director of Shanghai Norcent Technology Development Co., Ltd., an independent director of Shanghai Xingye Real Estate Co., Ltd and Zhongcheng Village Bank Co., Ltd. of Kuiwen District, Weifang City; he currently serves as a director of Zhonggeng Fund Management Co., Ltd, a director of Shanghai Chengxi Assets Management Co., Ltd and independent director of China Resources Microelectronics Limited.

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

Mr. Zheng Zhonghuan, born in 1962, holds a bachelor's degree and an engineer title. He once worked at Shenzhen Light Textile Industry Company and Shenzhen Light Industry Company. Since October 1985, he has been working at Shenzhen China Bicycle Company (Holdings) Limited, and once served as the deputy manager and manager of planning department, the manager of material department, and the manager of manufacturing department; and now he serves as a supervisor of the Company, Director of Lithium Battery and New Materials Business Department, and Director of holding subsidiary Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd.

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

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit n	Start dated of office term	End date of office term	Received remuneration from shareholder's unit (Y/N)

Yao Zhengwang	Shenzhen Guosheng Energy Investment Development Co., Ltd.	Supervisor	2006-10-09		Y
Li Xiang	Shenzhen Guosheng Energy Investment Development Co., Ltd.	Deputy GM	2008-03-01		Y

Post-holding in other unit

√ Applicable □ Not applicable

Name	Name of other units	Position in other unit	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Yao Zhengwang	Leshan City Commercial Bank Co., Ltd	Supervisor	2019-01-10	2022-01-09	Y
Cao Fang	Sales management center in Funde Insurance Holding	Person in charge	2016-06-01		Y
Sun Longlong	Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd	Chairman	2019-08-23	2022-08-22	N
Zhong Hua	Shenzhen EMMELLE Cloud Technology Co., Ltd.	Chairman, GM	2020-07-21		N
Yang Fenbo	Shenzhen Liona Group Co., Ltd.	Senior consultant	2017-09--12		Y
Yang Lan	Huadong Medicine Co., Ltd.	Independent director	2019-06-09	2022-06-05	Y
Yang Lan	Shenzhen Strongteam Decoration Engineering Co., Ltd.	Independent director	2019-11-01	2022-10-30	Y
Yang Lan	Guangdong Lixin Changjiang Certified Public Accountants.	Director	2001-04-01		Y
Song Xishun	Xiamen University of Technology	Associated professor	2003-09-01		Y
Song Xishun	Zhong Yin (Xiamen) Law Firm	Part-time lawyer	2003-09-01		Y
Song Xishun	Ankee Food Co., Ltd	Independent director	2020-12-30	2023-12-29	Y
Zhang Zhigao	Shanghai Xuan Lun Law Firm	partner lawyer	2007-12-01		Y
Zhang Zhigao	Zhonggong Fund Management Co., Ltd	Director	2009-07-21		N
Zhang Zhigao	Shanghai Chengxi Assets Management Co., Ltd	Director	2010-05-10		N
Zhang Zhigao	China Resources Microelectronics Limited.	Independent	2019-04-24	2022-04-23	Y

		director			
Zhang Zhigao	Zhongcheng Village Bank Co., Ltd. of Kuiwen District, Weifang City	Director	2013-12-31		Y
Zheng Zhonghuan	Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd	Director	2019-08-23	2022-08-22	N

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

Applicable Not applicable

3. Remuneration for directors, supervisors and senior executives

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

Decision procedure of remuneration of directors, supervisors, senior management	According to relevant rules of the Article of Association, the general meeting of shareholders decides remuneration of directors and supervisors. The Board of Directors decides senior management's.
Confirmation basis of remuneration of directors, supervisors and senior management	The Company refers to the position rank and comprehensive industry level. And then general meeting of shareholders approves compensation standard and allowance of independent directors. According to the "Interim Measures to Annual Performance Assessment of Executives" and performance evaluation standards the Company issues annual performance salary.
Actual payment of remuneration of directors, supervisors and senior management	The Company strictly paid remuneration of directors, supervisors and senior management accordingly with decision procedure and confirmation basis. Total payment for remuneration of directors, supervisors and supervisors amounted to 1.4578 million yuan from January to December in 2021.

Remuneration for directors, supervisors and senior executives in reporting period

Unit: 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Li Hai	Director	Male	53	Currently in office	61.4	N
Sun Longlong	Director	Male	49	Currently in office	24.95	N
Zhong Hua	Director	Male	58	Currently in office	18.55	N
Zheng Zhonghuan	Supervisor	Male	60	Currently in office	13.85	N

Li Jialin	Staff Supervisor	Male	61	Currently in office	12.75	N
Yang Lan	Independent director	Female	53	Currently in office	4.76	N
Song Xishun	Independent director	Male	59	Currently in office	4.76	N
Zhang Zhigao	Independent director	Male	57	Currently in office	4.76	N
Total	--	--	--	--	145.78	--

VI. Responsibility performance of directors during the reporting period

1. The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 28 th Session of 10 th BOD	2021-04-23	2021-04-27	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of the 28 th Session of 10 th BOD (No.: 2021012)
The 29 th Session (interim) of 10 th BOD	2021-04-29	2021-04-30	Deliberated only one proposal as the Q1 Report of 2021, which was disclosed on April 30, 2021
The 30 th Session (interim) of 10 th BOD	2021-06-04	2021-06-05	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of 30 th Session (interim) of 10 th BOD (No.: 2021020)
The 31 st Session of 10 th BOD	2021-08-25	2021-08-27	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of 31 st Session of 10 th BOD (No.: 2021029)
The 32 nd Session (interim) of 10 th BOD	2021-09-24	2021-09-25	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of 32 nd Session (interim) of 10 th BOD (No.: 2021033)
The 33 rd Session (interim) of 10 th BOD	2021-10-26	2021-10-27	Deliberated only one proposal as the Q3 Report of 2021, which was disclosed on October 27, 2021
The 34 th Session (interim) of 10 th BOD	2021-11-11	2021-11-12	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of 34 th Session (interim) of 10 th BOD (No.: 2021042)

The 35 th Session (interim) of 10 th BOD	2021-11-16	2021-11-17	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of 35 th Session (interim) of 10 th BOD (No.: 2021048)
The 36 th Session (interim) of 10 th BOD	2021-12-07	2021-12-08	Refer to the Juchao Website (www.cninfo.com.cn): Notice of Resolution of 36 th Session (interim) of 10 th BOD (No.: 2021053)

2. The attending of directors to Board meetings and shareholders general meeting

The attending of directors to Board Meeting and Shareholders General Meeting							
Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the general meeting
Li Hai	9	9	0	0	0	N	3
Yao Zhengwang	9	1	8	0	0	N	2
Cao Fang	9	1	8	0	0	N	1
Yang Fenbo	9	4	5	0	0	N	2
Sun Longlong	9	9	0	0	0	N	2
Zhong Hua	9	9	0	0	0	N	3
Yang Lan	9	1	8	0	0	N	1
Song Xishun	9	0	9	0	0	N	1
Zhang Zhigao	9	0	9	0	0	N	1

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

Nil

3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes No

No directors come up with objection about Company's relevant matters in the Period

4. Other explanation about responsibility performance of directors

The opinions from directors have been adopted

Yes No

Director's statement to the Company that a proposal has been or has not been adopted

During the reporting period, the directors carefully deliberated all proposals submitted to the BOD and voted in favor of the proposals that required voting, without any opposition or abstention, and raised no objection to the proposals of the Board for the year.

VII. Performance of Duties by Specialized Committees under the Board Meeting in the Reporting Period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
Audit committee	Yang Lan, Zhang Zhigao, Cao Fang	3	2021-04-23	Deliberation of the Annual Report 2020 and related internal control reports	Draws management's attention on relevant proposals	N/A	N/A
			2021-08-23	Renewal of the accounting firms	N/A	N/A	N/A
			2021-12-24	Pre-communication between the audit committee and annual auditor regarding the audit of annual report 2021	Implement relevant audit works	N/A	N/A

VIII. Works from Supervisory Committee

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

Yes No

Supervisory committee has no objection about supervision events in reporting period

IX. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company at period-end (people)	35
Employee in-post of main Subsidiaries at period-end (people)	26

The total number of current employees at period-end (people)	61
The total number of current employees to receive pay (people)	61
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	0
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	11
Salesperson	12
Technicians	19
Financial personnel	7
Administrative personnel	12
Total	61
Education background	
Education	Numbers (people)
Postgraduate	1
Undergraduate	21
Junior college	21
Below junior college	18
Total	61

2. Remuneration Policy

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

3. Training programs

In order to improve the quality of staff, the company has planned and targeted training activities every year. The training activities for administrative personnel and technical staff mainly to improve their professional skills, management quality and ability

4. Labor outsourcing

Applicable Not applicable

X. Profit distribution plan and capitalizing of common reserves plan

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

Applicable Not applicable

The company is profitable during the reporting period and the parent company has positive profit available for distribution to

shareholders but no cash dividend distribution plan has been proposed

Applicable Not applicable

Profit distribution plan and capitalizing of reserves for the Period

Applicable Not applicable

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

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

Applicable Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

In accordance with the provision of Basic Standards for Enterprise Internal Control and its supporting guidelines, the Company renewal and improve the internal control system of the Company during the reporting period. Established a set of internal control system with scientific design, simple application and effective operation. Regularly, the Company carried out special work of system combing and optimization every year, and the work is effectively integrated with the internal control assessment of the Company. Through the system evaluation, achieved the improvement of the system, standardization of the effectiveness of the establishment and optimization of the process, and full landing in executability.

2. Details of major defects in internal control identified during the reporting period

Yes No

XIII. Management and controls on the subsidiary during reporting period

Name	Integration plans	Integration progress	Problems encountered in integration	Measures taken to resolve	Progress in solution	Follow-up solution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XIV. Internal control self-appraisal report or internal control audit report

1. Self-appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2022-04-26
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Disclosure index of full internal control evaluation report	Self-Appraisal Report of Internal Control 2021 of CBC released on Juchao website	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	Material defect: (1) inefficiency of environment control; (2) inefficiency of internal supervision; (3) direct impact on major mistakes of investment decisions; (4) directly make the significant error in the financial statements; (5) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the central government and regulatory agencies, and being sentenced to a fine or penalty, being restricted industry exit, canceling business license and being forced the closure of etc. Major defect: (1) indirect impact on major mistakes of investment decisions; (2) indirectly make the significant error in the financial statements; (3) Lack of important system; (4) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the local government and regulatory agencies, and being sentenced to a fine or penalty, and being ordered to suspend business for rectification and cause the Company's business stop of etc. General defect: other control defect besides material defect and major defect.	Material defect: (1) inefficiency of environment control; (2) inefficiency of internal supervision; (3) direct impact on major mistakes of investment decisions; (4) directly make the significant error in the financial statements; (5) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the central government and regulatory agencies, and being sentenced to a fine or penalty, being restricted industry exit, canceling business license and being forced the closure of etc. Major defect: (1) indirect impact on major mistakes of investment decisions; (2) indirectly make the significant error in the financial statements; (3) Lack of important system; (4) violation of the laws, regulations, rules and other normative documents, resulting in investigation of the local government and regulatory agencies, and being sentenced to a fine or penalty, and being ordered to suspend business for rectification and cause the Company's business stop of etc. General defect: other control defect besides material defect and major defect.

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

2. Auditing report of internal control

√ Applicable Not applicable

Deliberations in Audit Report of Internal Control	
We considers that China Bicycle Company (Holdings) Limited, in line with Basic Norms of Internal Control and relevant regulations, shows an effectiveness internal control of financial report in all major aspects dated 31 December 2021.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2022-04-26

Index of audit report of internal control (full-text)	Juchao Website- Audit Report of Internal Control of Shenzhen China Bicycle Company (Holdings) Limited (TZY Zi[2022] No.26082-1
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

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

Yes No

XV. Rectification of Self-examination Problems in Special Governance Actions in Listed Company

The company actively studied and implemented the Opinions on Further Improving the Quality of Listed Companies (Guo Fa (2020) No. 14) (hereinafter referred to as “the Opinions”) issued by the State Council. In accordance with the requirements of CSRC’s Announcement of Special Action on The Governance of Listed Companies, and in strict accordance with the spirit of the Opinions, the Company Law, Securities Law and other relevant laws and regulations as well as the requirements of normative documents for listed companies, the company carefully conducted self-examinations against the self-examination list and formed the self-examination checklist report, through this self-examination, the company has a situation where the board of directors has not been re-elected after the expiration of the term of office. In view that (1) The company was currently planning the non-public issuance of A shares, if the non-public issuance of A shares could be successfully completed, the control of the company would be changed. On December 15, 2020, Shenzhen China Bicycle Company issued the Announcement on the Company’s Signing of the Cooperation Agreement, Shenzhen Guosheng Energy Investment Development Co., Ltd. (hereinafter referred to as “Guosheng Energy”), the company’s largest shareholder, and Wansheng Industry Holdings (Shenzhen) Co., Ltd. (hereinafter referred to as “Wansheng Industry”), the subscriber of the non-public issuance of shares, signed relevant cooperation agreements on matters such as the seating arrangement of directors and performance commitments. The agreement stipulated that after the completion of this non-public issuance of shares, Guosheng Energy would support Wansheng Industry to adjust the members of the board of directors and the board of supervisors of the listed company within the scope of rights prescribed by relevant laws and regulations, so that Wansheng Industry could elect more than half members of the company’s board of directors and board of supervisors by actually controlling the voting rights of shares in the listed company. (2) On October 25, 2021, the company’s application for the private placement of A shares was reviewed and approved by the Issuance Examination Commission of the China Securities Regulatory Commission (hereinafter referred to as the CSRC). On November 11, 2021, the company received the Approval for the Non-public Issuance of Shares by Shenzhen China Bicycle (Group) Co., Ltd.” (ZJXK [2021] No. 3552) issued by the CSRC, approving the company to issue not more than 137,836,986 new non-public issuance of shares, and the validity period of the approval is 12 months from the date of approval for the non-public offering of shares. At present, all parties involved in the fixed increase are actively working to promote the implementation of this work. In order to facilitate the smooth completion of the fixed increase work as soon as possible, the company intends to postpone the re-election of the board of directors and the board of supervisors immediately after the completion of the non-public issuance of shares, which shall be completed by November 8, 2022 at the latest. During this period, all members of the company’s board of directors, board of supervisors and senior executives shall continued to perform the obligations and duties of directors and senior executives in accordance with laws, regulations and the Articles of Association.

Section V. Environmental and Social Responsibility

I. Major environmental

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

Yes No

Administrative punishment for environmental problems during the reporting period

Company name or subsidiary name	Reason for punishment	Violation	Punishment result	Impact on the production and operation of listed company	The company's rectification measures
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Other environmental information disclosed refer to key polluters

Not applicable

Measures taken to reducing the carbon emissions during the reporting period and their effectiveness

Applicable Not applicable

Reasons for not disclosing other environmental information

Not applicable

II. Social responsibility

During the reporting period, the company conscientiously fulfilled its corporate social responsibility, paid attention to protecting the interests of shareholders, especially minority shareholders; Treated suppliers, customers and consumers with integrity; Earnestly fulfilled the responsibilities and obligations to the society, shareholders, employees and other stakeholders, created a harmonious environment for enterprise development, and realized the common development of the enterprise and stakeholders.

1. Protection of shareholders' rights and interests

The company strictly complies with the provisions of relevant laws and regulations such as the Company Law, the Securities Law and the Governance Code for Listed Companies, continuously improves the corporate governance structure, adheres to handing over the important matters to the resolutions of the shareholders' meeting, provides convenience for medium and small investors to participate in the shareholders' meeting, fully listens to the small and medium-sized investors' reasonable advice on the company's development and governance, and safeguards the legitimate rights and interests of shareholders.

In 2021, the board of directors of the company convened 3 shareholders' meetings, the meeting adopted the combination of on-site voting and online voting, the votes of small and medium investors were counted separately, provided convenience for the majority of investors to participate in the voting at the shareholders' meeting, and ensured the participation right and supervision right of the small and medium-sized investors.

In 2021, the company strengthened communication with investors, especially investors from the public, answered questions about which the public and investors concerned, and ensured the investors' right to know in line with the Information Disclosure Affairs

Management System and Reception and Promotion Work System and by means of various forms such as the interactive platform of Shenzhen Stock Exchange, hotline of the company's securities affairs department, and so on.

On May 19, 2021, the company held the 2020 annual performance briefing, in which the company made online communication with investors on the company's performance, operating conditions, development prospects and other issues of interest to investors. A total of 19 questions were raised by investors during the briefing, which were answered by directors and senior management personnel.

The company is committed to protecting the rights and interests of investors by improving the corporate governance structure, improving the level of information disclosure and investor relationship management, and carrying out investor education, and guiding investors to form value investment concept through real and effective communication. In order to effectively ensure smooth service channels for investors, the company has arranged full-time personnel to answer investors' hotline calls and answer questions on the interactive platform, and relevant staff has patiently analyzed the announcement information for investors to help investors understand the company's situation in time.

2. Protection of workers' rights and interests

The company adheres to the people-oriented, comprehensively implements the Labor Law and Labor Contract Law, attaches great importance to guarantee of the employees' rights and interests, at the same time, establishes good communication channels throughout the whole process of staff management and care, pays attention to staff growth, improves the staff overall quality, cultivates excellent internal training culture system, creates a good learning environment. Meanwhile, the company pays attention to enriching the spiritual life of employees, regularly carries out staff activities, and improves team cohesion. In accordance with the Labor Contract Law of the People's Republic of China and other relevant national and local labor laws and regulations, the company signs labor contracts with employees to protect their rights and interests. The company and its subsidiaries strictly implement the national employment system, labor protection system, social security system and medical security system, and pay the housing provident fund, medical insurance, endowment insurance, unemployment insurance, work-related injury insurance and maternity insurance for employees according to the state regulations. The company adheres to corporate culture of efficient coordination, people-oriented, on-demand training, training by level, and echelon training. The company establishes internal knowledge sharing system, promotes information and knowledge exchange among various modules of the company, and improves team coordination ability. It encourages employees to participate in continuing education and enhances the knowledge structure optimization and professional quality promotion of workers at various positions.

3. Protection of rights and interests of suppliers, customers and consumers

The company actively organizes and carries out customer management, takes measures to ensure the rights and interests of customers and actively promotes customer satisfaction and service excellence. It makes full use of the rich social resources in the market, and establishes a good partnership with suppliers. The company promises not to abuse or misuse consumer information for the protection of rights and interests of consumers.

III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

Not applicable

Section VI. Important Events

I. Implementation of commitment

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

Applicable Not applicable

The Company has no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

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

Applicable Not applicable

II. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

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

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

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

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

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

Applicable Not applicable

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

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VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

1. Change of accounting policy

(1) On December 7, 2018, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprise No. 21-Lease (CK[2018] No.35). According the Standard, it requires that the amount of right-of-use assets, lease liability, the earnings at beginning of the year and other related items in the financial statement be adjusted based on the cumulative effect number, with no adjustment to the information in comparable period. There is no impact on the financial statement as a result of the standard

implementation by CBC. The impact on the financial statement for year of 2021 as a result of the implementation of the Standard since January 1, 2021 is as follow:

Content and reasons for accounting policy changes	Item and amount impacted
The leased assets are listed as "right-of-use assets", "lease liabilities", and "non-current liabilities due within one year"	Consolidated balance sheet on December 31, 2021, the amount of right-of-use assets was 1,505,258.90 yuan, the amount of lease liabilities on December 31, 2021 was 228,302.37 yuan, and the amount of non-current liabilities due within one year on December 31, 2021 was 1,456,782.04 yuan. The parent company's balance sheet the amount of right-of-use assets on December 31, 2021 was 421,613.45 yuan, the amount of lease liabilities on December 31, 2021 was 121,974.19 yuan, and the non-current liabilities due within one year on December 31, 2021 was 323,646.60 yuan.

2. Changes in accounting estimates

There were no major changes in accounting estimates during the company's reporting period.

3. Correction of previous accounting errors

During the reporting period of the company, no major prior accounting errors were corrected.

4. Financial statement adjustment at the beginning of the first year when implementation of new leasing standards

Consolidated Balance Sheet

Unit: RMB/CNY

Item	2020-12-31	2021-1-1	Adjustment
Right-of-use asset	-	3,051,512.28	3,051,512.28
Non-current liabilities due within one year	-	-	-
Lease liability	-	3,051,512.28	3,051,512.28

Explanation on items adjusted:

CBC implemented the new lease standard from January 1, 2021, and recognizing the lease as right-of-use assets and lease liability. Except for the short-term lease and lease of low-value assets for which simplified treatment is applied, the initial measurement at cost is recorded as "Right-of-use assets", at the same time, the initial measurement of the present value of the lease payments outstanding at the commencement date of the lease is recorded as a "lease liability", and reclassified the "lease liability" due within one year to "non-current liability due within one year".

Parent Company Balance Sheet

Unit: RMB/CNY

Item	2020-12-31	2021-1-1	Adjustment
Right-of-use asset	-	737,823.53	737,823.53

Non-current liabilities due within one year	-	-	-
Lease liability	-	737,823.53	737,823.53

Explanation on items adjusted:

CBC implemented the new lease standard from January 1, 2021, and recognizing the lease as right-of-use assets and lease liability. Except for the short-term lease and lease of low-value assets for which simplified treatment is applied, the initial measurement at cost is recorded as “Right-of-use assets”, at the same time, the initial measurement of the present value of the lease payments outstanding at the commencement date of the lease is recorded as a “lease liability”, and reclassified the “lease liability” due within one year to “non-current liability due within one year”.

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

Applicable Not applicable

There was no change in the scope of consolidated statements during the reporting period of the company.

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

Accounting firm appointed

Name of domestic accounting firm	Baker Tilly China Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	45
Continuous life of auditing service for domestic accounting firm	6
Name of domestic CPA	Qu Xianfu, Deng Jun
Continuous life of auditing service for domestic accounting firm	1

Re-appointed accounting firms in this period

Yes No

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

Applicable Not applicable

During the reporting period, the company engaged Baker Tilly China Certified Public Accountants (LLP) as the auditing organ for internal control of the Company, and it is expected to pay 150,000 yuan for internal control auditing.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XI. Significant lawsuits and arbitration of the Company

√ Applicable □ Not applicable

Lawsuits (arbitration)	Amount involved (in 10 thousand Yuan)	Resulted an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index
Other lawsuits and arbitration (with the company and its subsidiary as the defendants) that did not meet the criteria for disclosure of material lawsuits during the reporting period	22.37	N	All cases have been decided or mediated settlement	The Company pays the plaintiff corresponding amount according to the award or mediation	Executed	Not applicable	Not applicable
Other lawsuits and arbitration (with the company and its subsidiary as the plaintiff) that did not meet the criteria for disclosure of material lawsuits during the reporting period	143.13	N	All cases have been decided or mediated settlement	The defendant pays the Company corresponding amount according to the award	Partially executed	Not applicable	Not applicable

XII. Penalty and rectification

□ Applicable √ Not applicable

No penalty and rectification for the Company in reporting period.

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

□ Applicable √ Not applicable

XIV. Major related transaction**1. Related transaction with routine operation concerned**

□ Applicable √ Not applicable

The Company had no related transaction with routine operation concerned occurred in the period

2. Related transactions by assets acquisition and sold

Applicable Not applicable

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

3. Main related transactions of mutual investment outside

Applicable Not applicable

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

4. Contact of related credit and debt

Applicable Not applicable

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

Yes No

Claim receivable from related party

Related party	Relationship	Causes of formation	Whether has non-business capital occupying or not	Balance at period-begin(10 thousand Yuan)	Current newly added(10 thousand Yuan)	Current recovery(10 thousand Yuan)	Interest rate	Current interest(10 thousand Yuan)	Balance at period-end(10 thousand Yuan)

Debts payable to related party

Related party	Relationship	Causes of formation	Balance at period-begin(10 thousand Yuan)	Current newly added(10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest(10 thousand Yuan)	Balance at period-end(10 thousand Yuan)
Shenzhen Guosheng Energy Investment Development Co., Ltd.	Large shareholder	Subsidiary Emmelle loan	650	0	0	0.00%	0	650
Influence on operation result and financial statue of the Company from related debts		No influence						

5. Contact with the related finance companies

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies with associated relationship and

related parties

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

7. Other related transactions

Applicable Not applicable

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

XV. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period.

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period.

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

Applicable Not applicable

No guarantee for the Company in reporting period.

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

No trust financing for the Company in reporting period.

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Other material contracts

Applicable Not applicable

No other material contracts in the period.

XVI. Explanation on other significant events

Applicable Not applicable

1. Planning for non-public offering of shares

On December 30, 2020, the company held the third extraordinary general meeting of shareholders in 2020, reviewed and approved the new plan for non-public issuance of A shares, and planned to raise funds from Wansheng Industry Company through non-public issuance of shares of total amount not exceeding 293.6 million yuan, which would be used to replenish working capital after deducting the issuance expenses, and this issuance will lead to changes in the company's control. On October 25, 2021, the company's application for the non-public issuance of A shares was reviewed and approved by the Issuance Examination Commission of the China Securities Regulatory Commission (hereinafter referred to as the CSRC). On November 11, 2021, the company received the Approval for the Non-public Issuance of Shares by Shenzhen China Bicycle (Group) Co., Ltd. (ZJXX [2021] No. 3552) issued by the CSRC, and the validity period of the approval is 12 months from the date of approval for the issuance. Relevant work is currently in progress.

2. Matters concerning the termination of the Cooperation Contract of Zhonghua Garden Phase II Urban Renewal and Reconstruction Project

In order to promote the reconstruction of the Zhonghua Garden Phase II and solve the problem of certificate handling, in 2020, the company signed the Cooperation Contract of Zhonghua Garden Phase II Renovation Project with Shenzhen Jianzhi Industry Company, the contract was examined and approved by the board of directors and the general meeting of shareholders of the company and came into force publicly, and then our company and Shenzhen Jianzhi Industry Company established a working team to jointly promote the performance of the contract and the development of related affairs. In view of the fact that during the project development process, the Shenzhen Municipal People's Congress issued and implemented the Regulations on Urban Renewal of Shenzhen Special Economic Zone on March 1, 2021, as a result, the residents' willingness to renew which the project should obtain before applying for the plan to demolish and rebuild urban renewal units increased from 90% to 95%, and the company's basis for fulfilling the Cooperation Contract had major changes. Based on the company's long-term development, and in order to better solve the problem of handling the property right certificates left by the residents of Zhonghua Garden Phase II, in October 2021, the board meeting and the general meeting of shareholders considered and approved that the company would terminate the performance of the Cooperation Contract and no longer be a partner of the project.

3. About the company litigation matters

On February 23, 2022, the company received the Subpoena (2022) Yue 0303 Min Chu No. 3787, Complaint, Notice of Response, Civil Ruling Paper (2020) Yue 0303 Zhi Bao No. 498 and other legal documents from Shenzhen Luohu District People's Court, which has accepted the lawsuit brought by the plaintiff Shenzhen Jianzhi Industrial Development Co., Ltd. against the company on the grounds of "joint venture and cooperative development of real estate contract disputes", the amount involved was 30.859 million yuan. On March 12, 2022, the company received a notice from the Shenzhen Luohu District People's Court that the court trial

originally scheduled for March 18, 2022 has been rescheduled due to the pandemic, and the specific trial time will be notified later. As of the date of this announcement, the company has not received the notice from the Luohu Court, and the matter has not yet been heard. The company will actively respond to the lawsuit, safeguard the interests of the company and all shareholders through legal means, and will perform the corresponding information disclosure obligations in a timely manner according to the progress of the lawsuit. Investors are advised to pay attention to investment risks.

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

Nil

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

Unit: Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	3,957	0.00%						3,957	0.00%
1. State-owned shares	0	0.00%						0	0.00%
2. State-owned legal person's shares	0	0.00%						0	0.00%
3. Other domestic shares	3,957	0.00%						3,957	0.00%
Including: Domestic legal person's shares	0	0.00%						0	0.00%
Domestic natural person's shares	3,957	0.00%						3,957	0.00%
4. Foreign shares	0	0.00%						0	0.00%
Including: Foreign legal person's shares	0	0.00%						0	0.00%
Foreign natural person's shares	0	0.00%						0	0.00%
II. Unrestricted shares	551,343,990	100.00%						551,343,990	100.00%
1. RMB Ordinary shares	302,981,008	54.95%						302,981,008	54.95%
2. Domestically listed foreign shares	248,362,982	45.05%						248,362,982	45.05%
3. Overseas listed foreign shares	0	0.00%						0	0.00%
4. Others	0	0.00%						0	0.00%
III. Total shares	551,347,947	100.00%						551,347,947	100.00%

Reasons for share changed

 Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issuance and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

Unit: Share

Total common stock shareholders in reporting period-end	39,625	Total common stock shareholders at end of last month before annual report disclosed	40,730	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report	0
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						disclosed (if applicable) (found in note 8)		
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Information of shares pledged, tagged or frozen	
							State of share	Amount
Shenzhen Guosheng Energy Investment Development Co., Ltd.	Domestic non-state-owned legal person	11.52%	63,508,747	0	0	63,508,747		
UOB Koy Hian (Hong Kong) Co., Ltd.	Foreign legal person	2.89%	15,907,850	0	0	15,907,850		
Guosen Securities (Hong Kong) brokerage Co., Ltd.	Foreign legal person	2.52%	13,909,425	0	0	13,909,425		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.50%	8,281,156	-22,116	0	8,281,156		
Lhasa Xingqing Network Technology Co., Ltd.	Domestic non-state-owned legal person	0.83%	4,600,255	-1,490,000	0	4,600,255		
Li Huili	Domestic nature person	0.71%	3,891,124	0	0	3,891,124		
Ge Zhiqiong	Domestic nature person	0.64%	3,525,152	347,200	0	3,525,152		
Xu Hongbo	Domestic nature person	0.53%	2,927,319	-260,200	0	2,927,319		
CMS Hong Kong Co., Ltd	State-owned legal person	0.52%	2,894,135	-176,541	0	2,894,135		
Shenzhen China Bicycle Company (Holdings) Limited-Special account	Domestic non-state-owned legal person	0.47%	2,602,402	0	0	2,602,402		

for property disposal of bankrupt enterprise								
Strategy investors or general corporation comes top 10 common stock shareholders due to rights issue (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Li Huili, spouse of the Ji Hanfei, the actual controller of the Company- Shenzhen Guosheng Energy Investment Development Co., Ltd., holding B-share of the Company on behalf of Shenzhen Guosheng Energy Investment Development Co., Ltd., beyond that, the Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A							
Special note on the repurchase account among the top 10 shareholders (if applicable) (see note 10)	N/A							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end	Type of shares						
		Type	Amount					
Shenzhen Guosheng Energy Investment Development Co., Ltd.	63,508,747	RMB common shares	63,508,747					
UOB Koy Hian (Hong Kong) Co., Ltd.	15,907,850	Domestically listed foreign shares	15,907,850					
Guosen Securities (Hong Kong) brokerage Co., Ltd.	13,909,425	Domestically listed foreign shares	13,909,425					
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	8,281,156	Domestically listed foreign shares	8,281,156					
Lhasa Xingqing Network Technology Co., Ltd.	4,600,255	RMB common shares	4,600,255					
Li Huili	3,891,124	Domestically listed foreign shares	3,891,124					
Ge Zhiqiong	3,525,152	RMB common	611,500					

		shares	
		Domestically listed foreign shares	2,913,652
Xu Hongbo	2,927,319	Domestically listed foreign shares	2,927,319
CMS Hong Kong Co., Ltd.	2,894,135	Domestically listed foreign shares	2,894,135
Shenzhen China Bicycle Company (Holdings) Limited -Special account for property disposal of bankrupt enterprise	2,602,402	RMB common shares	1,219,089
		Domestically listed foreign shares	1,383,313
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Li Huili, spouse of the Ji Hanfei, the actual controller of he Company- Shenzhen Guosheng Energy Investment Development Co., Ltd., holding B-share of the Company on behalf of Shenzhen Guosheng Energy Investment Development Co., Ltd., beyond that, the Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	N/A		

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

Yes No

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

2. Controlling shareholder of the Company

Nature of controlling shareholders: No controlling subject

Type of controlling shareholders: Non-existent

The Company does not have the controlling shareholder.

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

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

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

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

Changes of controlling shareholders in reporting period

Applicable Not applicable

Controlling shareholders of the Company has no changes in the period.

3. Actual controller and persons acting in concert of the Company

Nature of actual controller: No actual controller

Type of actual controller: Non-existent

The company does not have the actual controller.

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

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

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

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

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

According to the Resolution Announcement of the 18th session of 8th Board of Directors and the Resolution Announcement of the First Extraordinary General Meeting of 2013 publicly disclosed by the Company and confirmed by the Company and Guosheng Energy, the directors of the current board of directors of the Company should be nominated by the eighth session of board of directors, Guosheng Energy did not nominate the current board of directors for the Company.

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

According to the Resolution Announcement of the 24th session of the 9th Board of Directors announced on April 27, 2017 by the Company, the ninth session of board of directors of the Company reviewed and passed the following proposals concerning the candidates for the tenth session of board of directors:

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

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

According to the Company's explanation and the announcement document of the 24th session of 9th board of directors of the Company, the candidates for the tenth session of board of directors should be nominated by the ninth session of board of directors, the Company did not receive the nomination of candidates for the tenth session of board of directors from Guosheng Energy.

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

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

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

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

On February 20, 2017, Ji Hanfei and Guosheng Energy issued the "Explanation": "Since Ji Hanfei obtained the control power of Guoji Energy on January 3, 2011, in view of the fact that it was the Company's largest shareholder and largest creditor and the

Company faced serious debt crisis for a long time, Ji Hanfei actively sought the actual controller status of the Company and exerted a significant influence on the Company by actively participating in the Company's general meeting of shareholders so as to realize the actual control of the Company and then strive to promote and solve the Company's debt crisis properly."

Therefore, from January 3, 2011 to February 19, 2017, Ji Hanfei had a subjective purpose for actually controlling the Company. After Ji Hanfei made a clear declaration on Feb. 20, 2017 to abandon the actual control of the Company, Ji Hanfei did not subjectively attempt to influence the general meeting of stockholders of the Company by seeking the actual control rights. Objectively, the Company's voting rights dominated by Ji Hanfei did not exceed 30.00% and he did not nominate more than half of the directors of the Company's board of directors, Ji Hanfei could not effectively control the Company's general meeting of shareholders and the board of directors.

According to the "Announcement on the Resolutions of the 24th session of 9th Board of Directors" announced by the Company on April 27, 2017 and confirmed by the Company, Ji Hanfei and Guosheng Energy, Ji Hanfei and Guosheng Energy didn't not nominate any candidate for the directors of the tenth session of board of directors to the Company after Ji Hanfei and Guosheng Energy made the declaration to abandon the control power.

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

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

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

Yes No

Shareholders holding more than 5% of the shares at the ultimate control level of the Company

Changes of actual controller in reporting period

Applicable Not applicable

Actual controller of the Company has no changes in the period

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

No Actual Controller

Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

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

√ Applicable □ Not applicable

Name of the legal person shareholder	Legal person/person in charge of the unit	Date of foundation	Registered capital	Main business or management activities
Shenzhen Guosheng Energy Investment Development Co., Ltd.	Ji Hanfei	2005-04-26	91440300774115792 T	Industry development, domestic commerce, materials supply and sale (excluding specially run, controlled and sold merchandises)

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

□ Applicable √ Not applicable

IV. The specific implementation of shares buy-back during the reporting period

Implementation progress of shares buy-back

□ Applicable √ Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

□ Applicable √ Not applicable

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit Report

Type of audit opinion	An unqualified audit report with significant uncertainty of going concern
Signing date of audit report	2022-04-22
Name of audit institute	Baker Tilly China CPA (LLP)
Document serial of audit report	TZY Zi[2022]No.26082
Name of the CPA	Qu Xianfu, Deng Jun

Audit report

To Shareholders of Shenzhen China Bicycle Company (Holdings) Limited

I. Auditor's opinion

We have audited the financial statements of Shareholders of Shenzhen China Bicycle Company (Holdings) Limited (hereinafter the "Shen Zhonghua"), which included the consolidated and parent company's balance sheet as of 31 December 2021, the consolidated and parent company's profit statement, the consolidated and parent company's statement of cash flow and the consolidated statement of changes in equity of the Company and parent company's for the year of 2021, together with the relevant annotations thereto.

We have the view that the attached financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises* in all material aspects, which reflect fairly the consolidated financial position of the Company and parent company's as of 31 December 2021 and the operating results and cash flow of the Company and parent company's for the year of 2021.

II. Basis for audit opinions

We conducted this audit under the requirements of the Auditing Standards of the Certified Public Accountant of the PRC. The section headed "Certified Public Accountant's responsibility for audit of financial statement" in the audit report has further clarified our responsibilities under these standards. Pursuant to the code of professional conduct as certified public accountant in the PRC, we are independent of the Shen Zhonghua and have performed other responsibility as required by our professional ethics. We believe that the audit evidence obtained by us is sufficient and adequate, which provides foundation for us to issue audit opinion.

III. Significant uncertainties related to going concern

We draw the attention of users of the financial statements that the reorganization plan of Shenzhen China Bicycle Company was completed on December 27, 2013 and the bankruptcy procedure was terminated as stated in its Financial Statements Note II, the company set conditions for the introduction of the restructuring party in the restructuring plan, expecting to restore the sustainable operation ability and sustained profitability through asset

restructuring. As of the date of the audit report, the company has not yet introduced a reorganizing party, and only maintained the sustainable operation ability of Shenzhen China Bicycle Company by retaining the traditional business of selling electric bicycles and developing and selling new businesses such as lithium batteries and jewelry gold before the reorganizing party injects assets. Considering that the net profit attributable to the parent company in 2021 was -1,986,700 yuan, and the owner's equity attributable to the parent company as of December 31, 2021 was 8,918,500 yuan, which indicated the existence of a material uncertainty that could cause significant doubt about the sustainable operation ability of Shenzhen China Bicycle Company. Uncertainty. This matter does not affect the issued audit opinion.

IV. Key audit items

Key audit items refer to those which in our opinion based on our professional judgment are the most important issues in respect of audit for the current financial statements. We issue audit opinions on these issues in their entity and provide no opinions separately for each of them.

Key audit items	Countermeasures
<i>I、Revenue recognition</i>	
<p>CBC is mainly engaged in the sales of bicycles, electric bicycles and related materials, jewelry and accessories. In 2021, revenue from main business was 160,519,280.02 yuan, all of which was generated from domestic sales. CBC recognizes the sales revenue when the products are shipped and signed for by the customers. Due to the significant amount of operation revenue, the veracity of the revenue and whether it is included in the proper accounting period has a significant impact on the Company's results of operation for 2021, and may be subject to the potential misstatement. Accordingly, we have identified the revenue recognition as a key audit matter.</p> <p>Please refer to the accounting policies described in "28. Revenue" in Note "III. Significant Accounting Policies and Accounting Estimates" to the Financial Statements, and "23. Operating Income and Costs" in "Notes to Items in the Consolidated Financial Statements".</p>	<p>The main audit procedures we performed for revenue recognition are as follows:</p> <ol style="list-style-type: none"> 1. Understand, evaluate and test the effectiveness of the design and operation of internal control related to sales and collection of Shenzhen China Bicycle Company. 2. Check the relevant terms of the customer contract, concern whether the pricing method, acceptance method, delivery place and lead time, settlement method, etc. have changed, and evaluate whether the revenue recognition of Shenzhen China Bicycle Company complies with the provisions of the Accounting Standards for Business Enterprises and whether it is consistent with the disclosed accounting policies . 3. Inquire and understand the background information of major customers through public channels, such as industrial and commercial registration information, to confirm whether there is a potential unidentified related party relationship between the customer and Shenzhen China Bicycle Company and related parties. 4. Check the online sales customer information (such as contact number, contact address, order time, etc.) to evaluate the authenticity and rationality of online sales; check the market prices of main materials, and analyze the rationality of fluctuations in gross profit margins.

	<p>5. Confirm the current transaction amount and payment balance to major customers, and visit important customers to verify the authenticity of the revenue recognition of Shenzhen China Bicycle Company.</p> <p>6. Check the main customer contracts, incoming and outgoing records, delivery notes and delivery receipt records, etc.</p> <p>7. Check the delivery notes within a certain period before and after the balance sheet date, pay attention to the date of receipt, and confirm whether the revenue recognition is included in the correct accounting period.</p>
Key audit items	Countermeasures
2、 Impairment of accounts receivable	
<p>As of December 31, 2021, balance of account receivable under the name of CBC was 54,169,661.20 yuan, balance of bad debt provision was 7,319,577.61 yuan. Due to the significant amount of account receivable and the assessment of the bad debt provision involves significant management judgment. Accordingly, we identified the impairment of account receivable as a key audit matter.</p> <p>Please refer to the accounting policies described in "12. Accounts receivable" in Note "III. Significant Accounting Policies and Accounting Estimates" to the financial statements, and "2. Accounts receivable" in "6. Notes to Items in Consolidated Financial Statements"</p>	<p>Our main audit procedures for the impairment of accounts receivable are as follows:</p> <p>1. Understand and test the effectiveness of the design and operation of internal control related to accounts receivable management.</p> <p>2. Review the rationality and consistency of the management's accounting policies for the provision for bad debts of accounts receivable, and review whether the major standards of single amount determined by the management are reasonable.</p> <p>3. For accounts receivable with separate provision for bad debts, select samples to obtain the basis for the management to estimate the expected future recoverable amount, including customer credit records, default or delayed payment records and actual repayment after the period, and review its rationality.</p> <p>4. For the accounts receivable for which the bad debt provision is made according to the aging analysis method, analyze the rationality of the accounting estimate of the bad debt provision for the accounts receivable of Shenzhen China Bicycle Company, and select samples to test the accuracy of the aging.</p>

V. Other information

The management of Shen Zhonghua (hereinafter, the Management) is responsible for other information, which includes the information covered in the Annual Report of 2021 except for the financial statements and our audit report.

Our audit opinion issued on financial statement does not cover other information, and we would not issue any

form of verification conclusion for those information.

To prepare our audit on financial statement, we are required to read other information, and during the procedure, to consider that whether other information differs materially from the financial statement or the information obtained by us during the audit or whether there exists material error.

Based on the works done by us, in case we find any material error in other information, we shall report this fact. In this regard, we have nothing to report.

VI. Management's responsibility for financial statements

The Management is responsible for preparing financial statements according to the Business Accounting Standards which make fair reflection, and for designing, implementing and maintaining necessary internal control system to make sure that there is no material misstatement in the financial statements due to fraud or mistake.

When preparing the financial statements, the management is responsible for assessing the Company's ability of continuous operation, disclosing the matters relating to continuous operation (if applicable) and applying the assumption of continuous operation, unless the management plans to liquidate the Company, terminate operation or has no other practicable choice.

The governance is responsible for monitoring the financial reporting process of the Company.

VII. Auditor's responsibility for audit of the financial statements

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, we have to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain adequate and appropriate audit evidence in relation to the financial information of the entities or business transactions of the Company, in order to issue audit opinion on the financial statement. We are responsible for guiding, supervising and executing the audit for the Group, and we accept full responsibility for the audit opinion.

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

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

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

II. Financial statement

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

1. Consolidated Balance Sheet

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

December 31, 2021

Unit: RMB/CNY

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	33,246,957.92	19,887,978.05
Settlement provisions		
Capital lent		
Trading financial assets		

Derivative financial assets		
Note receivable		
Account receivable	46,850,083.59	55,031,424.70
Receivable financing		
Accounts paid in advance	1,300,408.57	816,541.52
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	494,695.27	576,770.36
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	8,248,573.77	7,729,325.94
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	1,814,200.53	2,715,425.31
Total current assets	91,954,919.65	86,757,465.88
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate		
Fixed assets	3,439,212.00	3,792,133.36
Construction in progress		
Productive biological asset		
Oil and gas asset		

Right-of-use assets	1,505,258.90	
Intangible assets		
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned		
Deferred income tax asset	64,046.67	793,170.75
Other non-current asset	400,000.00	400,000.00
Total non-current asset	5,408,517.57	4,985,304.11
Total assets	97,363,437.22	91,742,769.99
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	8,297,306.34	9,606,144.94
Accounts received in advance		
Contractual liability	124,328.07	15,254,713.38
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	923,477.10	1,459,244.07
Taxes payable	911,506.52	722,321.02
Other account payable	61,407,301.04	37,882,805.52
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		

Liability held for sale		
Non-current liabilities due within one year	1,456,782.04	
Other current liabilities	11,700.06	1,175,251.38
Total current liabilities	73,132,401.17	66,100,480.31
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	228,302.37	
Long-term account payable		
Long-term wages payable		
Accrual liability		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	228,302.37	
Total liabilities	73,360,703.54	66,100,480.31
Owner's equity:		
Share capital	551,347,947.00	551,347,947.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	627,834,297.85	627,834,297.85
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	32,673,227.01	32,673,227.01
Provision of general risk		
Retained profit	-1,202,936,933.70	-1,200,950,240.88
Total owner's equity attributable to	8,918,538.16	10,905,230.98

parent company		
Minority interests	15,084,195.52	14,737,058.70
Total owner's equity	24,002,733.68	25,642,289.68
Total liabilities and owner's equity	97,363,437.22	91,742,769.99

Legal Representative: Li Hai

Person in charge of Accounting Works: Sun Longlong

Person in charge of Accounting Institution: Zhong Xiaojin

2. Balance Sheet of Parent Company

Unit: RMB/CNY

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	7,613,043.60	10,097,024.59
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable	22,842,513.86	24,274,935.96
Receivable financing		
Accounts paid in advance	586,425.80	800,000.00
Other account receivable	70,451.01	115,263.05
Including: Interest receivable		
Dividend receivable		
Inventories	73,037.28	550,421.78
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,814,200.53	2,652,771.13
Total current assets	32,999,672.08	38,490,416.51
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		

Long-term equity investments	19,960,379.73	19,960,379.73
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate		
Fixed assets	3,265,329.99	3,530,501.40
Construction in progress		
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	421,613.45	
Intangible assets		
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	400,000.00	400,000.00
Total non-current assets	24,047,323.17	23,890,881.13
Total assets	57,046,995.25	62,381,297.64
Current liabilities:		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	364,394.75	748,604.24
Accounts received in advance		
Contractual liability	90,000.44	14,685,423.04
Wage payable	561,350.41	1,146,371.58
Taxes payable	15,603.18	24,906.50
Other accounts payable	52,710,433.54	39,409,824.37
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year	323,646.60	
Other current liabilities	11,700.06	1,101,243.63

Total current liabilities	54,077,128.98	57,116,373.36
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	121,974.19	
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	121,974.19	
Total liabilities	54,199,103.17	57,116,373.36
Owners' equity:		
Share capital	551,347,947.00	551,347,947.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	627,834,297.85	627,834,297.85
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	32,673,227.01	32,673,227.01
Retained profit	-1,209,007,579.78	-1,206,590,547.58
Total owner's equity	2,847,892.08	5,264,924.28
Total liabilities and owner's equity	57,046,995.25	62,381,297.64

3. Consolidated Profit Statement

Unit: RMB/CNY

Item	2021	2020
------	------	------

I. Total operating income	165,246,577.95	117,857,480.17
Including: Operating income	165,246,577.95	117,857,480.17
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	164,230,093.26	113,179,555.62
Including: Operating cost	152,606,986.59	103,221,623.73
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	116,707.39	108,070.23
Sales expense	3,303,956.30	2,540,657.03
Administrative expense	6,154,605.29	4,783,608.32
R&D expense	2,037,197.58	2,506,877.57
Financial expense	10,640.11	18,718.74
Including: Interest expenses		
Interest income	127,249.64	89,977.25
Add: Other income	400,392.20	10,207.52
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost		
Exchange income (Loss is listed with “-”)		

Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	-2,398,980.61	-603,180.13
Losses of devaluation of asset (Loss is listed with “-”)	-99,941.65	-198,181.03
Income from assets disposal (Loss is listed with “-”)		24,936.44
III. Operating profit (Loss is listed with “-”)	-1,082,045.37	3,911,707.35
Add: Non-operating income	5,680,409.27	6,542,649.75
Less: Non-operating expense	5,303,959.22	5,688,279.29
IV. Total profit (Loss is listed with “-”)	-705,595.32	4,766,077.81
Less: Income tax expense	933,960.68	390,371.22
V. Net profit (Net loss is listed with “-”)	-1,639,556.00	4,375,706.59
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	-1,639,556.00	4,375,706.59
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-1,986,692.82	3,785,834.68
2.Minority shareholders’ gains and losses	347,136.82	589,871.91
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive		

income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-1,639,556.00	4,375,706.59
Total comprehensive income attributable to owners of parent Company	-1,986,692.82	3,785,834.68
Total comprehensive income attributable to minority shareholders	347,136.82	589,871.91
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0036	0.0069
(ii) Diluted earnings per share	-0.0036	0.0069

As for the enterprise combined under the same control, net profit of 0 Yuan achieved by the merged party before combination while 0 Yuan achieved last period.

Legal Representative: Li Hai

Person in charge of Accounting Works: Sun Longlong

Person in charge of Accounting Institution: Zhong Xiaojin

4. Profit Statement of Parent Company

Unit: RMB/CNY

Item	2021	2020
I. Operating income	28,199,223.50	28,879,097.16
Less: Operating cost	24,333,256.69	21,700,690.24
Taxes and surcharge	18,043.30	15,043.36
Sales expenses	688,541.79	707,225.99
Administration expenses	1,765,358.61	2,851,678.89
R&D expenses	2,037,197.58	1,118,618.85
Financial expenses	-56,830.88	-60,879.85
Including: Interest expenses		
Interest income	97,007.00	69,527.04
Add: Other income	392,001.91	8,595.12
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	-2,700,794.63	-130,767.69
Losses of devaluation of asset (Loss is listed with “-”)	72,937.26	-118,780.98
Income on disposal of assets		24,936.44

(Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	-2,822,199.05	2,330,702.57
Add: Non-operating income	5,587,466.85	5,975,186.69
Less: Non-operating expense	5,182,300.00	5,438,228.77
III. Total Profit (Loss is listed with “-”)	-2,417,032.20	2,867,660.49
Less: Income tax		
IV. Net profit (Net loss is listed with “-”)	-2,417,032.20	2,867,660.49
(i) continuous operating net profit (net loss listed with “-”)	-2,417,032.20	2,867,660.49
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		

4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	-2,417,032.20	2,867,660.49
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB/CNY

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	187,241,639.89	93,023,981.38
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business		

capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	51,574.09	78,290.48
Other cash received concerning operating activities	20,966,639.22	28,524,286.42
Subtotal of cash inflow arising from operating activities	208,259,853.20	121,626,558.28
Cash paid for purchasing commodities and receiving labor service	169,402,197.88	96,741,787.34
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	8,534,075.79	5,937,846.01
Taxes paid	816,292.62	551,358.27
Other cash paid concerning operating activities	13,833,354.04	14,453,337.70
Subtotal of cash outflow arising from operating activities	192,585,920.33	117,684,329.32
Net cash flows arising from operating activities	15,673,932.87	3,942,228.96
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term		64,500.00

assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		64,500.00
Cash paid for purchasing fixed, intangible and other long-term assets	18,890.56	18,118.82
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	18,890.56	18,118.82
Net cash flows arising from investing activities	-18,890.56	46,381.18
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		9,825,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		9,225,000.00
Cash received from loans		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		9,825,000.00
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning	2,296,062.44	

financing activities		
Subtotal of cash outflow from financing activities	2,296,062.44	
Net cash flows arising from financing activities	-2,296,062.44	9,825,000.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	13,358,979.87	13,813,610.14
Add: Balance of cash and cash equivalents at the period -begin	19,887,978.05	6,074,367.91
VI. Balance of cash and cash equivalents at the period -end	33,246,957.92	19,887,978.05

6. Cash Flow Statement of Parent Company

Unit: RMB/CNY

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	25,119,322.27	17,674,623.95
Write-back of tax received	0.00	4,239.24
Other cash received concerning operating activities	22,351,912.54	33,840,545.52
Subtotal of cash inflow arising from operating activities	47,471,234.81	51,519,408.71
Cash paid for purchasing commodities and receiving labor service	21,110,201.92	9,546,863.96
Cash paid to/for staff and workers	5,707,424.68	4,522,703.61
Taxes paid	175,913.72	296,782.94
Other cash paid concerning operating activities	21,881,881.87	13,337,219.71
Subtotal of cash outflow arising from operating activities	48,875,422.19	27,703,570.22
Net cash flows arising from operating	-1,404,187.38	23,815,838.49

activities		
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		64,500.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		64,500.00
Cash paid for purchasing fixed, intangible and other long-term assets	5,272.56	18,118.82
Cash paid for investment		15,725,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	5,272.56	15,743,118.82
Net cash flows arising from investing activities	-5,272.56	-15,678,618.82
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		
Cash paid for dividend and profit		

distributing or interest paying		
Other cash paid concerning financing activities	1,074,521.05	
Subtotal of cash outflow from financing activities	1,074,521.05	
Net cash flows arising from financing activities	-1,074,521.05	
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-2,483,980.99	8,137,219.67
Add: Balance of cash and cash equivalents at the period -begin	10,097,024.59	1,959,804.92
VI. Balance of cash and cash equivalents at the period -end	7,613,043.60	10,097,024.59

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

Current Amount

Unit: RMB/CNY

Item	2021														
	Owners' equity attributable to the parent Company													Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses	Provision of general risk	Retained profit	Other	Subtotal		
		Preferred stock	Perpetual capital securities	Other											
I. The ending balance of the previous year	551,347,947.00				627,834,297.85				32,673,227.01		-1,200,950,240.88		10,905,230.98	14,737,058.70	25,642,289.68
Add: Changes of accounting policy															
Error correction of the															

2. Withdrawal of general risk provisions																			
3. Distribution for owners (or shareholders)																			
4. Other																			
(iv) Carrying forward internal owners' equity																			
1. Capital reserves converted to capital (share capital)																			
2. Surplus reserves converted to capital (share capital)																			
3. Remedying loss with surplus reserve																			
4. Carry-over retained earnings from the defined benefit plans																			
5. Carry-over retained earnings from other comprehensive income																			
6. Other																			
(v) Reasonable reserve																			
1. Withdrawal in the report period																			

2. Usage in the report period																	
(vi) Others																	
IV. Balance at the end of the period	551,347,947.00				627,834,297.85				32,673,227.01			-1,202,936,933.70			8,918,538.16	15,084,195.52	24,002,733.68

Amount of the previous period

Unit: RMB/CNY

Item	2020																
	Owners' equity attributable to the parent Company													Minority interests	Total owners' equity		
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses	Provision of general risk	Retained profit	Other	Subtotal				
		Preferred stock	Perpetual capital securities	Other													
I. The ending balance of the previous year	551,347,947.00				627,834,297.85				32,673,227.01			-1,204,736,075.56			7,119,396.30	4,322,186.79	11,441,583.09
Add: Changes of accounting policy																	
Error correction of the last period																	
Enterprise combine under the same control																	
Other																	
II. The beginning balance of the current year	551,347,947.00				627,834,297.85				32,673,227.01			-1,204,736,075.56			7,119,396.30	4,322,186.79	11,441,583.09
III. Increase/Decrease in the period												3,785,834.68			3,785,834.68	10,414,871.91	14,200,706.59

1. Capital reserves converted to capital (share capital)														
2. Surplus reserves converted to capital (share capital)														
3. Remedying loss with surplus reserve														
4. Carry-over retained earnings from the defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Other														
(v) Reasonable reserve														
1. Withdrawal in the report period														
2. Usage in the report period														
(vi) Others														
IV. Balance at the end of the period	551,347,947.00			627,834,297.85			32,673,227.01	-1,200,950,240.88		10,905,230.98	14,737,058.70	25,642,289.68		

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

Current Amount

Unit: RMB/CNY

Item	2021											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferr ed stock	Perpet ual capital securiti es	Other								
I. The ending balance of the previous year	551,347,947.00				627,834,297.85				32,673,227.01	-1,206,590,547.58		5,264,924.28
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	551,347,947.00				627,834,297.85				32,673,227.01	-1,206,590,547.58		5,264,924.28
III. Increase/Decrease in the period (Decrease is listed with "-")										-2,417,032.20		-2,417,032.20
(i) Total comprehensive income										-2,417,032.20		-2,417,032.20
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into												

owners equity with share-based payment												
4. Other												
(iii) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												

1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	551,347,947.00				627,834,297.85				32,673,227.01	-1,209,007,579.78		2,847,892.08

Amount of the previous period

Unit: RMB/CNY

Item	2020											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	551,347,947.00				627,834,297.85				32,673,227.01	-1,209,458,208.07		2,397,263.79
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	551,347,947.00				627,834,297.85				32,673,227.01	-1,209,458,208.07		2,397,263.79
III. Increase/Decrease in the period (Decrease is listed with "-")										2,867,660.49		2,867,660.49
(i) Total comprehensive income										2,867,660.49		2,867,660.49

(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												

3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	551,347,947.00				627,834,297.85				32,673,227.01	-1,206,590,547.58		5,264,924.28

III. Company Profile

1. History and basic information

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

Legal representative: Li Hai

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

Certificate for Uniform Social Credit Code: 914403006188304524

2. Business nature and main operation activities

The Company's industry: machinery manufacturing industry

Main business activities: Research & development of the bicycles, electric bicycles, electric motorcycles, motorcycles, electric tricycles, electric four-wheelers, children's bicycles, exercise bikes, sports equipment, mechanical products, toys, electric toys, electronic products, new energy equipment and storage equipment (lithium batteries, batteries, etc.), household appliances and spare parts, and electronic components; wholesale, retail, import and export and related supporting business of above-mentioned products (excluding commodities subject to state trade management, handling the application according to the relevant national regulations for commodities involving quotas, license management and other special provisions and management.); fine chemical products (excluding dangerous goods), wholesale and retail of carbon fiber composite materials; technology development of computer software, transfer of self-developed technological achievements, and providing relevant technical information consultation; own property leasing; property management. (The above projects do not involve special administrative measures for the implementation access of national regulations, and those involving restricted projects and pre-existing administrative licenses must obtain the pre-existing administrative licensing documents before operation.) Purchase and sale of gold products, platinum jewelry, palladium jewelry, K-gold jewelry, silver jewelry, inlaid jewelry, jewelry, jade ware, gem-and-jade products, clocks and watches, precious metal materials, diamonds, jadeite, crafts (except ivory and its products), calligraphy and painting, collection (except for antiques, cultural relics, and items prohibited by national laws and administrative regulations).

Main products or services currently offered are: EMMELLE bicycles, electrical bicycles, lithium battery material and gold jewelry.

3. Release of the financial report

The Financial Report was approved at the 37th Session of 10th BOD of the Company on April 22, 2022.

The Company has two subsidiaries and one sub-subsidiary included in the scope of consolidated financial statement, refer to the Note VIII. Change of Consolidate Scope and Note IX. Equity in other entity.

IV. Compilation Basis of Financial Statement

1. Compilation Basis

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

2. Going concern

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

The Company has solved the debt problem by reforming, realized the net assets with positive value, the main business of bicycle is able to be maintained and realizes the stable development. The Company has set up the conditions for introducing the recombination party in the reforming plan, and expects to restore the abilities of sustainable operation and sustained profitability by reorganization. The conditions of introducing the recombination party includes: the assessed value of net assets should be no less than 2 billion Yuan, the net assets in the same year for implementing the major reorganization should be no less than 200 million Yuan.

As of the date of the audit report, the company has not yet introduced a reorganizing party, and only maintained the sustainable operation ability of Shenzhen China Bicycle Company by retaining the traditional business of selling electric bicycles and developing and selling new businesses such as lithium batteries and jewelry gold before the reorganizing party injects assets. Considering that the net profit attributable to the parent company in 2021 was -3,893,300 yuan, and the owner's equity attributable to the parent company as of December 31, 2021 was 7,011,900 yuan, which indicated the existence of a material uncertainty that could cause significant doubt about the sustainable operation ability of CBC.

V. Main accounting policy and Accounting Estimate

Tips for specific accounting policy and estimate:

1. Declaration on compliance with accounting standards for business enterprise

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

Furthermore, the statement has reference to the listing and disclosure requirement from “Rules Governing the Disclosure of Information for Enterprise with Stock Listed No.15-general regulation of financial report” (2014 Revised) and “Notice on Implementation of New Accounting Standards for Listed Companies” (KJBH (2018) No. 453)

2. Accounting period

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

3. Business cycles

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

4. Book-keeping currency

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

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

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

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

(2) Accounting treatment for Enterprise combine not under the same control

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

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

1) Adjust the initial investment cost of long-term equity investments. As for stock equities held before the acquisition date accounted according to the equity method, re-measurement is carried out according to the fair value of the equity on the acquisition date. The balance between the fair value and the book value is included in the current investment income. If the acquiree's stock equities held before the acquisition date involves changes of other comprehensive incomes and other owner's equities under accounting with the equity method, the balance between the fair value and the book value is included in the current investment income on the acquisition date, excluding other comprehensive incomes incurred by changes due to re-measurement of net liabilities or net assets of the defined benefit plan.

2) Confirm the goodwill (or include the amount in the profits and losses). The initial investment cost of long-term equity investments adjusted in step 1 is compared with the fair value of net identifiable assets of the subsidiary shared on the acquisition date. If the former is greater than the latter, the balance is confirmed as goodwill; if the former is less than the latter, the balance is included in the current profits and losses.

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

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

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

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

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

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

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

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

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

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

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

6. Compilation method of consolidated financial statement

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

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

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

(1) Affirmation and classification of joint venture arrangement

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

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

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

(2) Accounting treatment of joint venture arrangement

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

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

8. Recognition of cash and cash equivalents

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

9. Foreign currency transaction and financial statement conversion

(1) Conversion for foreign currency transaction

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

(2) Conversion of financial statements presented in foreign currencies

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

10. Financial instruments

(1) Recognition and termination for financial instrument

Financial assets or financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

When buying and selling financial assets in a conventional manner, recognize and derecognize them according to the accounting of the trading day. Buying and selling financial assets in a conventional manner refers to the collection or delivery of financial assets in accordance with the contract terms and within the period prescribed by regulations or prevailing practices. Trading day refers to the date when the Company promises to buy or sell financial assets.

When meeting the following conditions, derecognize a financial asset (or part of a financial asset, or part of a group of similar financial assets), i.e. to write off from its account and balance sheet:

- 1) The right to receive cash flows from financial assets expires;
- 2) The right to receive cash flows of financial assets is transferred, or assume the obligation to pay the full amount of cash flows received to a third party in a timely manner under the "handover agreement"; and (a) virtually transferred almost all risks and rewards of the ownership of financial assets, or (b) although virtually neither transferred nor retained almost all risks and rewards of the ownership of financial assets, abandoned the control of

the financial assets.

(2) Classification and measurement of financial assets

The Company's financial assets are classified as financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in the current profit and loss according to the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets at initial recognition. The subsequent measurement of financial assets depends on their classification.

The Company's classification of financial assets is based on the Company's business model for managing financial assets and the cash flow characteristics of financial assets.

1) Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: the Company's business model for managing this financial asset is to collect contractual cash flows; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. For such financial assets, the actual interest rate method is used for subsequent measurement based on amortized cost, and the gains or losses arising from amortization or impairment are included in the current profit and loss.

2) Debt instrument investments measured at fair value and whose changes are included in other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value and whose changes are included in other comprehensive income: the Company's business model for managing this financial asset is to both collect contractual cash flows and sell the financial assets; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only for the payment of principal and interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. The discount or premium is amortized by using the actual interest method and is recognized as interest income or expenses. Except that the impairment loss and the exchange difference of foreign currency monetary financial assets are recognized as current gains and losses, changes in the fair value of such financial assets are recognized as other comprehensive income, until the financial asset is derecognized, its cumulative gains or losses are transferred to the current profit and loss. Interest income related to such financial assets is included in the current profit and loss.

3) Equity instrument investments measured at fair value and whose changes are included in other comprehensive income

The Company irrevocably chooses to designate some non-trading equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income. Only relevant dividend income is included in the current profit and loss, and changes in fair value are recognized as other comprehensive income, until the financial asset is derecognized, its accumulated gains or losses are transferred to retained earnings.

4) Financial assets measured at fair value and whose changes are included in the current profit and loss

Financial assets except for above financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in the current profit and loss. During initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets measured at fair value and whose changes included in the current profit and loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in the current profit and loss.

When and only when the Company changes its business model for managing financial assets, it will reclassify all affected related financial assets.

For financial assets measured at fair value and whose changes are included in the current profit or loss, the related transaction costs are directly included in the current profit and loss, and the related transaction costs of other types of financial assets are included in the initial recognition amount.

(3) Classification and measurement of financial liabilities

The Company's financial liabilities are classified as financial liabilities measured at amortized cost and financial liabilities measured at fair value and whose changes are included in the current profit and loss at initial recognition.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value and whose changes are included in current profit or loss during initial measurement: (1) This designation can eliminate or significantly reduce accounting mismatches; (2) According to the group risk management or investment strategies stated in official written documents, management and performance evaluation of financial liability portfolios or financial assets and financial liability portfolios are conducted based on fair value, and are reported to key management personnel within the group on this basis; (3) The financial liability includes embedded derivatives that need to be split separately.

The Company determines the classification of financial liabilities at initial recognition. For financial liabilities that are measured at fair value and whose changes are included in the current profit or loss, the related transaction costs are directly included in the current profit and loss, and the related transaction costs of other financial liabilities are included in its initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

1) Financial liabilities measured at amortized cost

For such financial liabilities, adopt actual interest rate method and make subsequent measurements based on amortized costs.

2) Financial liabilities measured at fair value and whose changes are included in the current profit and loss

Financial liabilities that are measured at fair value and whose changes are included in the current profit or loss include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated to be measured at fair value at the initial recognition and whose changes are included in the current profit or loss.

(4) Financial instruments offset

If the following conditions are met at the same time, the financial assets and financial liabilities are listed in the balance sheet with the net amount after mutual offset: legal right to offset the confirmed amount, and this legal right is currently executable; Net settlement, or simultaneous realization of the financial assets and liquidation of the financial liabilities.

(5) Impairment of financial assets

The Company recognizes the loss provisions on the basis of expected credit losses for financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income and financial guarantee contracts. Credit loss refers to the difference between all contractual cash flows receivable under the contract and discounted according to original actual interest rate by the Company and all expected receivable cash flows, that is, the present value of all cash shortages.

The Company considers all reasonable and evidence-based information, including forward-looking information, and estimates the expected credit loss of financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments) in a single or combined manner.

1) General model of expected credit loss

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provisions in accordance with the amount equivalent to the expected credit loss of the financial instrument for the entire duration; if the credit risk of the financial instrument has not significantly increased since the initial recognition, the Company measures its loss provisions in accordance with the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The resulting increased or reversed amount of the loss provisions is included in the current profit and loss as an impairment loss or gain. For the Company's specific assessment of credit risk, please see details in Note IX. Risks Related to Financial Instruments".

Generally, the Company believes that the credit risk of the financial instrument has significantly increased when it exceeds 30 days after the due date, unless there is concrete evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

Specifically, the Company divides the process of credit impairment of financial instruments of which no credit impairment has occurred at the time of purchase or origin into three stages. There are different accounting treatment methods for the impairment of financial instruments at different stages:

Stage one: Credit risk has not increased significantly since initial recognition

For a financial instrument at this stage, the enterprise should measure the loss provisions according to the expected credit losses in the next 12 months, and calculate the interest income based on its book balance (that is, without deducting provisions for impairment) and the actual interest rate (if the instrument is a financial asset, the same below).

Stage two: Credit risk has increased significantly since initial recognition but no credit impairment has occurred

For a financial instrument at this stage, the enterprise should measure the loss provisions according to the expected credit loss of the instrument for its entire duration, and calculate the interest income based on its book balance and actual interest rate.

Stage three: Credit impairment occurs after initial recognition

For a financial instrument at this stage, the enterprise should measure the loss provisions based on the expected credit losses of the instrument for its entire duration, but the calculation of interest income is different from the financial assets at the previous two stages. For financial assets that have suffered credit impairment, the enterprise should calculate interest income based on its amortized cost (book balance minus the provisions for impairment, i.e., book value) and the actual interest rate.

For financial assets that have suffered credit impairment at the time of purchase or origin, the enterprise should only recognize changes in expected credit losses for the entire duration after initial recognition as loss provisions, and calculate the interest income based on its amortized cost and credit-adjusted actual interest rate.

2) The Company chooses not to compare the financial instrument with lower credit risk on the balance sheet date with its credit risk at initial recognition, but directly makes the assumption that the credit risk of the instrument has not increased significantly since the initial recognition.

If the enterprise confirms that the default risk of financial instruments is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment in a longer period of time, it will not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, then the financial instrument can be considered to have lower credit risk.

3) Accounts receivable and lease receivables

The Company adopts the simplified model of expected credit loss for accounts receivables specified in "Accounting Standards for Business Enterprises No.14 - Revenue" and without containing significant financing components (including the case that the financing components in contracts that do not exceed one year are not considered according to the standards), that is, always measures their loss provisions according to the amount of expected credit loss during the entire duration.

The Company makes accounting policy choices for the receivables containing significant financing components and the lease receivables specified in "Accounting Standards for Business Enterprises No.21 - Leases", and chooses to adopt the simplified model of expected credit losses, that is, to measure the loss provisions in accordance with the amount of expected credit losses throughout the entire duration.

(6) Transfer of financial assets

Where the Company has transferred almost all the risks and rewards in the ownership of the financial asset to the transferee, the recognition of the financial assets shall be terminated; where almost all risks and rewards in the ownership of a financial asset are retained, the recognition of the financial assets are not terminated.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it shall be accounted for as follows: the financial asset should be terminated if the Group waives control over the asset; it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset

and recognizes an associated liability if the Group does not waive control over the asset.

If the transferred financial assets continue to be involved by providing financial guarantee, the assets continue to be involved shall be recognized according to the lower of the book value of the financial assets and the amount of financial guarantee. The financial guarantee amount means the maximum amount of consideration received which will be required to be repaid.

The Company shall comply with the disclosure requirement of jewelry-related industries in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3- Industry Disclosure”

Nil

11. Note receivable

The Group adopts the simplified model of expected credit loss for the accounts receivables specified in “Accounting Standards for Business Enterprises No.14 - Revenue” and without containing significant financing components (including the case that the financing components in contracts that do not exceed one year are not considered according to the standards), that is, always measures their loss provisions according to the amount of expected credit loss during the entire duration, and the resulting increased or reversed amount of the loss provision is included in the current profit and loss as an impairment loss or gain. The accrual method is as follows:

The Company divides the bills receivable into two types, i.e. bank acceptance bills and commercial acceptance bills portfolios, according to the type of financial instruments. For bank acceptance bills, the accepting bank pays the determined amount to the taker or the bearer unconditionally due to the maturity of the bills, the overdue credit loss is low and has not increased significantly since the initial confirmation, the Company believes that the risk of overdue default is 0; for commercial acceptance bills, the Company believes that the probability of default is related to the aging, we use a simplified model of expected credit losses, that is the allowance for losses is always measured at the amount of expected credit losses over the entire duration period. Proportion for accrual found more in the 12. accounting policy and estimate for account receivable in V.

12. Account receivable

The Company adopts the simplified model of expected credit loss for accounts receivables specified in “Accounting Standards for Business Enterprises No.14 - Revenue” and without containing significant financing components (including the case that the financing components in contracts that do not exceed one year are not considered according to the standards), that is, always measures their loss provisions according to the amount of expected credit loss during the entire duration, and the resulting increased or reversed amount of the loss provision is included in the current profit and loss as an impairment loss or gain.

For accounts receivable that contain a significant financing component, the Company chooses to use the

simplified model of expected credit losses, that is, to always measure its loss provisions according to the amount of expected credit losses during the entire duration.

1. Simplified model of expected credit losses: always measure the loss provisions according to the amount of expected credit losses during the entire duration

The Company considers all reasonable and well-founded information, including estimates of expected credit losses on accounts receivable in a single or combined manner.

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

Basis or amount of judgment for account with single significant amount	Withdrawal method for bad debt provision of account receivable with single significant amount
Receivable commercial acceptance bill, account receivable and other receivables with single amount more than 5 million yuan (including)	Carry out impairment test separately, and withdraw bad debt provision according to the difference between the present value of future cash flow and its book value

(2) Receivables with provision for bad debts by portfolio

Portfolio determine basis	
Age analysis	On the basis of the actual loss rate of the portfolio of receivables with similar credit risk characteristics which are the same or similar in the previous year, for the single amount of non-material receivables, it is divided into several portfolios according to the credit risk characteristics together with the receivables without impairment after the separate test
Other	Bank acceptance

In the combination, the proportion of bad debt provision withdrawn by aging analysis method is as follow:

Account age	Accrual proportion of commercial acceptance bill receivable	Withdrawing proportion of the account receivable	Withdrawing proportion of other receivable
Within one year(one year included)	0.3%	0.3%	0.3%
1~2 years (2-year included)	100%	0.3%	0.3%
2~3 years (3-year included)	100%	0.3%	0.3%
Over 3 years	100%	100%	100%
Including: determined to be un-collectible	Write off	Write off	Write off

(3) Account receivable with significant single amount and single provision for bad debts

Basis or amount of judgment for account with single minor amount	Withdrawal method for bad debt provision of account receivable with single minor amount
Receivable commercial acceptance bill, account receivable and	Carry out impairment test separately, and withdraw bad debt

other receivables with single amount less than 5 million yuan provision according to the difference between the present value (including), and the probability of recall is small by nature of future cash flow and its book value

2. A general model of expected credit loss

Found more in the treatment in 【Note V-10. Financial assets】

13. Receivable financing

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value and whose changes are included in other comprehensive income: the Company's business model for managing this financial asset is to both collect contractual cash flows and sell the financial assets; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only for the payment of principal and interest based on the outstanding principal amount.

The Company transfers the receivables held by discounting or endorsement, and such operations are more frequent with large amount involved. The management business models is essentially both the collection of contractual cash flows and the sales; in accordance with the relevant provision of financial instrument standards, classified them into the financial assets measured at fair value and with its variation reckoned into other comprehensive income.

14. Other account receivable

Determination method and accounting treatment of the expected credit loss of other account receivable

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

Account with single significant amount: the single receivable has over 5 million yuan at end of the period

At the end of the period, the receivables with significant single amount are tested separately for impairment. If there is objective evidence that they have been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value.

(2) Account receivable with bad debt provision accrual by portfolio

For the receivables with non significant single amount at the end of the period, they are divided into several combinations together with the receivables without impairment after independent test according to the account age as the credit risk feature. The impairment loss is calculated and determined according to a certain proportion of the ending balance of these receivables combinations (impairment test can be conducted separately), and the bad debt provision is withdrawn.

In addition to the receivables for which impairment provision has been separately made, the company determines

the following proportion of provision for bad debts based on the actual loss rate of the combination of receivables with account age as credit risk characteristics in the previous year, which is the same or similar to the receivables, in combination with the current situation:

(2) Age analysis

Account age	Accrual proportion of account receivable	Accrual proportion of other account receivable
Within one year(one year included)	0.3%	0.3%
1~2 years (2-year included)	0.3%	0.3%
2~3 years (3-year included)	0.3%	0.3%
Over 3 years	100%	100%

Including: determined to be un-collectible

Write off

Write off

Note: no provision is made for bad debt for inter-company receivables and other receivables with the scope of consolidation.

(3) Account receivable with minor single amount but single provision for bad debts

Reasons for provision of bad debt reserve on single base: The Company conducts impairment test separately for receivables that are not significant in single amount but have the following characteristics, if there is objective evidence that they have been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value; receivables that are in dispute with the other party or involving litigation or arbitration; there are clear signs indicating that the debtor is likely to be unable to fulfill the repayment obligations of the receivables.

Provision method of bad debt reserve: If the impairment test is carried out separately and there is objective evidence that it has been impaired, the impairment loss will be recognized and the provision for bad debts will be made based on the balance between the present value of future cash flows and its book value.

15. Inventory

The Company shall comply with the disclosure requirement of jewelry-related industries in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3- Industry Disclosure”

(1) Classification of inventory

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

(2) Valuation of inventories

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

(3) Provision for inventory impairment

When a comprehensive count of inventories is done at the end of the period, provision for inventory impairment is

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

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

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

(4)Inventory system

Perpetual inventory system is adopted.

16.Contract assets

1. Confirmation method and standard of contract assets

The Company lists contractual assets or contractual liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's right to receive consideration for goods or services transferred to the customer (And that right depends on factors other than the passage of time) is listed as contractual assets. Contractual assets and contractual liabilities under the same contract are listed as a net amount. The Company's right to receive consideration from customers unconditionally (only depends on the passage of time) is listed separately as a receivable.

2. Determination and accounting treatment of the expected credit loss for contract assets

Determination and accounting treatment of the expected credit loss for contract assets found more in Note V-“10. Financial assets”

Nil

17.Contract cost

Nil

18. Assets held for sale

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

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

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

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

19. Debt investment

Nil

20. Other debt investment

Nil

21. Long-term account receivable

Nil

22. Long-term equity investment

(1) Determination of investment costs

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

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

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

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

initial investment cost, provided that the value agreed in the contract or agreement shall be fair.

(2) Subsequent measurement and profit or loss recognition

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

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

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

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

(3) Determination of control and significant influence on investee

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

(4) Disposal of long-term equity investment

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

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

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

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

(5) Impairment test and provision for impairment

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

23. Investment real estate

Measurement mode

Measured by cost method

Depreciation or amortization method

(1) Investment property including land use right which has been rented out, land use right which is held for transfer upon appreciation and buildings which has been rented out.

(2) Investment properties are initially measured at cost and subsequently measured as per the cost pattern, and relevant withdrawal of provision for depreciation or amortization is carried out by the same method for fixed assets and intangible assets. As of the balance sheet date, where there is any indication that an investment property experiences impairment, the relevant impairment provision shall be provided for based on the difference between the carrying value and the recoverable amount.

24. Fixed assets

(1) Recognition conditions

Fixed assets refer to the tangible assets for production of products, provision of labor, lease or operation, and with a service life in excess of one financial year. Fixed assets are recorded at the actual cost at the time of acquisition,

and depreciation is calculated and withdrawn using the average life method from the month after they reach the intended usable state

(2) Depreciation methods

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
Housing buildings	Straight-line depreciation	20 years	10%	4.5%
Machinery equipment	Straight-line depreciation	10 years	10%	9%
Means of transportation	Straight-line depreciation	5 years	10%	18%
Electronic equipment and others	Straight-line depreciation	5 years	10%	18%

Nil

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

Finance lease is determined when one or a combination of the following conditions are satisfied: (1) the ownership has been transferred to the lessee when the leasing term is due; (2) the lessee has the option to purchase the leasing asset at a price that is much lower than its fair value, so it can be reasonably determined that the lessee will take the option at the very beginning of the lease; (3) the leasing term accounts for most time of the useful life (ordinarily accounting for 75% or higher) even if the ownership does not transfer to the lessee; (4) the present value of the minimum amount of rent that the lessee has to pay at the first day of the lease amounts to 90% or higher of its fair value at the same date; or the present value of the minimum amount of rent that the lessor collects at the first day of the lease amounts to 90% or higher of its fair value at the same date; and/or (5) the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

Fixed assets rented-in under finance lease are recorded at the lower of fair value and the present value of the minimum lease payment at the inception of the lease, and are depreciated following the depreciation policy for self-owned fixed assets.

25. Construction in progress

(1)When the construction in progress has reached the intended condition for use, it will be treated as fixed assets as per the actual construction cost. If the construction in progress has reached the intended condition for use but completion accounting is not carried out, the construction in progress should be first treated as fixed assets as per the estimated value. After completion accounting is carried out, the original estimated value should be adjusted as per the actual cost, but the provision for depreciation withdrawn should not be adjusted.

(2)As of the balance sheet date, where there is any indication that a construction in process experiences impairment, the relevant impairment provision shall be provided for based on the difference between the carrying

value and the recoverable amount.

26. Borrowing expenses

Nil

27. Biological assets

Nil

28. Oil and gas asset

Nil

29. Right-of-use asset

On the commencement date of the lease term, the Group recognizes right-of-use assets and lease liabilities for leases, except for short-term leases and leases of low-value assets that are simplified by the standard.

The Group initially measures right-of-use assets at cost. This cost includes:

1. The initial measurement amount of the lease liability;
2. The lease payment amount paid on or before the commencement date of the lease term, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed;
3. Initial direct costs incurred;
4. The expected cost of demolishing and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the condition as agreed in the lease terms. If the aforementioned cost is incurred for the production of inventories, and the Accounting Standards for Business Enterprises No. 1 - Inventories shall apply.

The Group recognizes and measures the cost mentioned in Item 4 above in accordance with Accounting Standards for Business Enterprises No. 13 - Contingencies.

Initial direct costs are the incremental cost incurred to achieve the lease. Incremental cost is the cost that would not have incurred if the enterprise had not acquired the lease.

With reference to the relevant depreciation provisions of Accounting Standards for Business Enterprises No. 4 - Fixed Assets, the Group accrues depreciation for right-of-use assets. Where it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased asset. Where it cannot be reasonably determined that the ownership

of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued within the the shorter of the lease term and the remaining service life of the leased asset.

In accordance with the Accounting Standards for Business Enterprises No. 8 - Impairment of Assets, the Group determines whether the right-of-use asset is impaired, and performs accounting treatment on the identified impairment losses.

30. Intangible assets

(1) Valuation method, service life and impairment test

1.Intangible assets include land use right, patent right and non-patent technology, which should be initially measured at cost.

2.Intangible assets with limited service life should be amortized systematically and reasonably in their service lives as per the expected form of realization economic benefits relating to the said intangible assets. If the form of realization cannot be reliably determined, the intangible assets should be amortized on a straight-line basis.

3.At the balance sheet date, when there is any indication that the intangible assets with finite useful lives may be impaired, a provision for impairment loss is recognized on the excess of the carrying amounts of the assets over their recoverable amounts. Intangible assets with infinite useful lives and intangible assets not satisfying the condition for use yet are subject to impairment test each year notwithstanding whether the assets are impaired.

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

Expenditure incurred in the research phase of internal R&D shall be included in current gain/loss at the time of occurrence. Intangible assets recognized for expenditure in exploitation stage by satisfying the followed at same time: ①it is technically feasible that the intangible asset can be used or sold upon completion; ②there is intention to complete the intangible asset for use or sale; ③the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset; ④there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; ⑤the expenses attributable to the development phase of the intangible asset can be measured reliably.

31. Impairment of long-term assets

Nil

32. Long-term expenses to be apportioned

Long-term expenses to be apportioned are booked by actual amount occurred, and apportioned evenly during the benefit period or regulated period. In case that the long-term deferred expenses are not likely to benefit the subsequent accounting periods, the outstanding value of the item to be amortized shall be included in current profit or loss in full.

33. Contract liability

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligations to transfer goods or provide services to customers for which consideration has been received or receivable are listed as contract liabilities. Contract assets and contract liabilities under the same contract are listed as a net amount.

34. Employee compensation

(1) Accounting treatment for short-term compensation

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

(2) Accounting treatment for post-employment benefit

The Company terminates the labor relationship with an employee before the employee labor contract expires, or proposes to offer a compensation to encourage an employee to voluntarily accept the downsizing. When the Company cannot unilaterally withdraw the labor relationship cancellation plan or the downsizing proposal nor confirm the relevant costs of the restructuring involving the payment of termination benefits, whichever is earlier, the liabilities arising from the compensation for the termination of the labor relationship with the employees are recognized and included in the current profit and loss.

(3) Accounting for retirement benefits

When the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, the Company shall recognize employee compensation liabilities arising from compensation for staff dismissal and included in profit or loss for the current period, when the Company cannot revoke unilaterally compensation for

dismissal due to the cancellation of labor relationship plans and employee redundant proposals; and the Company recognize cost and expenses related to payment of compensation for dismissal and restructuring, whichever is earlier.

(4) Accounting for other long-term employee benefits

The employees of the Company have participated in the basic social endowment insurance organized and implemented by the local labor and social security department. The Company pays the endowment insurance premium to the local basic social endowment insurance agency on a monthly basis based on the base and ratio of the local basic social endowment insurance payment. After the retirement of employees, the local labor and social security department has the responsibility to pay the social basic pension to the retired employees. During the accounting period in which employees provide services, the Company recognizes the amount payable calculated according to the above social security insurance regulations as the liabilities and includes them in the current profit and loss or related asset costs.

35. Lease liabilities

Nil

36. Accrual liability

Nil

37. Share-based payment

(1) Types of share-based payment

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

(2) Determination of fair value of equity instruments

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

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

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

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

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

1) Equity-settled share-based payment

For equity instruments that may be exercised immediately after the grant, the fair value of such instrument shall,

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

For equity-settled share-based payment made in exchange for service from other parties, such payment shall be measured at the fair value of the service as of the acquisition date if the fair value can be measured reliably. And if the fair value of the service cannot be measured reliably while the fair value of the equity instrument can be measured reliably, it shall be measured at the fair value of the instrument as of the date on which the service is acquired, which shall be recorded in relevant cost or expense with increase in owners' equity accordingly.

2) Cash-settled share-based payment

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

3) Revision and termination of share-based payment schemes

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

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

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

38. Other financial instruments including senior shares and perpetual bonds

Nil

39. Revenue

The Company shall comply with the disclosure requirement of jewelry-related industries in the “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3- Industry Disclosure”

(1) Recognition of revenue

On the starting date of the contract, the company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

When meeting one of the following conditions, it belongs to the performance obligation within a certain period of time, otherwise, it belongs to the performance obligation at a certain point in time: 1) The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company performs the contract; 2) The customer can control the goods or services under construction during the company's performance; 3) The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to collect payments for the accumulated performance part of the contract during the entire contract period .

For performance obligations performed within a certain period of time, the company recognizes revenue in accordance with the performance progress during that period of time. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. For performance obligations performed at a certain point in time, revenue is recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of the goods, the company considers the following signs: 1) The company has the current right to receive payment for the goods, that is, the customer has the current payment obligation for the goods; 2) The company has transferred the legal ownership of the goods to the customer, that is, the customer has legal ownership of the goods; 3) The company has transferred the product to the customer in kind, that is, the customer has physically taken possession of the product; 4) The company has transferred the major risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; 5) the customer has accepted the goods; 6) Other signs indicate that the customer has obtained control of

the goods.

(2) Principles of income measurement

1) The company measures income based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to the customer, and does not include the amount collected on behalf of a third party and the amount expected to be returned to the customer.

2) If there is variable consideration in the contract, the company shall determine the best estimate of the variable consideration based on the expected value or the amount most likely to incur, but the transaction price including the variable consideration shall not exceed the amount at which the accumulatively recognized income is most likely not be subject to a significant reversal when the relevant uncertainty is eliminated.

3) If there is a major financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, if the company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year, we will not consider the significant financing components in the contract.

4) If the contract contains two or more performance obligations, the company will allocate the transaction prices to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation on the commencement date of contract.

(3) Specific method of revenue recognition:

In accordance with the general principles of revenue recognition and the actual situation of the company's product sales, the company formulates a specific revenue recognition method that the products sold by the company to customers are recognized as revenue after the products are delivered to the customer and the customer carries out acceptance and inspection.

40. Government subsidy

(1) government subsidy including those relating to assets and relating to income

(2) government grant, if granted as monetary assets, are measured at the amount received or receivable, and measured at fair value if granted as non-monetary assets. If the fair value can not be determined reliably, they shall be measured at nominal value.

(3) Aggregate method for government subsidy:

1) government subsidy relating to assets are recognized as deferred income, which shall be recorded in profit or loss by installment reasonably and systematically within the useful life of the assets. If assets are sold, transferred, discarded as useless or damaged prior to expiration of the useful life, the remaining deferred income undistributed

shall be transferred to profit or loss for the period in which the assets are disposed.

2) If government subsidy relating to income are used to compensate for relevant costs or loss for the subsequent periods, they shall be recognized as deferred income, and recorded in profit or loss for the period in which the relevant costs are recognized. If government subsidy relating to income are used to compensate for the relevant costs or loss occurred, they shall be recorded in profit or loss for the period directly.

(4) Net method for government subsidy

1) government subsidy relating to assets are used to write off the carrying value of the relevant assets;

2) If government subsidy relating to income are used to compensate for relevant costs or loss for the subsequent periods, they shall be recognized as deferred income, and recorded in profit or loss for the period in which offset against the relevant costs. If government subsidy relating to income are used to compensate for the relevant costs or loss occurred, they shall be offset against the relevant costs for the period directly.

(5) The Company adopts aggregated accounting method for the government subsidy received.

(6) As for the government subsidy comprising both portions relating to assets and income, separate accounting shall be made for different portion; in case it is hard to differentiate the portions, the grants will be recorded as related to income in general.

(7) The Company realizes government subsidy relating to its normal activities as other income based on the substance of economic business, and if not related to its normal activities, realized as non-operating income and expenditure.

(8) Subsidized loans from preferential policy obtained by the Company are classified based on whether subsidy funds are paid to the loaning bank or directly to the Company by the competent financial authorities and are treated based on the following principles:

1) Where subsidy funds are paid to the loaning bank by the competent financial authorities and the bank then provides loans to the Company at a preferential policy rate, accounting shall be made by the Company as follows:

a. Recognizes the actual borrowing amount received as the carrying value of the loan, and calculates the relevant borrowing costs based on the principal and the preferential policy rate.

b. Recognizes the fair value of the loan as the carrying value and calculates the borrowing cost under effective interest method, and recognizes the difference between the actual amount received and the fair value of the loan as deferred income. Deferred income is amortized over the term of the loan under effective interest method and offset against the relevant borrowing costs.

2) Where subsidy funds are paid directly to the Company, the Company will offset the corresponding subsidy against the relevant borrowing expenses.

41. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

(2) A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

(3) At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

(4) The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: ① business combination; and ② the transactions or items directly recognized in equity.

42. Lease

(1) Accounting for operating lease

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

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

(2) Accounting for financing lease

When the company acts as lessee, at the inception of lease, the lower of fair value of leased assets at the inception of lease and the present value of minimum lease payment is recognized as the value of leased assets. The

minimum lease payment is recognized as the value of long-term payable. Their difference is recorded as unrecognized finance costs with any initial direct expense incurred recorded in the value of leased assets. For each period of the lease term, current finance cost is calculated using effective interest method.

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

43. Other important accounting policy and estimation

Discontinued operation refers to the operation disposed or classified as held-for-sale by the Company and presented separately under operation segments and financial statements, which has fulfilled one of the following criteria:

- (1) it represents an independent key operation or key operating region;
- (2) it is part of the proposed disposal plan on an independent key operation or proposed disposal in key operating region; or
- (3) it only establishes for acquisition of subsidiary through disposal.

The enterprise shall separately list profit and loss from continuing operations and profit and loss from discontinuing operations in the profit statement. For non-current assets held for sale or disposal groups that do not meet the definition of discontinuing operations, the impairment losses and reversal amounts and disposal gains and losses should be presented as profit or loss from continuing operations. Operational gains and losses and disposal profits and losses such as impairment losses and reversal amounts of discontinuing operations should be reported as profits or losses of discontinuing operations.

44. Changes of important accounting policy and estimation

(1) Changes of important accounting policy

Applicable Not applicable

The contents and reasons of accounting policy changes	Examination and approval procedures	Note
The leasing assets are listed as "Right-of-use assets", "Lease liability" and "Non-current liability due within one year"	Deliberated and approved at 31 st Session of 10 th BOD	On December 31, 2021, in the balance sheet, the right-of-use assets has 1,505,258.90 yuan recorded; lease liability has 228,302.37 yuan recorded and the Non-current liability due within one year presented as 1,456,782.04 yuan.

According to the provisions of the new lease standards, for a contract that existed before the first execution date, the Group chooses not to reassess whether it is a lease or contains a lease.

1) The Group as the lessee

The Group chooses to adjust only the cumulative impact of lease contracts that have not been completed as of January 1, 2021. The cumulative impact amount of the first execution adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the current period of the first execution (i.e. January 1, 2021), and no adjustment is made to the comparable period information.

- ① For finance leases prior to the first execution date, the Group shall respectively measure the right-of-use assets and lease liabilities according to the original book values of the finance lease assets and the finance lease payables;
- ② For operating leases prior to the first execution date, the Group measures the lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing rate on the first execution date, and adjusts each lease based on an amount equal to the lease liability and according to the prepaid rent as necessary to determine the right-of-use asset.
- ③ The Group conducts impairment test on right-of-use assets in accordance with relevant regulations on asset impairment and performs corresponding accounting treatment.

The Group adopts simplified treatment for operating leases whose leased assets are low-value assets before the first execution date or operating leases to be completed within 12 months, and no right-of-use assets and lease liabilities are recognized. In addition, the Group has adopted the following simplified treatment for operating leases prior to the first execution date :

- ① When measuring lease liabilities, the same discount rate may be used for leases with similar characteristics; the measurement of right-of-use assets may not include initial direct costs;
- ② Where there is an option to renew the lease or to terminate the lease, the Group determines the lease term based on the actual exercise of the option before the first execution date and other latest information;
- ③ As an alternative to the impairment test for right-of-use assets, the Group assesses whether the contract including a lease is a loss-making contract before the first execution date, and adjusts the right-of-use assets according to the amount of the loss provision included in the balance sheet before the first execution date;
- ④ For lease changes before the first execution date, the Group conducts accounting treatment according to the final arrangement of lease changes.

For the outstanding minimum lease payments for significant operating leases disclosed in the 2020 financial statements, the Group adjusts them according to the difference between the discounted present value of the incremental borrowing rate of the Group as a lessee on 1 January 2021 and the lease liability included in the balance sheet on 1 January 2021, the process is as follows:

Minimum lease payments for significant operating lease as of December 31, 2020

3,195,123.18

Add:increase in lease payments not recognized as of December 31, 2020, but reasonable certain that the renewal option will be exercised	
Less:Minimum lease payments using the simplified processing	
Including: Short-term lease	
Leases with less than 12 months remaining	
Operating lease payments as of January 1, 2021	3,195,123.18
Weighted average incremental borrowing rate	4.75%
Lease liability as of January 1, 2021(one year expiry included)	3,051,512.28

In addition, starting from the first execution date, the cash paid by the Group to repay the principal and interest of lease liabilities is included in the cash flow statement as cash outflows from financing activities, and the short-term lease payments and low-value asset lease payments made with simplified treatment and variable lease payments that are not included in the measurement of lease liability are still included in operating cash outflows.

2) The Group as the lessor

For a sub-lease classified as an operating lease before the first execution date and subsisting after the first execution date, the Company re-evaluates it on the first execution date based on the remaining term of contract and the terms of the original lease and sub-lease, and classifies it in accordance with the provisions of the new lease standards. If it is reclassified as a finance lease, the Company will account for it as a new finance lease. Except for sub-leases, the Company does not need to adjust its lease as a lessor in accordance with the new lease standards. The Company conducts accounting treatment in accordance with the new lease standards from the first execution date.

(2) Changes of important accounting estimation

Applicable Not applicable

(3) Adjust the financial statement items at beginning of the year when first implemented the New Lease Standards since 2021

Applicable Not applicable

Whether adjusted the item of balance sheet at year-begin or not

Yes No

Consolidated balance sheet

Unit: RMB/CNY

Item	2020-12-31	2021-01-01	Adjustment
Current assets:			
Monetary fund	19,887,978.05	19,887,978.05	
Settlement provisions			

Capital lent			
Trading financial assets			
Derivative financial assets			
Note receivable			
Account receivable	55,031,424.70	55,031,424.70	
Receivable financing			
Accounts paid in advance	816,541.52	816,541.52	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivable	576,770.36	576,770.36	
Including: Interest receivable			
Dividend receivable			
Buying back the sale of financial assets			
Inventories	7,729,325.94	7,729,325.94	
Contract assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	2,715,425.31	2,715,425.31	
Total current assets	86,757,465.88	86,757,465.88	
Non-current assets:			
Loans and payments on behalf			
Debt investment			
Other debt investment			
Long-term account receivable			
Long-term equity investment			

Investment in other equity instrument			
Other non-current financial assets			
Investment real estate			
Fixed assets	3,792,133.36	3,792,133.36	
Construction in progress			
Productive biological asset			
Oil and gas asset			
Right-of-use assets		3,051,512.28	3,051,512.28
Intangible assets			
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned			
Deferred income tax asset	793,170.75	793,170.75	
Other non-current asset	400,000.00	400,000.00	
Total non-current asset	4,985,304.11	8,036,816.39	3,051,512.28
Total assets	91,742,769.99	94,794,282.27	3,051,512.28
Current liabilities:			
Short-term loans			
Loan from central bank			
Capital borrowed			
Trading financial liability			
Derivative financial liability			
Note payable			
Account payable	9,606,144.94	9,606,144.94	
Accounts received in advance			
Contract liability	15,254,713.38	15,254,713.38	
Selling financial asset of			

repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	1,459,244.07	1,459,244.07	
Taxes payable	722,321.02	722,321.02	
Other account payable	37,882,805.52	37,882,805.52	
Including: Interest payable			
Dividend payable			
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liabilities due within one year			
Other current liabilities	1,175,251.38	1,175,251.38	
Total current liabilities	66,100,480.31	66,100,480.31	
Non-current liabilities:			
Insurance contract reserve			
Long-term loans			
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability		3,051,512.28	3,051,512.28
Long-term account payable			
Long-term wages payable			
Accrual liability			
Deferred income			

Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		3,051,512.28	3,051,512.28
Total liabilities	66,100,480.31	69,151,992.59	3,051,512.28
Owner's equity:			
Share capital	551,347,947.00	551,347,947.00	
Other equity instrument			
Including: Preferred stock			
Perpetual capital securities			
Capital public reserve	627,834,297.85	627,834,297.85	
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus public reserve	32,673,227.01	32,673,227.01	
Provision of general risk			
Retained profit	-1,200,950,240.88	-1,200,950,240.88	
Total owner's equity attributable to parent company	10,905,230.98	10,905,230.98	
Minority interests	14,737,058.70	14,737,058.70	
Total owner's equity	25,642,289.68	25,642,289.68	
Total liabilities and owner's equity	91,742,769.99	94,794,282.27	3,051,512.28

Explanation on adjustment

The Company implemented the new lease standard effective January 1, 2021, for the operating lease prior to the date of first implementation, the Company measured the lease liability using the present value of the discounted interest rate on incremental borrowings prior to the date of initial implementation in the amount of 3,051,512.28 yuan, of which, the amount due within one year are re-classified to non-current liability due within one year. The Company measured the right-of-use assets at an amount equal to the lease liability with necessary adjustments for prepaid rentals in the amount of 3,051,512.28 yuan.

Balance sheet of parent company

Unit: RMB/CNY

Item	2020-12-31	2021-01-01	Adjustment
Current assets:			
Monetary fund	10,097,024.59	10,097,024.59	
Trading financial assets			
Derivative financial assets			
Note receivable			
Account receivable	24,274,935.96	24,274,935.96	
Receivable financing			
Accounts paid in advance	800,000.00	800,000.00	
Other account receivable	115,263.05	115,263.05	
Including: Interest receivable			
Dividend receivable			
Inventories	550,421.78	550,421.78	
Contract assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	2,652,771.13	2,652,771.13	
Total current assets	38,490,416.51	38,490,416.51	
Non-current assets:			
Debt investment			
Other debt investment			
Long-term account receivable			
Long-term equity investment	19,960,379.73	19,960,379.73	
Investment in other equity instrument			
Other non-current financial assets			
Investment real estate			

Fixed assets	3,530,501.40	3,530,501.40	
Construction in progress			
Productive biological asset			
Oil and gas asset			
Right-of-use assets		737,823.53	737,823.53
Intangible assets			
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned			
Deferred income tax asset			
Other non-current asset	400,000.00	400,000.00	
Total non-current asset	23,890,881.13	24,628,704.66	737,823.53
Total assets	62,381,297.64	63,119,121.17	737,823.53
Current liabilities:			
Short-term loans			
Trading financial liability			
Derivative financial liability			
Note payable			
Account payable	748,604.24	748,604.24	
Accounts received in advance			
Contract liability	14,685,423.04	14,685,423.04	
Wage payable	1,146,371.58	1,146,371.58	
Taxes payable	24,906.50	24,906.50	
Other account payable	39,409,824.37	39,409,824.37	
Including: Interest payable			
Dividend payable			
Liability held for sale			

Non-current liabilities due within one year			
Other current liabilities	1,101,243.63	1,101,243.63	
Total current liabilities	57,116,373.36	57,116,373.36	
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability		737,823.53	737,823.53
Long-term account payable			
Long-term wages payable			
Accrual liability			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		737,823.53	737,823.53
Total liabilities	57,116,373.36	57,854,196.89	737,823.53
Owner's equity:			
Share capital	551,347,947.00	551,347,947.00	
Other equity instrument			
Including: Preferred stock			
Perpetual capital securities			
Capital public reserve	627,834,297.85	627,834,297.85	
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			

Surplus public reserve	32,673,227.01	32,673,227.01	
Retained profit	-1,206,590,547.58	-1,206,590,547.58	
Total owner's equity	5,264,924.28	5,264,924.28	
Total liabilities and owner's equity	62,381,297.64	63,119,121.17	737,823.53

Explanation on adjustment

The Company implemented the new lease standard effective January 1, 2021, for the operating lease prior to the date of first implementation, the Company measured the lease liability using the present value of the discounted interest rate on incremental borrowings prior to the date of initial implementation in the amount of 737,823.53 yuan, of which, the amount due within one year are re-classified to non-current liability due within one year. The Company measured the right-of-use assets at an amount equal to the lease liability with necessary adjustments for prepaid rentals in the amount of 737,823.53 yuan.

Explanation on retrospective adjustment of prior period comparative data for the first implementation of the new lease standard from 2021

Applicable Not applicable

45.Other

Nil

VI. Taxes

1. Main tax category and tax rate

Tax category	Tax calculation evidence	Tax rate
Value added tax	Sales of goods, taxable labor service revenue, taxable income, intangible assets income and income from property leasing	5%, 6%, 13%
Tax for maintaining and building cities	Turnover tax payable	7%
Enterprise income tax	Taxable income	25%, 20%, 15%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
The Company	15.00%
Shenzhen Emmelle Industry Co., Ltd.	25.00%
Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd.	20.00%
Shenzhen Emmelle Cloud Technology Co., Ltd.	20.00%

2. Tax preference

Note 1: The Company obtained the high-tech enterprise certificate "GR202044200651" jointly approved by the Shenzhen Science and Technology Innovation Commission, the Shenzhen Finance Bureau, and the Shenzhen Tax Service, State Taxation Administration on December 11, 2020, the validity period is from 2020 to 2022. Therefore, the company enjoys a preferential tax rate of 15% in 2021.

Note 2: According to the "Enterprise Income Tax Law of the People's Republic of China" and its implementation regulations, the "Notice of the State Taxation Administration and Ministry of Finance on the Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises" (CS[2020] No. 13) and other provisions, from January 1, 2021 to December 31, 2021, the portion of the annual taxable income of small, low-profit enterprises that does not exceed 1 million yuan will be included in the taxable income by 25%, and the corporate income tax will be paid at a tax rate of 20%. The portion of the annual taxable income of small, low-profit enterprises exceeding 1 million yuan but not exceeding 3 million yuan will be included in the taxable income by 50%, and the corporate income tax will be paid at a tax rate of 20%. Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd. and Shenzhen Emmelle Cloud Technology Co., Ltd., the Company's subsidiaries, are small and low-profit enterprises, so a preferential tax rate of 20% is applicable to them.

3. Other

Nil

VII. Notes to Items in Consolidated Financial Statements

1. Monetary fund

Unit: RMB/CNY

Item	Ending balance	Opening balance
Cash on hand	27,587.25	21,530.26
Bank deposit	33,219,370.67	19,866,447.79
Total	33,246,957.92	19,887,978.05

Other explanation

At the end of the period, there are no mortgages, pledges, freezes, etc. that restrict the use of funds.

At the end of the period, there are no funds deposited overseas or with potential recovery risks.

2. Trading financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Including:		

Including:		
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Other explanation:

Nil

3. Derivative financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation:

Nil

4. Notes receivable

(1) Category

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Including:										
Total	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00%	0.00

Bad debt provision accrual on single basis:

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of notes receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

(2) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

Unit: RMB/CNY

Category	Opening balance	Current changes				Ending balance
		Accrual	Collected or reversal	Write off	Other	
Total	0.00	0.00	0.00	0.00	0.00	0.00

Including important amount of bad debt provision collected or reversal in the period:

Applicable Not applicable**(3) Note receivable pledged at period-end**

Unit: RMB/CNY

Item	Amount pledged at period-end
Total	0.00

(4) Note receivable which have endorsed and discount at period-end and has not expired on balance sheet date

Unit: RMB/CNY

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Total	0.00	0.00

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

Unit: RMB/CNY

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

Other explanation

Nil

(6) Note receivable actually charge-off in the period

Unit: RMB/CNY

Item	Amount charge-off
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Including important note receivable charge-off:

Unit: RMB/CNY

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for	Amount cause by
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				charge-off	related transactions or not (Y/N)
Total	--	0.00	--	--	--

Explanation on note receivable change-off:

Nil

5. Account receivable

(1) Category

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual by single basis	24,072,436.14	44.44%	7,229,285.93	30.03%	16,843,150.21	10,400,557.65	17.33%	4,821,546.38	46.36%	5,579,011.27
Including:										
Accounts with single significant amount but with bad debts provision accrued individually	18,925,666.88	34.94%	3,785,133.38	20.00%	15,140,533.50					
Accounts with single minor amount but with bad debts provision accrued individually	5,146,769.26	9.50%	3,444,152.55	66.92%	1,702,616.71	10,400,557.65	17.33%	4,821,546.38	46.36%	5,579,011.27
Account receivable with bad debt provision accrual by portfolio	30,097,225.06	55.56%	90,291.68	0.30%	30,006,933.38	49,601,217.08	82.67%	148,803.65	0.30%	49,452,413.43
Including:										
Account receivable withdrawal bad debt provision by group of credit risk characteristics (Aging analysis)	30,097,225.06	55.56%	90,291.68	0.30%	30,006,933.38	49,601,217.08	82.67%	148,803.65	0.30%	49,452,413.43

method)										
Total	54,169,661.20	100.00%	7,319,577.61	13.51%	46,850,083.59	60,001,774.73	100.00%	4,970,350.03	8.28%	55,031,424.70

Bad debt provision accrual on single basis: Accounts with single significant amount but with bad debts provision accrued individually

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Guangshui Jiayu Energy Technology Co., Ltd.	18,925,666.88	3,785,133.38	20.00%	The payment is overdue and there is an impairment risk
Total	18,925,666.88	3,785,133.38	--	--

Bad debt provision accrual on single basis: Accounts with single minor amount but with bad debts provision accrued individually

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Sichuan Wanling Electric Technology Co., Ltd.	1,102,072.20	1,102,072.20	100.00%	Expected to be difficult to recover
Suzhou Daming Vehicle Industry Co., Ltd.	990,658.42	495,329.21	50.00%	Expected to be difficult to recover
Suzhou Jiaxin Economic Trade Co., Ltd.	888,757.00	444,378.50	50.00%	Expected to be difficult to recover
Dongguan Daxiang New Energy Co., Ltd.	741,734.00	222,520.20	30.00%	Expected to be difficult to recover
Shijiazhuang Dasong Tech. Co., Ltd	677,064.00	677,064.00	100.00%	Expected to be difficult to recover
Guangdong Xinlingjia New Energy Co., Ltd.	348,136.00	104,440.80	30.00%	Expected to be difficult to recover
Shanghai Swen Electric Vehicle Co., Ltd.	281,507.50	281,507.50	100.00%	Expected to be difficult to recover
Tianjin Huihui Electric Vehicle Co., Ltd.	116,840.14	116,840.14	100.00%	Expected to be difficult to recover
Total	5,146,769.26	3,444,152.55	--	--

Bad debt provision accrual on single basis:

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio: Accounts receivable with provision for bad debts by aging analysis method

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Within one year (one year included)	28,013,989.01	84,041.97	0.30%
1-2 years (2 years included)	2,073,521.05	6,220.56	0.30%
2-3 years (3 years included)	9,715.00	29.15	0.30%
Total	30,097,225.06	90,291.68	--

Explanation on portfolio basis:

The account receivable of CBC with a single significant amount are those with a single amount of 5 million yuan more.

Bad debt provision accrual on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year (one year included)	47,056,496.03
Within one year	47,056,496.03
1-2 years	3,274,208.05
2-3 years	1,422,393.00
Over 3 years	2,416,564.12
3-4 years	355,920.42
4-5 years	1,383,579.70
Over 5 years	677,064.00
Total	54,169,661.20

(2) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

Unit: RMB/CNY

Category	Opening balance	Current changes				Ending balance
		Accrual	Collected or	Write off	Other	

			reversal			
Bad debt provision for accounts receivable	4,970,350.03	4,230,561.85	1,881,334.27			7,319,577.61
Total	4,970,350.03	4,230,561.85	1,881,334.27	0.00	0.00	7,319,577.61

Including important amount of bad debt provision collected or reversal in the period:

Unit: RMB/CNY

Enterprise	Amount collected or reversal	Collection way
Total	0.00	--

Nil

(2) Account receivables actually charge-off during the reporting period

Unit: RMB/CNY

Item	Amount charge-off

Including major account receivables charge-off:

Unit: RMB/CNY

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Explanation on account receivable charge-off:

Nil

(4) Top five account receivables collected by arrears party at ending balance

Unit: RMB/CNY

Name	Ending balance of accounts receivable	Proportion of total closing balance of accounts receivable	Ending balance of bad bet provision
Guangshui Jiayu Energy Technology Co., Ltd.	18,925,666.88	34.94%	3,785,133.38
Xi'an Zhongjinpu Trading Co., Ltd.	9,446,085.21	17.44%	28,338.26
Shenzhen Yunshang Jewelry Co., Ltd.	4,627,219.04	8.54%	13,881.66
Fuzhou Cangshan Dingjue Jewelry Firm	4,518,161.98	8.34%	13,554.49
Fuzhou Rongrun Jewelry	4,146,308.99	7.65%	12,438.93

Co., Ltd.			
Total	41,663,442.10	76.91%	

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

Nil

Other explanation:

Nil

(6) Account receivable derecognition due to transfer of financial assets

Nil

6. Receivables financing

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Change of receivables financing and fair value in the period

Applicable Not applicable

If the provision for bad debts of receivable financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

Other explanation:

Nil

7. Account paid in advance**(1) By account age**

Unit: RMB/CNY

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	1,300,408.57	100.00%	816,541.52	100.00%
Total	1,300,408.57	--	816,541.52	--

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

Nil

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

Enterprise	Relationship with the Company	Amount	Account age	Nature	Ratio in total advance e
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						payment (%)
Shenzhen Hualinglong Jewelry Culture Technology Co., Ltd.	Non-related party	471,350.00	Within 1 year	Prepaid design fee		36.25
Taixing Jiaye Electronic Technology Co., Ltd.	Non-related party	238,535.40	Within 1 year	Prepayment		18.34
Shanghai Baoxinlai Diamond Co., Ltd.	Non-related party	200,000.00	Within 1 year	Prepayment		15.38
Hubei Zhongyi Technology Co., Ltd.	Non-related party	87,066.10	Within 1 year	Prepayment		6.70
Wuzhou Tongchuang New Energy Materials Co., Ltd.	Non-related party	85,000.00	Within 1 year	Prepayment		6.54
Total		1081951.50				83.20

Other explanation:

At end of the period, there was no advance payment from shareholder unit and other related parties that holds 5% (included) voting rights of the Company among Advance Payment

8. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other account receivable	494,695.27	576,770.36
Total	494,695.27	576,770.36

(1) Interest receivable

1) Category

Unit: RMB/CNY

Item	Ending balance	Opening balance

2) Important overdue interest

Unit: RMB/CNY

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

Other explanation:

Nil

3) Accrual of bad debt provision

□Applicable √Not applicable

(2) Dividend receivable**1) Category**

Unit: RMB/CNY

Item (or invested company)	Ending balance	Opening balance
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2) Important dividend receivable with over one year aged

Unit: RMB/CNY

Item (or invested company)	Ending balance	Account age	Causes of failure for collection	Impairment (Y/N) and judgment basis
Total	0.00	--	--	--

3) Accrual of bad debt provision

□Applicable √Not applicable

Other explanation:

Nil

(3) Other account receivable**1) By nature**

Unit: RMB/CNY

Account nature	Ending book balance	Opening book balance
Deposit or margin	576,539.00	618,609.00
Payment for equipment	311,400.00	311,400.00
Personal loan of employees	20,144.82	10,396.88
Total	908,083.82	940,405.88

2) Accrual of bad debt provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12	Expected credit losses for the entire duration (without	Expected credit losses for the entire duration (with	

	months	credit impairment occurred)	credit impairment occurred)	
Balance on January 1, 2021	363,635.52			363,635.52
January 1, 2021 balance in the current period	—	—	—	—
Accrued in this period	49,753.03			49,753.03
Balance on December 31, 2021	413,388.55			413,388.55

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year (one year included)	86,144.82
Within one year	86,144.82
1-2 years	350,039.00
2-3 years	60,000.00
Over 3 years	411,900.00
3-4 years	50,000.00
4-5 years	10,200.00
Over 5 years	351,700.00
Total	908,083.82

3) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

Unit: RMB/CNY

Category	Opening balance	Current changes				Ending balance
		Accrual	Collected or reversal	Write off	Other	
Bad debt provision for other receivables-The first stage	363,635.52	49,753.03				413,388.55
Total	363,635.52	49,753.03	0.00	0.00	0.00	413,388.55

Nil

Important amount of bad debt provision switch-back or collection in the period:

Unit: RMB/CNY

Enterprise	Amount switch-back or collection	Collection way
Total	0.00	--

Nil

4) Other account receivables actually charge-off during the reporting period

Unit: RMB/CNY

Item	Amount charge-off
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Including major other account receivables charge-off:

Unit: RMB/CNY

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Other Explanation on account receivable charge-off

5) Top 5 other account receivable collected by arrears party at ending balance

Unit: RMB/CNY

Enterprise	Nature	Ending Balance	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
Shenzhen Luwei Mechatronic Equipment Co., Ltd	Payment for equipment	300,000.00	Over 5 years	33.04%	300,000.00
Shenzhen Gangdelong Industrial Co., Ltd.	Margin or deposit	211,840.00	1-2 years	23.33%	635.52
Alipay (China) Network Technology Co., Ltd. customer reserve fund	Margin or deposit	170,000.00	Within 4 years	18.72%	50,360.00
Shenye Pengji (Group) Co., Ltd.	Margin or deposit	60,222.00	1-2 years	6.63%	180.67
Quick Money Payment Clearing Information Co., Ltd.	Margin or deposit	30,000.00	Within 5 years	3.30%	30,000.00
Total	--	772,062.00	--	85.02%	381,176.19

6) Account receivable with government grants involved

Unit: RMB/CNY

Enterprise	Government grants	Ending Balance	Ending account age	Time, amount and basis of amount collection estimated
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Nil

7) Other account receivable derecognition due to financial assets transfer

Nil

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

Nil

Other explanation:

Nil

9. Inventory

Whether companies need to comply with the disclosure requirements of the real estate industry

No

(1) Category

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Book balance	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Raw materials	5,151,013.66		5,151,013.66	1,298,565.61		1,298,565.61
Finished goods	2,917,927.37	376,064.05	2,541,863.32	2,545,994.24	278,533.53	2,267,460.71
Goods sold				5,656.40		5,656.40
Consigned processing materials	555,696.79		555,696.79	4,157,643.22		4,157,643.22
Total	8,624,637.82	376,064.05	8,248,573.77	8,007,859.47	278,533.53	7,729,325.94

The Company shall comply with the disclosure requirement of jewelry-related industries in the “Shenzhen Stock Exchange

Self-Regulatory Guidelines for Listed Companies No. 3- Industry Disclosure”

(2) Provision for inventory depreciation or contract performance cost impairment provision

Unit: RMB/CNY

Item	Opening balance	Current increased		Current decreased		Ending balance
		Accrual	Other	Switch back or charge-off	Other	
Raw materials						
Finished goods	278,533.53	99,941.65		2,411.13		376,064.05
Total	278,533.53	99,941.65		2,411.13		376,064.05

Nil

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

Nil

(4) Description of the current amortization amount of contract performance costs

Nil

10. Contractual assets

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Total	0.00	0.00		0.00	0.00	

Book value of contract assets has major changes and causes:

Unit: RMB/CNY

Item	Amount changes	Reason for change
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If the provision for bad debts of contract asset is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

Accrual of impairment provision in the period

Unit: RMB/CNY

Item	Accrued in this period	Switch-back in the period	Reversal/Charge-off in the period	Causes
Total	0.00	0.00	0.00	--

Other explanation:

Nil

11. Assets held for sale

Unit: RMB/CNY

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

Other explanation:

Nil

12. Non-current asset due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Important creditors' investment/Other creditors' investment

Unit: RMB/CNY

Creditor's rights	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date
Total	0.00	—	—	—	0.00	—	—	—

Other explanation:

Nil

13. Other current assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Tax credit and input tax to be certified	1,078,351.48	2,652,771.13
Prepaid corporate income tax		51,574.09
Non-public offering of stock issuance fees	735,849.05	
Prepaid input tax		11,080.09
Total	1,814,200.53	2,715,425.31

Other explanation:

Nil

14. Creditors' investment

Unit: RMB/CNY

Item	Ending balance	Opening balance
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	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Total	0.00	0.00		0.00	0.00	

Important creditors' investment

Unit: RMB/CNY

Creditor's rights	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date
Total	0.00	—	—	—	0.00	—	—	—

Accrual of impairment provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on January 1, 2021				0.00
January 1, 2021 balance in the current period	—	—	—	—
--Transfer to the second stage				0.00
-- Transfer to the third stage				0.00
-- Reversal to the second stage				0.00
-- Reversal to the first stage				0.00
Accrued in this period				0.00
Reversal in Current Period				0.00
Conversion in Current Period				0.00
Write off in this period				0.00
Other changes				0.00
Balance on December 31, 2021				0.00

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other explanation:

Nil

15. Other creditors' investment

Unit: RMB/CNY

Item	Opening Balance	Accrued interest	Change of fair value in the period	Ending Balance	Cost	Cumulative changes of fair value	Cumulative loss impairment recognized in other comprehensive income	Note
Total		0.00	0.00		0.00	0.00	0.00	—

Important other creditors' investment

Unit: RMB/CNY

Other creditors' investment	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date
Total	0.00	—	—	—	0.00	—	—	—

Accrual of impairment provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on January 1, 2021				0.00
January 1, 2021 balance in the current period	—	—	—	—
-- Transfer to the second stage				0.00
-- Transfer to the third stage				0.00
-- Reversal to the second stage				0.00
-- Reversal to the first stage				0.00
Accrued in this period				0.00
Reversal in Current Period				0.00

Conversion in Current Period				0.00
Write off in this period				0.00
Other changes				0.00
Balance on December 31, 2021				0.00

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other explanation:

Nil

16. Long-term account receivable

(1) Long-term account receivable

Unit: RMB/CNY

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

Impairment of bad debt provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on January 1, 2021				0.00
January 1, 2021 balance in the current period	—	—	—	—
--Transfer to the second stage				0.00
-- Transfer to the third stage				0.00
-- Reversal to the second stage				0.00
-- Reversal to the first stage				0.00
Accrued in this period				0.00

Reversal in Current Period				0.00
Conversion in Current Period				0.00
Write off in this period				0.00
Other changes				0.00
Balance on December 31, 2021				0.00

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Nil

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

Nil

(3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement

Nil

Other explanation

Nil

17. Long-term equity investments

Unit: RMB/CNY

The invested entity	Opening Balance (Book value)	Changes in the period (+, -)								Ending Balance (Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Associated enterprise											
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other explanation

Nil

18. Other equity instrument investment

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Itemized the non-tradable equity instrument investment in the period

Unit: RMB/CNY

Item	Dividend income recognized	Cumulative gains	Cumulative losses	Retained earnings transfer from other comprehensive income	Causes of those that designated measured by fair value and with its variation reckoned into other comprehensive income	Cause of retained earnings transfer from other comprehensive income
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Other explanation:

Nil

19. Other non-current financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation:

Nil

20. Investment real estate**(1) Investment real estate measured at cost**Applicable Not applicable**(2) Investment real estate measured at fair value**Applicable Not applicable**(3) Investment real estate without property rights certificate**

Unit: RMB/CNY

Item	Book value	Reasons for failing to complete the property rights certificate
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Other explanation

Nil

21. Fixed assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Fixed assets	3,439,212.00	3,792,133.36
Total	3,439,212.00	3,792,133.36

(1) Fixed assets

Unit: RMB/CNY

Item	Housing and buildings	Machinery equipment	Means of transportation	Electronic equipment and other	Total
I. Original book value:					
1. Opening balance	2,959,824.00	1,414,480.77	958,593.21	248,254.93	5,581,152.91
2. Current increased		13,618.00		5,272.56	18,890.56
(1) Purchase		13,618.00		5,272.56	18,890.56
(2) Construction in process transfer-in					
(3) The increase in business combination					
3. Current decreased					
(1) Disposal or scrap					
4. Ending balance	2,959,824.00	1,428,098.77	958,593.21	253,527.49	5,600,043.47
II. Accumulated depreciation					
1. Opening balance	599,364.36	316,423.81	690,963.97	182,267.41	1,789,019.55
2. Current increased	133,192.08	135,168.35	93,503.04	9,948.45	371,811.92
(1) Accrual	133,192.08	135,168.35	93,503.04	9,948.45	371,811.92

3.Current decreased					
(1) Disposal or scrap					
4.Ending balance	732,556.44	451,592.16	784,467.01	192,215.86	2,160,831.47
III. Impairment provision					
1.Opening balance					
2.Current increased					
(1) Accrual					
3.Current decreased					
(1) Disposal or scrap					
4.Ending balance					
IV. Book value					
1.Ending book value	2,227,267.56	976,506.61	174,126.20	61,311.63	3,439,212.00
2.Opening book value	2,360,459.64	1,098,056.96	267,629.24	65,987.52	3,792,133.36

(2) Fixed assets temporary idle

Unit: RMB/CNY

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note

(3) Fixed assets leasing-out by operational lease

Unit: RMB/CNY

Item	Ending book value

(4) Fixed assets without property rights certificate

Unit: RMB/CNY

Item	Book value	Reasons for failing to complete the property rights certificate
Six properties in Lianxin Garden	2,227,267.56	The six properties of Lianxin Garden 7-20F with original value of 2,959,824.00 Yuan. The property purchasing refers to the indemnificatory housing for enterprise talent buying from Shenzhen Housing and Construction Bureau of Luohu District. According to the agreement, the enterprise shall not carrying any kind of property trading with any units or individuals except the government, and the company has no property certification on the above mentioned properties.

Other explanation

Nil

(5) Fixed assets disposal

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation

Nil

22. Construction in progress

Unit: RMB/CNY

Item	Ending balance	Opening balance
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(1) Construction in progress

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Total	0.00	0.00		0.00	0.00	

(2) Changes in significant construction in progress

Unit: RMB/CNY

Item	Budget	Opening	increased	Fixed	Other	Ending	Proporti	Progress	Accumul	including	Interest	Source of
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		balance	in the Period	assets transfer-in in the Period	decrease d in the Period	balance	on of project investme nt in budget		ated amount of interest capitaliz ation	: interest capitaliz ed amount of the year	capitaliz ation rate of the year	funds
Total	0.00	0.00	0.00	0.00	0.00	0.00	--	--	0.00	0.00	0.00%	--

(3) Provision for impairment of construction in progress in the current period

Unit: RMB/CNY

Item	Accrual in the period	Reasons for accrual
Total	0.00	--

Other explanation

Nil

(4) Engineering materials

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Total	0.00	0.00		0.00	0.00	

Other explanation:

Nil

23. Productive biological asset**(1) Productive biological assets measured by cost**Applicable Not applicable**(2) Productive biological assets measured by fair value**Applicable Not applicable**24. Oil and gas asset**Applicable Not applicable

25. Right-of-use asset

Unit: RMB/CNY

Item	Houses and buildings	Total
I. Original book value:		
1. Opening balance	3,051,512.28	3,051,512.28
2. Current increased		
3. Current decreased		
4. Ending balance	3,051,512.28	3,051,512.28
II. Accumulated depreciation		
1. Opening balance		
2. Current increased	1,546,253.38	1,546,253.38
(1) Accrual	1,546,253.38	1,546,253.38
3. Current decreased		
(1) Disposal or scrap		
4. Ending balance	1,546,253.38	1,546,253.38
III. Impairment provision		
1. Opening balance		
2. Current increased		
(1) Accrual		
3. Current decreased		
(1) Disposal or scrap		
4. Ending balance		
IV. Book value		
1. Ending book value	1,505,258.90	1,505,258.90
2. Opening book value	3,051,512.28	3,051,512.28

Other explanation:

Nil

26. Intangible assets**(1) Intangible assets**

Unit: RMB/CNY

Item	Land use right	Patent	Non-patent technology		Total
I. Original book value					
1. Opening balance					
2. Current increased					
(1) Purchase					
(2) Internal R & D					
(3) The increase in business combination					
3. Current decreased					
(1) Disposal					
4. Ending balance					
II. Accumulated depreciation					
1. Opening balance					
2. Current increased					
(1) Accrual					
3. Current decreased					
(1) Disposal					

4.Ending balance					
III. Impairment provision					
1.Opening balance					
2.Current increased					
(1) Accrual					
3.Current decreased					
(1) Disposal					
4.Ending balance					
IV. Book value					
1.Ending book value					
2.Opening book value					

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

(2) Land use right without certificate of title completed

Unit: RMB/CNY

Item	Book value	Reasons for failing to complete the property rights certificate

Other explanation:

Nil

27. Expense on Research and Development

Unit: RMB/CNY

Item	Opening balance	Current increased			Current decreased			Ending balance
		Internal development expenditure	Other		Confirmed as intangible assets	Transfer to current profit and loss		

Total	0.00	0.00	0.00		0.00	0.00		0.00
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Other explanation

Nil

28. Goodwill

(1) Original book value of goodwill

Unit: RMB/CNY

The invested entity or items	Opening balance	Current increased		Current decreased		Ending balance
		Formed by business combination		Dispose		
Total	0.00	0.00		0.00		0.00

(2) Impairment provision of goodwill

Unit: RMB/CNY

The invested entity or items	Opening balance	Current increased		Current decreased		Ending balance
		Accrual		Dispose		
Total	0.00	0.00		0.00		0.00

Information about the asset group or asset group combination in which the goodwill is located

Nil

Explain the method of confirming the goodwill impairment test process, key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc. when estimating the present value of future cash flow), and the impairment loss of goodwill:

Nil

Impact of impairment test for goodwill

Nil

Other explanation

Nil

29. Long-term expenses to be apportioned

Unit: RMB/CNY

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

Other explanation

Nil

30. Deferred income tax assets/Deferred income tax liabilities**(1) Deferred income tax assets without offset**

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment provision of assets	64,046.67	3,041,804.74	793,170.75	3,172,682.98
Total	64,046.67	3,041,804.74	793,170.75	3,172,682.98

(2) Deferred income tax liabilities without offset

Unit: RMB/CNY

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

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

Unit: RMB/CNY

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		64,046.67		793,170.75

(4) Details of unrecognized deferred income tax assets

Unit: RMB/CNY

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

Unit: RMB/CNY

Year	Ending amount	Opening amount	Note
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Other explanation:

Nil

31. Other non-current assets

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advance payment for house	400,000.00	0.00	400,000.00	400,000.00	0.00	400,000.00
Total	400,000.00	0.00	400,000.00	400,000.00	0.00	400,000.00

Other explanation:

As of December 31, 2021, the Housing and Construction Bureau of Luohu District, Shenzhen City has not delivered houses for enterprise talents in Luohu District.

32. Short-term loans

(1) Category

Unit: RMB/CNY

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

Nil

(2) Overdue outstanding short-term loans

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

Unit: RMB/CNY

Borrower	Ending Balance	Lending rate	Overdue time	Overdue rate
Total	0.00	--	--	--

Other explanation:

Nil

33. Trading financial liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Including:		
Including:		

Other explanation:

Nil

34. Derivative financial liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation:

Nil

35. Notes payable

Unit: RMB/CNY

Category	Ending balance	Opening balance
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Notes expired at period-end without paid was 0.00 Yuan.

36. Account payable**(1) Account payable**

Unit: RMB/CNY

Item	Ending balance	Opening balance
Within one year (one year included)	7,347,161.83	8,691,337.93
1-2 years (2 years included)	48,424.51	423,346.08
2-3 years (3 years included)	410,259.07	487,016.93
3-4 years (4 years included)	487,016.93	1,240.00
4-5 years (5 years included)	1,240.00	
Over 5 years	3,204.00	3,204.00
Total	8,297,306.34	9,606,144.94

(2) Important account payable with account age over one year

Unit: RMB/CNY

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

Other explanation:

Nil

37. Account received in advance**(1) Account received in advance**

Unit: RMB/CNY

Item	Ending balance	Opening balance
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(2) Account received in advance with over one year book age

Unit: RMB/CNY

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

38. Contract liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Goods received in advance	124,328.07	569,290.34
Cooperative received in advance		9,174,311.93
Rent received in advance		5,511,111.11
Total	124,328.07	15,254,713.38

Book value has major changes in the period and causes

Unit: RMB/CNY

Item	Amount changes	Reason for change
Total	0.00	—

39. Wage payable**(1) Wage payable**

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	1,459,244.07	7,554,939.70	8,090,706.67	923,477.10
II. Post-employment benefit-Defined contribution plan		438,973.15	438,973.15	
Total	1,459,244.07	7,993,912.85	8,529,679.82	923,477.10

(2) Short-term compensation

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wages, bonus, allowances and subsidy	1,452,981.20	6,800,521.07	7,335,325.27	918,177.00
2. Employee benefits		38,925.89	38,925.89	
3. Social insurance		313,375.83	313,375.83	
Including: Medical insurance		293,934.41	293,934.41	
Work injury insurance		1,246.65	1,246.65	
Maternity insurance		18,194.77	18,194.77	
4. Housing accumulation fund		332,809.57	332,809.57	
5. Labor union expenditure and personnel education expense	6,262.87	69,307.34	70,270.11	5,300.10
Total	1,459,244.07	7,554,939.70	8,090,706.67	923,477.10

(3) Defined contribution plan

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance		430,870.22	430,870.22	
2. Unemployment insurance		8,102.93	8,102.93	
Total		438,973.15	438,973.15	

Other explanation:

At the end of the period, there were no arrears in employee compensation.

40. Taxes payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Value added tax	826,399.46	551,216.66

Corporate income tax	27,591.59	140,959.81
Individual income tax	19,002.77	23,398.74
Tax for maintaining and building cities	15,940.70	431.55
Stamp tax	11,223.31	6,043.60
Educational surtax	11,348.69	270.66
Total	911,506.52	722,321.02

Other explanation:

Nil

41. Other account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other account payable	61,407,301.04	37,882,805.52
Total	61,407,301.04	37,882,805.52

(1) Interest payable

Unit: RMB/CNY

Item	Ending balance	Opening balance

Important interest overdue without paid:

Unit: RMB/CNY

Borrower	Amount overdue	Overdue reason
Total	0.00	--

Other explanation:

Nil

(2) Dividend payable

Unit: RMB/CNY

Item	Ending balance	Opening balance

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

Nil

(3) Other account payable

1) By nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
Custodian and common benefit debts	25,501,476.16	18,728,866.44
Warranty and guarantee money	10,756,806.00	10,589,040.00
Intercourse funds	23,328,000.00	6,500,000.00
Other payable service charge (intermediary services included)	624,528.30	832,359.55
Collection and payment	648,626.35	654,997.35
Other	547,864.23	577,542.18
Total	61,407,301.04	37,882,805.52

2) Significant other payable with over one year age

Unit: RMB/CNY

Item	Ending balance	Reasons of un-paid or carry-over
Custodian and common benefit debts	25,501,476.16	
Wansheng Industrial Holdings (Shenzhen) Co., Ltd.	9,000,000.00	Performance bond
Shenzhen Renhui Woodware Products Co., Ltd.	6,828,000.00	Rental deposit
Shenzhen Guosheng Energy Investment Development Co., Ltd.	6,500,000.00	Interest-free loans
Total	47,829,476.16	--

Other explanation

Nil

42. Liability held for sale

Unit: RMB/CNY

Item	Ending balance	Opening balance

Other explanation:

Nil

43. Non-current liabilities due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease liabilities due within one year	1,456,782.04	
Total	1,456,782.04	

Other explanation:

Nil

44. Other current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
VAT received in advance	11,700.06	1,175,251.38
Total	11,700.06	1,175,251.38

Changes of short-term bond payable:

Unit: RMB/CNY

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

Other explanation:

Nil

45. Long-term loans**(1) Category**

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Explanation on category of long-term loans:

Nil

Other explanation, including interest rate section:

Nil

46. Bonds payable**(1) Bonds payable**

Unit: RMB/CNY

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

Unit: RMB/CNY

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

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

Nil

(4) Other financial instruments classify as financial liability

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

Nil

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

Unit: RMB/CNY

Outstanding financial instrument	Period-begin		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Total	0	0.00	0	0.00	0	0.00	0	0.00

Basis for financial liability classification for other financial instrument

Nil

Other explanation

Nil

47. Lease liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease Payments	215,367.24	2,907,901.38
Unrecognized financing charges	12,935.13	143,610.90
Total	228,302.37	3,051,512.28

Other explanation

Nil

48. Long-term account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
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(1) By nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation:

Nil

(2) Special payable

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes of formation
Total		0.00	0.00		--

Other explanation:

Nil

49. Long-term wages payable**(1) Long-term wages payable**

Unit: RMB/CNY

Item	Ending balance	Opening balance
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(2) Changes of defined benefit plans

Present value of the defined benefit plans:

Unit: RMB/CNY

Item	Current Period	Last Period
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Scheme assets:

Unit: RMB/CNY

Item	Current Period	Last Period
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Net liability (assets) of the defined benefit plans

Unit: RMB/CNY

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

Nil

Major actuarial assumption and sensitivity analysis:

Nil

Other explanation:

Nil

50. Accrual liability

Unit: RMB/CNY

Item	Ending balance	Opening balance	Causes of formation
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Other explanation, including relevant important assumptions and estimation:

Nil

51. Deferred income

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes of formation
Total		0.00	0.00		--

Item with government grants involved:

Unit: RMB/CNY

Liability	Opening Balance	New grants in the Period	Amount reckoned in non-operational revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending Balance	Assets-related/income related
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Other explanation:

Nil

52. Other non-current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation:

Nil

53. Share capital

Unit: RMB/CNY

	Opening balance	Changes in the period (+, -)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital	Other	Subtotal	

				reserve			
Total shares	551,347,947.00						551,347,947.00

Other explanation:

Nil

54. Other equity instrument

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

Nil

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

Unit: RMB/CNY

Outstanding financial instrument	Period-begin		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
Total	0		0	0.00	0	0.00	0	

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

Nil

Other explanation:

Nil

55. Capital public reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Other capital reserve	627,834,297.85			627,834,297.85
1. Debt restructuring income	482,580,588.23			482,580,588.23
2. Other	145,253,709.62			145,253,709.62
Total	627,834,297.85			627,834,297.85

Other explanation, including changes and reasons for changes:

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

56. Treasury stock

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
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Total		0.00	0.00	
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Other explanation, including changes and reasons for changes:

Nil

57. Other comprehensive income

Unit: RMB/CNY

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

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

Nil

58. Reasonable reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Total		0.00	0.00	

Other explanation, including changes and reasons for changes:

Nil

59. Surplus public reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	32,673,227.01			32,673,227.01

Total	32,673,227.01		32,673,227.01
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Other explanation, including changes and reasons for changes:

Nil

60. Retained profit

Unit: RMB/CNY

Item	Current period	Last Period
Retained profit at period-end before adjustment	-1,200,950,240.88	-1,204,736,075.56
Retained profit at period-begin after adjustment	-1,200,950,240.88	-1,204,736,075.56
Add: net profit attributable to shareholders of parent company for this year	-1,986,692.82	3,785,834.68
Retained profit at period-end	-1,202,936,933.70	-1,200,950,240.88

Adjustment for retained profit at period-begin:

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

61. Operation revenue and operation cost

Unit: RMB/CNY

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	160,519,280.02	151,370,945.29	108,929,796.13	100,882,228.24
Other business	4,727,297.93	1,236,041.30	8,927,684.04	2,339,395.49
Total	165,246,577.95	152,606,986.59	117,857,480.17	103,221,623.73

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

Yes No

Unit: RMB/CNY

Item	This year	Specific deductions	Last year	Specific deductions
Amount of operating income	165,246,577.95	N/A	117,857,480.17	N/A
Total amount of deduction items from operating income	51,611.42	N/A	41,142.96	N/A

Proportion of total amount of deduction items from operating income to operating income	0.03%	N/A	0.03%	N/A
i. Business income unrelated to the main business	—	—	—	—
Subtotal of business income not related to main business	0.00	N/A	0.00	N/A
ii. Income without commercial substance	—	—	—	—
Subtotal of income without commercial substance	0.00	N/A	0.00	N/A
Amount after deduction of operating income	165,194,966.53	N/A	117,816,337.21	N/A

Revenue:

Unit: RMB/CNY

Contract type	1# Division	2# Division		Total
Product type	132,915,435.90	32,331,142.05		165,246,577.95
Including:				
Jewelry Gold	132,915,435.90			132,915,435.90
Bicycle lithium battery materials and other		32,331,142.05		32,331,142.05
Classification by business area				
Including:				
Market or customer type				
Including:				
Contract type				
Including:				
Classification by time of				

goods transfer				
Including:				
Classification by contract duration				
Including:				
Classification by sales channel				
Including:				
Total	132,915,435.90	32,331,142.05		165,246,577.95

Information relating to performance obligation:

Nil

Information relating to the transaction price assigned to the remaining performance obligation:

The amount of revenue corresponding to performance obligation that have been signed but have not been fulfilled or have not been fulfilled at the end of the period was 0.00 Yuan, including 0.00 Yuan is expected to be recognized as revenue in subsequent years, 0.00 Yuan is expected to be recognized as revenue in subsequent years, 0.00 Yuan is expected to be recognized as revenue in subsequent years.

Other explanation

Nil

62. Tax and extras

Unit: RMB/CNY

Item	Current Period	Last Period
Tax for maintaining and building cities	32,894.51	34,962.95
Educational surtax	23,027.79	24,973.54
Stamp tax	58,446.51	46,243.90
Other	2,338.58	1,889.84
Total	116,707.39	108,070.23

Other explanation:

63. Sales expenses

Unit: RMB/CNY

Item	Current Period	Last Period
Employee compensation	1,543,121.27	1,078,110.71

Marketing promotion fees	705,365.87	1,193,544.17
Business entertainment	76,402.59	17,031.00
Business travel expenses	163,858.29	133,656.78
Lease fee	28,050.01	3,834.00
Design fee	572,145.63	
Depreciation and amortization	143,941.58	
Other	71,071.06	114,480.37
Total	3,303,956.30	2,540,657.03

Other explanation:

Nil

64. Administrative expenses

Unit: RMB/CNY

Item	Current Period	Last Period
Employee compensation	2,299,457.43	2,152,793.42
Intermediary service fee	1,496,322.29	1,427,424.80
Daily management expenses	836,063.07	911,300.72
Depreciation and amortization	1,522,762.50	292,089.38
Total	6,154,605.29	4,783,608.32

Other explanation:

Nil

65. R&D expenses

Unit: RMB/CNY

Item	Current Period	Last Period
Employee compensation and benefits	1,701,324.36	1,675,573.59
Direct input		368,483.15
Factory rent and utilities		178,534.58
Depreciation and amortization	251,361.22	93,256.20
Other	84,512.00	191,030.05
Total	2,037,197.58	2,506,877.57

Other explanation:

Nil

66. Financial expenses

Unit: RMB/CNY

Item	Current Period	Last Period
Interest income	-127,249.64	-89,977.25
Commission charge etc.	23,566.49	20,827.96
Other	114,323.26	87,868.03
Total	10,640.11	18,718.74

Other explanation:

Nil

67. Other income

Unit: RMB/CNY

Sources	Current Period	Last Period
Government subsidy	397,876.20	
Individual tax withholding fee	2,516.00	10,207.52

68. Investment income

Unit: RMB/CNY

Item	Current Period	Last Period
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Other explanation:

Nil

69. Net exposure hedge gains

Unit: RMB/CNY

Item	Current Period	Last Period
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Other explanation:

Nil

70. Income from change of fair value

Unit: RMB/CNY

Sources	Current Period	Last Period
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Other explanation:

Nil

71. Credit impairment loss

Unit: RMB/CNY

Item	Current Period	Last Period
Bad debt loss of other account receivable	-49,753.03	-9,707.78
Bad debt losses of accounts receivable	-2,349,227.58	-593,472.35
Total	-2,398,980.61	-603,180.13

Other explanation:

Nil

72. Losses of devaluation of asset

Unit: RMB/CNY

Item	Current Period	Last Period
II. Loss of inventory falling price and loss of contract performance cost impairment	-99,941.65	-198,181.03
Total	-99,941.65	-198,181.03

Other explanation:

Nil

73. Income from assets disposal

Unit: RMB/CNY

Sources	Current Period	Last Period
Dispose income of fixed assets		24,936.44

74. Non-operating income

Unit: RMB/CNY

Item	Current Period	Last Period	Amount reckoned in current non-recurring gains/losses
Government subsidy		100,000.00	
Other	5,680,409.27	6,442,649.75	5,680,409.27
Total	5,680,409.27	6,542,649.75	5,680,409.27

Government grants reckoned into current gains/losses:

Unit: RMB/CNY

Government grants	Issuing subject	Offering causes	Nature	Subsidy impact current	The special subsidy (Y/N)	Amount in the Period	Amount in last period	Assets-related/income-related
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				gains/losses (Y/N)				
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Other explanation:

1. Non-operation revenue last period mainly due to the rental revenue settle with the custodian, that is 5,662,149.79 Yuan and compensation of 312,266.98 Yuan;
2. Non-operation revenue in current period mainly due to the rental revenue settle with the custodian, that is 5,182,300.00 Yuan and compensation of 405,166.84 Yuan;

75. Non-operating expenses

Unit: RMB/CNY

Item	Current Period	Last Period	Amount reckoned in current non-recurring gains/losses
Litigation compensation, liquidated damages and late fees, etc.	121,651.29	498,050.00	121,651.29
Other	5,182,307.93	5,190,229.29	5,182,307.93
Total	5,303,959.22	5,688,279.29	5,303,959.22

Other explanation:

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

76. Income tax expenses

(1) Income tax expenses

Unit: RMB/CNY

Item	Current Period	Last Period
Current income tax expense	204,836.60	140,959.81
Deferred income tax expense	729,124.08	249,411.41
Total	933,960.68	390,371.22

(2) Adjustment on accounting profit and income tax expenses

Unit: RMB/CNY

Item	Current Period
Total Profit	-705,595.32
Income tax measured by statutory/applicable tax rate	-303,195.38

The impact of applying different tax rates to subsidiaries	34,686.70
Impact on cost, expenses and losses that unable to deducted	448,865.79
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	753,603.57
Income tax expenses	933,960.68

Other explanation

Nil

77. Other comprehensive income

Found more in Note 57

78. Items of cash flow statement

(1) Other cash received in relation to operation activities

Unit: RMB/CNY

Item	Current Period	Last Period
Interest, rent, utilities, etc.	3,776,439.39	10,999,135.69
Item cooperation		10,000,000.00
Deposits and guarantees received	6,282,000.00	7,388,109.00
Government subsidy and individual tax handling fee refund	400,016.00	110,207.52
Employee Current Account	44,946.88	
Other	10,463,236.95	26,834.21
Total	20,966,639.22	28,524,286.42

Explanation on other cash received in relation to operation activities:

Nil

(2) Other cash paid in relation to operation activities

Unit: RMB/CNY

Item	Current Period	Last Period
Expenses such as rent and property management maintenance fees	3,642,689.57	5,190,228.77
Deposits and security deposits paid	6,057,078.82	6,902,256.00
Sales, management and R&D expenses	3,828,026.64	1,770,529.68
Litigation compensation, liquidated damages and late fees, etc.		498,050.00

Handling expenses	23,566.49	20,827.96
Other	281,992.52	71,445.29
Total	13,833,354.04	14,453,337.70

Explanation on other cash paid in relation to operation activities:

Nil

(3) Cash received from other investment activities

Unit: RMB/CNY

Item	Current Period	Last Period
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Explanation on cash received from other investment activities:

Nil

(4) Cash paid related with investment activities

Unit: RMB/CNY

Item	Current Period	Last Period
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Explanation on cash paid related with investment activities

Nil

(5) Other cash received in relation to financing activities

Unit: RMB/CNY

Item	Current Period	Last Period
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Explanation on other cash received in relation to financing activities:

Nil

(6) Cash paid related with financing activities

Unit: RMB/CNY

Item	Current Period	Last Period
Lease Payments	2,296,062.44	
Total	2,296,062.44	

Explanation on cash paid related with financing activities:

Nil

79. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

Unit: RMB/CNY

Supplementary information	Current period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	-1,639,556.00	4,375,706.59
Add: Assets impairment provision	2,498,922.26	801,361.16
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	371,811.92	385,345.58
Depreciation of right-of-use assets	1,546,253.38	
Amortization of intangible assets		753,000.00
Amortization of long-term deferred expenses		
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain is listed with "-")		-24,936.44
Losses on scrapping of fixed assets (gain is listed with "-")		
Gain/loss of fair value changes (gain is listed with "-")		
Financial expenses (gain is listed with "-")	114,323.26	
Investment loss (gain is listed with "-")		
Decrease of deferred income tax asset ((increase is listed with "-")	729,124.08	249,411.41
Increase of deferred income tax liability (decrease is listed with "-")		
Decrease of inventory (increase is listed with "-")	-619,189.48	-1,849,176.67
Decrease of operating receivable accounts (increase is listed with "-")	7,017,642.37	-15,548,865.13
Increase of operating payable accounts (decrease is listed with "-")	5,654,601.08	14,800,382.46
Other		

Net cash flows arising from operating activities	15,673,932.87	3,942,228.96
2. Material investment and financing not involved in cash flow	--	--
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	33,246,957.92	19,887,978.05
Less: Balance of cash equivalent at year-begin	19,887,978.05	6,074,367.91
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	13,358,979.87	13,813,610.14

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

Unit: RMB/CNY

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

Other explanation:

Nil

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

Unit: RMB/CNY

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

Other explanation:

Nil

(4) Constitution of cash and cash equivalent

Unit: RMB/CNY

Item	Ending balance	Opening balance
I. Cash	33,246,957.92	19,887,978.05
Including: Cash on hand	27,587.25	21,530.26
Bank deposit available for payment at any time	33,219,370.67	19,866,447.79
III. Balance of cash and cash equivalent at period-end	33,246,957.92	19,887,978.05

Other explanation:

Nil

80. Notes of changes of owners' equity

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

Nil

81. Assets with ownership or use right restricted

Unit: RMB/CNY

Item	Ending book value	Restriction reasons
Total	0.00	--

Other explanation:

Nil

82. Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB/CNY

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary fund	--	--	
Including: USD			
EURO			
HKD			
Account receivable	--	--	

Including: USD			
EURO			
HKD			
Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

Nil

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

Applicable Not applicable

83. Hedging

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

Nil

84. Government subsidy

(1) Government subsidy

Unit: RMB/CNY

Category	Amount	Item	Amount reckoned into current gains/losses
High-tech Enterprise Subsidy	397,876.20	Other income	397,876.20

(2) Government subsidy rebate

Applicable Not applicable

Other explanation:

Nil

85. Other

Nil

VIII. Changes of consolidation range**1. Enterprise combined under different control****(1) Enterprise combined under different control in the Period**

Unit: RMB/CNY

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

Other explanation:

Nil

(2) Combination cost and goodwill

Unit: RMB/CNY

Consolidation cost	
--Cash	
--Fair value of non-cash assets	
--Fair value of debts issued or assumed	
--Fair value of equity securities issued	
-- Fair value of contingent consideration	
--Fair value of the equity prior to the purchasing date	
--Other	
Total combination cost	
Less: shares of fair value of identifiable net assets acquired	
Goodwill/merger cost is less than the shares of fair value of identifiable net assets acquired	

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

Nil

Main reasons for large goodwill resulted:

Nil

Other explanation:

Nil

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

Unit: RMB/CNY

	Fair value on purchasing date	Book value on purchasing date
Assets:		
Monetary funds		
Account receivable		
Inventory		
Fixed assets		
Intangible assets		
Liability:		
Loan		
Account payable		
Deferred tax liabilities		
Net assets		
Less: Minority interests		
Net assets acquired		

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

Nil

Contingent liability of the acquiree bear during combination:

Nil

Other explanation:

Nil

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

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

Yes No**(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are un-able to confirm rationally**

Nil

(6) Other explanation

Nil

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

Unit: RMB/CNY

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

Other explanation:

(2) Combination cost

Unit: RMB/CNY

Consolidation cost	
--Cash	
-- Book value of non-cash assets	
- Book value of debts issued or assumed	
-- The face value of the equity securities issued	
--Contingent consideration	

Explanation on contingent consideration and its changes:

Other explanation:

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

Unit: RMB/CNY

	Consolidation date	End of last period
Assets:		
Monetary funds		
Account receivable		

Inventory		
Fixed assets		
Intangible assets		
Liability:		
Loan		
Account payable		
Net assets		
Less: Minority interests		
Net assets acquired		

Contingent liability of the combined party bear during combination:

Other explanation:

3. Counter purchase

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

4. Subsidiary disposal

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

Yes No

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

Yes No

5. Other reasons for consolidation range changed

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

6. Other

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	

Shenzhen Emmelle Industry Co., Ltd.	Shenzhen	Shenzhen	Sales of bicycles and spare parts	70.00%		Investment
Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd.	Shenzhen	Shenzhen	Jewelry, diamonds, gold sales	65.00%		Investment
Shenzhen Emmelle Cloud Technology Co., Ltd.	Shenzhen	Shenzhen	Software and information technology service sales		49.00%	Investment

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

Nil

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

Subsidiary of the Company-Shenzhen Emmelle Industry Co., Ltd. (with 70% equity held by the Company) holds 70% equity of Shenzhen Emmelle Cloud Technology Co., Ltd

Controlling basis for the structuring entity included in consolidated range:

Nil

Basis on determining to be an agent or consignor:

Nil

Other explanation:

Nil

(2) Important non-wholly-owned subsidiary

Unit: RMB/CNY

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Shenzhen Emmelle Industry Co., Ltd.	30.00%	-490,393.66		1,096,312.26
Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd.	35.00%	858,925.37		13,396,980.54
Shenzhen Emmelle Cloud Technology Co., Ltd.	51.00%	-21,394.89		590,902.72

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

Nil

Other explanation:

Subsidiary of the Company-Shenzhen Emmelle Industry Co., Ltd. (with 70% equity held by the Company) holds 70% equity of Shenzhen Emmelle Cloud Technology Co., Ltd

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

Unit: RMB/CNY

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Shenzhen Emmelle Industry Co., Ltd.	11,621,948.72	1,768,222.84	13,390,171.56	9,647,199.54	67,370.86	9,714,570.40	12,402,502.99	2,418,250.69	14,820,753.68	9,510,506.99	0.00	9,510,506.99
Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd.	45,488,730.47	953,351.29	46,442,081.76	9,533,180.01	38,957.32	9,572,137.33	44,211,849.29	36,552.02	44,248,401.31	9,832,529.38	0.00	9,832,529.38
Shenzhen Emmelle Cloud Technology Co., Ltd.	1,974,472.85	0.00	1,974,472.85	4,797.11	0.00	4,797.11	2,037,694.53	0.00	2,037,694.53	26,068.02	0.00	26,068.02

Unit: RMB/CNY

Subsidiary	Current Period				Last Period			
	Operation revenue	Net profit	Total comprehensive income	Cash flow from operation activity	Operation revenue	Net profit	Total comprehensive income	Cash flow from operation activity
Shenzhen Emmelle Industry Co., Ltd.	1,860,173.32	-1,634,645.53	-1,634,645.53	10,404,054.32	3,160,952.74	-1,203,910.71	-1,203,910.71	-1,652,170.89
Shenzhen	132,915,435.	2,454,072.50	2,454,072.50	6,581,755.61	87,064,073.7	2,700,330.30	2,700,330.30	-18,103,601.1

Xinsen Jewelry Gold Supply Chain Co., Ltd.	90				4			7
Shenzhen Emmelle Cloud Technology Co., Ltd.	2,956,106.52	-41,950.77	-41,950.77	92,310.32	952,935.51	11,626.51	11,626.51	-117,837.47

Other explanation:

Nil

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

Nil

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

Nil

Other explanation:

Nil

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

(1) Owners equity shares changed in subsidiary

Nil

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

Unit: RMB/CNY

Purchase cost/disposal consideration	
--Cash	
--Fair value of non-cash assets	
Purchase cost/total disposal consideration	
Less: Subsidiary's share of net assets calculated based on the proportion of acquired/disposed equity	
Difference	

Including: Adjust the capital reserve	
Adjusted surplus reserve	
Adjusted undistributed profit	

Other explanation

Nil

3. Equity in joint venture and associated enterprise

(1) Important joint venture or associated enterprise

Joint venture or associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment
				Directly	Indirectly	

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

Nil

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

Nil

(2) Main financial information of the important joint venture

Unit: RMB/CNY

	Ending balance/Current period	Opening balance/Last period
Current assets		
including: cash and cash equivalent		
Non current assets		
Total assets		
Current liabilities		
Non current liabilities		
Total liabilities		
Minority's interest		
Shareholders' equity attributable to the parent company		
Share of net assets calculated by shareholding ratio		
Adjustment items		
-Goodwill		

--Unrealized profit of internal trading		
-- Other		
Book value of equity investment in joint venture		
Fair value of the equity investment of joint ventures with public offers concerned		
Operating income		
Financial expenses		
Income tax expenses		
Net profit		
Net profit of discontinuing operation		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint venture in the year		

Other explanation

Nil

(3) Main financial information of the important associated enterprise

Unit: RMB/CNY

	Ending balance/Current Period	Opening balance/Last Period
Current assets		
Non current assets		
Total assets		
Current liabilities		
Non current liabilities		
Total liabilities		
Minority's interest		
Equity attributable to shareholder of parent company		
Share of net assets measured by shareholding		
Adjustment		
--Goodwill		
--Unrealized profit of internal trading		

-- Other		
Book value of equity investment in associated enterprise		
Fair value of the equity investment of associated enterprise with public offers concerned		
Operating income		
Net profit		
Net profit of discontinuing operation		
Other comprehensive income		
Total comprehensive income		
Dividends received from associated enterprise in the year		

Other explanation

Nil

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

Unit: RMB/CNY

	Ending balance/Current Period	Opening balance/Last Period
Joint venture:	--	--
Total numbers measured by share-holding ratio	--	--
Associated enterprise:	--	--
Total numbers measured by share-holding ratio	--	--

Other explanation

Nil

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

Nil

(6) Excess losses from joint venture or associated enterprise

Unit: RMB/CNY

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

Other explanation

Nil

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

Nil

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

Nil

4. Co-runs operation

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

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

Nil

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

Nil

Other explanation

Nil

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

Relevant explanation

Nil

6. Other

Nil

X. Risk related with financial instrument

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

1. Risk management targets and policies

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

major risks arising from the Company's financial instruments are credit risk and liquidity risk.

(1) Credit risk

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

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

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

(2) Liquidity risk

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

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

2. Capital management

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

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

The Company monitors capital structure based on gearing ratio (total liabilities divided by total assets). As at 31 December 2021, the gearing ratio of the Company was 75.35%.

XI. Disclosure of fair value

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

Unit: RMB/CNY

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
II. Non-sustaining measured by fair value	--	--	--	--

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

Nil

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

Nil

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

Nil

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

Nil

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

Nil

7. Changes of valuation technique in the Period

Nil

8. Financial assets and liability not measured by fair value

Nil

9. Other

Nil

XII. Related party and related transactions

1. Parent company of the enterprise

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

Explanation on parent company of the enterprise

The Company has no parent company so far

Ultimate controller of the Company: nil

Other explanation:

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

2. Subsidiary of the Enterprise

Found more in Note IX-1

3. Associated enterprise and joint venture

Found more in Note IX-3

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

Joint venture or associated enterprise	Relationship with the Company
--	-------------------------------

Other explanation

Nil

4. Other related party

Other related party	Relationship with the Company
Shenzhen Huahui Tongda Industrial Co., Ltd.	Supervisor of the Company Li Jialin is the legal person of the enterprise
Shenzhen Zuanjinsen Jewelry Co., Ltd.	Subsidiary Xinsen Jewelry Shareholder
Shenzhen Guosheng Energy Investment Development Co., Ltd.	The first majority shareholder

Other explanation

11.52 percent shares of the Company are held by Shenzhen Guosheng Energy Investment Development Co., Ltd.

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

Unit: RMB/CNY

Related party	Transaction content	Current Period	Approved transaction amount	Whether more than the transaction amount	Last Period
---------------	---------------------	----------------	-----------------------------	--	-------------

Goods sold/labor service providing

Unit: RMB/CNY

Related party	Transaction content	Current Period	Last Period
---------------	---------------------	----------------	-------------

Explanation on goods purchasing, labor service providing and receiving

Nil

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

Trusteeship/contract

Unit: RMB/CNY

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

Explanation on related trusteeship/contract

Nil

Delegated administration/outsourcing

Unit: RMB/CNY

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

Explanation on related administration/outsourcing

Nil

(3) Related lease

As a lessor for the Company:

Unit: RMB/CNY

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

As a lessee for the Company:

Unit: RMB/CNY

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

Explanation on related lease

Nil

(4) Related guarantee

As a guarantor for the Company

Unit: RMB/CNY

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

As a secured party for the Company

Unit: RMB/CNY

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

Explanation on related guarantee

Nil

(5) Borrowed funds of related party

Unit: RMB/CNY

Related party	Borrowed funds	Starting date	Due date	Note
Borrowing				
Lending				

(6) Assets transfer and debt restructuring of related party

Unit: RMB/CNY

Related party	Transaction content	Current Period	Last Period
---------------	---------------------	----------------	-------------

(7) Remuneration of key manager

Unit: RMB/CNY

Item	Current Period	Last Period
Remuneration of key manager	1,457,847.63	1,600,350.50

(8) Other related transactions

Nil

6. Receivable/payable items of related parties

(1) Receivable item

Unit: RMB/CNY

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

(2) Payable item

Unit: RMB/CNY

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

7. Commitments of related party

Nil

8. Other

Nil

XIII. Share-based payment**1. General share-based payment**Applicable Not applicable**2. Share-based payment settled by equity**Applicable Not applicable**3. Share-based payment settled by cash**Applicable Not applicable**4. Revised and termination on share-based payment**

Nil

5. Other

Nil

XIV. Commitment or contingency**1. Important commitments**

Important commitments in balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

Nil

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

The Company has no important contingency that need to disclosed

3. Other

Nil

XV. Events after balance sheet date

1. Important non-adjustment items

Unit: RMB/CNY

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

2. Profit distribution

Unit: RMB/CNY

3. Sales return

4. Other events after balance sheet date

On August 4, 2020, CBC entered into the Cooperation Contract of Zhonghua Garden Phase II Urban Renewal and Reconstruction Project (hereinafter referred to as Cooperation Contract) with Shenzhen Jianzhi Industrial Development Co., Ltd (hereinafter referred to as Jianzhi Company), in order to working together to promote the urban renewal of Zhonghua Garden Phase II and solve the historical legacy of licensing issues. And on the date of contract, CBC received a contract payment of 10 million yuan from Jianzhi Company. On September 24, 2021, in view of the fact that during the project development process, the Standing Committee of Shenzhen People's Congress issued and implemented the Regulations on Urban Renewal of Shenzhen Special Economic Zone on March 1, 2021, as a result, the residents' willingness to renew which the project should obtain before applying for the plan to demolish and rebuild urban renewal units increased from 90% to 95%, and the company's basis for fulfilling the Cooperation Contract had major changes. In order to better solve the problem of handling the property right certificates left by the residents of Zhonghua Garden Phase II, after deliberation at the first extraordinary meeting of shareholders general meeting for year of 2021, CBC decided to terminate the performance of the Cooperation Contract and no longer be a partner of the project.

On February 23, 2022, Jianzhi Company sued CBC for unilaterally terminating the Contract through a shareholders' general meeting, demanding the CBC to refund the 10 million yuan paid and the corresponding interest of 859,000 yuan, and demanding the CBC to compensate 20 million yuan, the Jianzhi Company has applied for property preservation, the 880000 yuan bank deposits of CBC was

frozen. As of April 18, 2022, the case has not yet been heard.

According to the Analysis of Jianzhi Company sued CBC issued by Guangdong Asia Laws Firm on March 28, 2022, the evidence submitted by Jianzhi Company could not support its litigation request, and the CBC had completed the conditions of the return revenue as agreed in the Cooperation Contract, termination of the Contract was in accordance with the legal provision. The CBC believes that they has completed part of the works agreed in Cooperation Contract, and should get 6 million yuan as agreed in the Contract, so CBC filed a counterclaim against Jianzhi Company, demanding to pay 6 million yuan for the return income of the project, and the lawyer believes that the claim has a factual and legal basis.

In summary CBC believes that the above mentioned does not have a material impact on the financial statement for year of 2021, and no provision for the accrual liability, however, there is uncertainty about the payment of cooperation deposit in the future, so the cooperation deposit received in advance of 10 million yuan will show as other account payable.

XVI. Other important events

1. Previous accounting errors collection

(1) Retrospective restatement

Unit: RMB/CNY

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

(2) Prospective application

Correction content	Approval procedures	Reasons for prospective application adopted

2. Debt restructuring

Nil

3. Assets replacement

(1) Non-monetary assets change

Nil

(2) Other assets replacement

Nil

4. Pension plan

Nil

5. Discontinued operations

Unit: RMB/CNY

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

Other explanation

Nil

6. Segment**(1) Recognition basis and accounting policy for reportable segment**

Nil

(2) Financial information for reportable segment

Unit: RMB/CNY

Item		Offset between segments	Total

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

Nil

(4) Other explanation

Nil

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

Nil

8. Other

Nil

XVII. Principle notes of financial statements of parent company**1. Account receivable****(1) By category**

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual by single basis	21,655,872.02	77.75%	4,990,682.02	23.05%	16,665,190.00	7,503,671.53	28.23%	2,251,101.47	30.00%	5,252,570.06
Including:										
Accounts receivable with a significant single amount but a separate provision for bad debts	18,925,666.88	67.95%	3,785,133.38	20.00%	15,140,533.50					
Accounts with single minor amount but with bad debts provision accrued individually	2,730,205.14	9.80%	1,205,548.64	44.16%	1,524,656.50	7,503,671.53	28.23%	2,251,101.47	30.00%	5,252,570.06
Account receivable with bad debt provision accrual by portfolio	6,195,911.60	22.25%	18,587.74	0.30%	6,177,323.86	19,079,604.72	71.77%	57,238.82	0.30%	19,022,365.90
Including:										
Account receivable withdrawal bad debt provision by group of credit risk characteristics (Aging analysis method)	6,195,911.60	22.25%	18,587.74	0.30%	6,177,323.86	19,079,604.72	71.77%	57,238.82	0.30%	19,022,365.90
Total	27,851,783.62	100.00%	5,009,269.76	17.99%	22,842,513.86	26,583,276.25	100.00%	2,308,340.29	8.68%	24,274,935.96

Bad debt provision accrual on single basis: Accounts with single significant amount but with bad debts provision accrued

individually

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Guangshui Jiayu Energy Technology Co., Ltd.	18,925,666.88	3,785,133.38	20.00%	The payment is overdue and there is an impairment risk
Total	18,925,666.88	3,785,133.38	--	--

Bad debt provision accrual on single basis: Accounts with single minor amount but with bad debts provision accrued individually

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Suzhou Jiaxin Economic Trade Co., Ltd.	888,757.00	444,378.50	50.00%	Expected to be difficult to recover
Dongguan Daxiang New Energy Co., Ltd.	741,734.00	222,520.20	30.00%	Expected to be difficult to recover
Suzhou Daming Vehicle Industry Co., Ltd.	634,738.00	317,369.00	50.00%	Expected to be difficult to recover
Guangdong Xinlingjia New Energy Co., Ltd.	348,136.00	104,440.80	30.00%	Expected to be difficult to recover
Tianjin Huihui Electric Vehicle Co., Ltd.	116,840.14	116,840.14	100.00%	Expected to be difficult to recover
Total	2,730,205.14	1,205,548.64	--	--

Bad debt provision accrual on single basis:

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio: Account receivable withdrawal bad debt provision by aging analysis method

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Within one year (one year included)	5,147,965.60	15,443.90	0.30%
1-2 years (2 years included)	1,038,231.00	3,114.69	0.30%
2-3 years (3 years included)	9,715.00	29.15	0.30%
Total	6,195,911.60	18,587.74	--

Explanation on portfolio basis:

The account receivable of CBC with a single significant amount are those with a single amount of 5 million yuan more.

Bad debt provision accrual on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (one year included)	24,190,472.62
Within one year (one year included)	24,190,472.62
1-2 years	2,238,918.00
2-3 years	1,422,393.00
Over 3 years	0.00
3-4 years	0.00
4-5 years	0.00
Over 5 years	0.00
Total	27,851,783.62

(2) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

Unit: RMB/CNY

Category	Opening balance	Current changes				Ending balance
		Accrual	Collected or reversal	Write off	Other	
Bad debt provision for accounts receivable	2,308,340.29	4,250,422.74	1,549,493.27			5,009,269.76
Total	2,308,340.29	4,250,422.74	1,549,493.27	0.00	0.00	5,009,269.76

Including important amount of bad debt provision collected or reversal in the period:

Unit: RMB/CNY

Enterprise	Amount collected or reversal	Collection way
Total	0.00	--

Nil

(3) Account receivables actually charge-off during the reporting period

Unit: RMB/CNY

Item	Amount charge-off
------	-------------------

Including major account receivables charge-off:

Unit: RMB/CNY

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Explanation on account receivable charge-off:

Nil

(4) Top five account receivables collected by arrears party at ending balance

Unit: RMB/CNY

Name	Ending balance of accounts receivable	Proportion of total closing balance of accounts receivable	Ending balance of bad bet provision
Guangshui Jiayu Energy Technology Co., Ltd.	18,925,666.88	67.95%	3,785,133.38
Guangshui Dongzhi New Energy Material Technology Co., Ltd.	2,660,776.60	9.55%	7,982.33
Hubei Teston Electronic Technology Co., Ltd.	1,138,000.00	4.09%	3,414.00
Licheng District Runhan Electric Vehicle Operation Department	1,115,930.00	4.01%	3,347.79
Jinan Yuxintai Sales Co., Ltd.	1,025,755.00	3.68%	3,077.27
Total	24,866,128.48	89.28%	--

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

Nil

Other explanation:

Nil

(6) Account receivable derecognition due to transfer of financial assets

Nil

2. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other account receivable	70,451.01	115,263.05
Total	70,451.01	115,263.05

(1) Interest receivable**1) Category**

Unit: RMB/CNY

Item	Ending balance	Opening balance

2) Important overdue interest

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

Other explanation:

Nil

3) Accrual of bad debt provisionApplicable Not applicable**(2) Dividend receivable****1) Category**

Unit: RMB/CNY

Item (or invested company)	Ending balance	Opening balance

2) Important dividend receivable with over one year aged

Unit: RMB/CNY

Item (or invested company)	Ending balance	Account age	Causes of failure for collection	Impairment (Y/N) and judgment basis

Total	0.00	--	--	--
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3) Accrual of bad debt provision

Applicable Not applicable

Other explanation:

Nil

(3) Other account receivable

1) By nature

Unit: RMB/CNY

Account nature	Ending book balance	Opening book balance
Deposit or margin	70,963.00	105,713.00
Payment for equipment	11,400.00	11,400.00
Reserve	200.00	10,396.88
Total	82,563.00	127,509.88

2) Accrual of bad debt provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on January 1, 2021	12,246.83			12,246.83
January 1, 2021 balance in the current period	—	—	—	—
Reversal in Current Period	134.84			134.84
Balance on December 31, 2021	12,111.99			12,111.99

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
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Within one year (one year included)	0.00
1-2 years	70,663.00
Over 3 years	11,900.00
3-4 years	200.00
4-5 years	11,700.00
Total	82,563.00

3) Bad debt provision accrual, collected or reversal in the period

Accrual of bad debt provision in the period:

Unit: RMB/CNY

Category	Opening balance	Current changes				Ending balance
		Accrual	Collected or reversal	Write off	Other	
Bad debt provision for other receivables	12,246.83		134.84			12,111.99
Total	12,246.83	0.00	134.84	0.00	0.00	12,111.99

Nil

Important amount of bad debt provision switch-back or collection in the period:

Unit: RMB/CNY

Enterprise	Amount switch-back or collection	Collection way
Total	0.00	--

Nil

4) Other account receivables actually charge-off during the reporting period

Unit: RMB/CNY

Item	Amount charge-off
------	-------------------

Including major other account receivables charge-off:

Unit: RMB/CNY

Enterprise	Nature	Amount charge-off	Causes of charge-off	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
Total	--	0.00	--	--	--

Other Explanation on account receivable charge-off

Nil

5) Top 5 other account receivable collected by arrears party at ending balance

Unit: RMB/CNY

Enterprise	Nature	Ending Balance	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
Shenye Pengji (Group) Co., Ltd.	Deposit or margin	60,222.00	1-2 years	72.94%	180.67
Shenzhen Hongkang Instrument Technology Co., Ltd.	Payment for equipment	11,400.00	Over 5 years	13.81%	11,400.00
Shenzhen Pengji Property Management Service Co., Ltd.	Deposit or margin	10,441.00	1-2 years	12.65%	31.32
Shenzhen Color Life Property Management Co., Ltd. Lianxin Home Branch	Deposit or margin	300.00	Over 5 years	0.36%	300.00
Nongfu Spring Deposit	Deposit or margin	200.00	4-5 years	0.24%	200.00
Total	--	82,563.00	--	100.00%	12,111.99

6) Account receivable with government grants involved

Unit: RMB/CNY

Enterprise	Government grants	Ending Balance	Ending account age	Time, amount and basis of amount collection estimated
Nil				

7) Other account receivable derecognition due to financial assets transfer

Nil

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

Nil

Other explanation:

Nil

3. Long-term equity investment

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	21,350,000.00	1,389,620.27	19,960,379.73	21,350,000.00	1,389,620.27	19,960,379.73
Total	21,350,000.00	1,389,620.27	19,960,379.73	21,350,000.00	1,389,620.27	19,960,379.73

(1) Investment for subsidiary

Unit: RMB/CNY

The invested entity	Opening Balance (Book value)	Changes in the period (+, -)				Ending Balance (Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Accrual of impairment provision	Other		
Shenzhen Emmelle Industry Co., Ltd.	10,379.73					10,379.73	1,389,620.27
Shenzhen Xinsen Jewelry Gold Supply Chain Co., Ltd.	19,950,000.00					19,950,000.00	
Total	19,960,379.73	0.00	0.00	0.00	0.00	19,960,379.73	1,389,620.27

(2) Investment for associates and joint venture

Unit: RMB/CNY

Funded enterprise	Opening Balance (Book value)	Changes in the period (+, -)								Ending Balance (Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Associated enterprise											

Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		

(3) Other explanation

Nil

4. Operation revenue and operation cost

Unit: RMB/CNY

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	23,505,830.29	23,100,454.32	20,057,964.04	19,427,326.43
Other business	4,693,393.21	1,232,802.37	8,821,133.12	2,273,363.81
Total	28,199,223.50	24,333,256.69	28,879,097.16	21,700,690.24

Revenue:

Unit: RMB/CNY

Contract type	1# Division	2# Division		Total
Product type	28,199,223.50			28,199,223.50
Including:				
Bicycle lithium battery materials and other	28,199,223.50			28,199,223.50
Classification by business area				
Including:				
Market or customer type				
Including:				
Contract type				
Including:				
Classification by time of goods transfer				
Including:				
Classification by contract				

duration				
Including:				
Classification by sales channel				
Including:				
Total	28,199,223.50			28,199,223.50

Information relating to performance obligation:

Nil

Information relating to the transaction price assigned to the remaining performance obligation:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 0.00 yuan, among them, yuan of revenue is expected to be recognized in YEAR, yuan of revenue is expected to be recognized in YEAR, and yuan of revenue is expected to be recognized in YEAR.

Other explanation:

Nil

5. Investment income

Unit: RMB/CNY

Item	Current Period	Last Period
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6. Other

Nil

XVIII. Supplementary Information

1. Current non-recurring gains/losses

Applicable Not applicable

Unit: RMB/CNY

Item	Amount	Note
Governmental subsidy reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	397,876.20	

Switch-back of provision of impairment of account receivable and contract assets which are treated with separate depreciation test	1,881,334.27	
Other non-operating income and expenditure except for the aforementioned items	376,450.05	
Less: Impact on income tax	18.42	
Impact on minority shareholders' equity	93,462.09	
Total	2,562,180.01	--

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

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

Applicable Not applicable

2. ROE and EPS

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits belong to common stock stockholders of the Company	-20.04%	-0.0036	-0.0036
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-42.37%	-0.0076	-0.0076

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Nil

4. Other

**Board of Directors of
Shenzhen China Bicycle Company (Holdings) Limited
22 April 2022**