Beida New Energy Limited

ABN 67 618 066 970

ANNUAL REPORT

31 December 2018

Corporate directory

Current Directors

Mr Hong Zeng	*Executive Director and Chief Executive Officer*
Mr Haohui Zhang	*Executive Director*
Ms Ying (Diancy) Chen	*Executive Director*
Ms Wenqi (Vivian) Fan	*Non-executive Director*
Ms Jueming Sang	*Non-executive Director*

Company Secretary

Ms Jueming Sang

Registered Office

Street:	283 Rokeby Road
	SUBIACO WA 6008
Postal:	PO Box 52
	WEST PERTH WA 6872
Telephone:	+61 (0)8 6141 3500
Facsimile:	+61 (0)8 6141 3599
Website:	www.beidasolar.cn

Share Registry

Boardroom Pty Ltd
Level 12, 225 George Street
SYDNEY NSW 2000

Telephone:	1300 850 505 (investors within Australia)
Telephone:	+61 2 9290 9600 (International)
Website:	www.boardroomlimited.com.au

Securities Exchange

National Stock Exchange of Australia
Level 41 Bligh Street
Sydney NSW 2000, Australia

Telephone:	+61 2 8378 6400
Website:	www.nsx.com.au
NSX Code	BDE

Auditors

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
SUBIACO WA 6008

Telephone:	+61(0)8 9426 0666
Facsimile:	+61(0)8 9481 1947

Nominated Adviser and Australia Legal Adviser

Baker McKenzie
Level 27, 50 Bridge Street
Sydney, New South Wales 2000

Contents

Directors' report

Your directors present their report on the consolidated entity, consisting of Beida New Energy Limited (**Beida** or **the Company**) and its controlled entities (collectively **the Group**), for the financial year ended 31 December 2018.

Beida is listed on the National Stock Exchange of Australia.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- Mr Hong Zeng — Executive Director and Chief Executive Officer
- Mr Haohui Zhang — Executive Director
- Ms Ying (Diancy) Chen — Executive Director
- Ms Wenqi (Vivian) Fan — Non-executive Director
- Ms Jueming Sang — Non-executive Director (*Appointed 12 March 2018)*
- Ms Chao (Ashley) Liu — Non-executive Director (*Resigned 12 March 2018)*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 7 Information relating to the directors of this Directors Report.

2. Company secretary

The following people held the position of Company Secretary at the end of the financial year:

- Ms Jueming Sang — Please refer to paragraph 7 Information relating to the directors of this Directors Report for information regarding qualifications and experience

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 31 December 2018 (2017: nil).

4. Significant Changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the year ended 31 December 2018.

5. Operating and financial review

5.1. Nature of Operations Principal Activities

The main operating entity of the Group, is engaged in the business of the research, development, production and sales of monocrystalline and polycrystalline silicon photovoltaic (***PV***) and solar energy modules.

5.2. Operations Review

a. Main Business

Based on the R&D and production of high-performance solar photovoltaic modules, the Group is committed to global energy development, investment and photovoltaic energy supply. The main business covers the R&D, production and sale of solar photovoltaic modules.

b. Business Model

The Group specializes in the R&D, production and sale of solar photovoltaic modules, constantly improves the level of lean production and works hard on technology, cost, management, striving for good quality, cost reduction and brand building. In 2017, the Group’s module products earned the CQC certification and CQC photovoltaic “Pacemaker” certification. In the meantime, the Group seizes the policy opportunity in China brought by the 13th 5-Year Plan, joining hands with the photovoltaic power station EPC Group, to provide them with high-quality photovoltaic modules for the development and construction of high-quality photovoltaic power stations.

Directors' report

c. Industry situation

As a renewable and clean energy source, photovoltaic power is receiving policy support in many countries. The market is developing rapidly under different government subsidy policies. Benefiting from industry development and technology progress, the cost of photovoltaic power is declining year by year. It has become an economical and feasible way of power generation accepted by more and more countries and regions. At present, the application of photovoltaic power can be seen in most countries and regions in the world; photovoltaic power, especially distributed photovoltaic power, is characterized by the controllable scale, flexible installation and short construction period. It has advantages that traditional power (such as thermal power) doesn't have. In the past development of photovoltaic power, influenced by the macro economy and policy fluctuations, the photovoltaic market had slight fluctuations, but the installed capacity still showed a trend of rapid development.

Grid-connected distributed photovoltaic power is a key strategic emerging industry encouraged by the government and one of the major energy projects in Zhejiang during the 13th 5-year plan period. Distributed photovoltaic power stations are energy-saving and environment-friendly products. With no radiation and no harm to the human body, they look nice and have good thermal insulation, warm in winter and cool in summer. The Opinions About the Implementation of One-Million-Household Rooftop Photovoltaic Project (ZHE ZHENG BAN FA [2016] No. 109) issued by the General Office of the People's Government of Zhejiang makes it clear that during 2016-2020 Zhejiang will finish rooftop photovoltaic installation in more than 1 million households, with a total installed capacity of 3 million KW. According to the document, each local government has a clear quota. Ningbo's task is 90,000 households.

5.3. Financial Review

a. Operating results

The Company has delivered RMB 15,138,678 revenue with 60% decrease by that of last year. The Group has generated RMB (5,126,207) net loss after tax result for FY2018. The gross profit margin is recorded at 19% while net loss after tax margin is 34%. The basic earnings per share is (0.05) cents. The calculation of basic earnings per share has been based on the loss attributable to owners of the Company of RMB(5,126,207) and 100,000,000 of ordinary shares during the year.

b. Financial position

The net assets of the Group have decreased from 31 December 2017 by RMB4,402,725 to RMB18,139,899 at 31 December 2018 (2017: RMB22,542,624).

As at 31 December 2018, the Group's cash and cash equivalents decreased from 31 December 2017 by RMB326,741 to RMB212,159 at 31 December 2018 (2017: RMB538,900) and had working capital of RMB3,369,925 (2017: RMB12,586,050 working capital), as noted in Note 21.1.3 Statement of significant accounting policies: Going Concern on page 45.

5.4. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 14 Events subsequent to reporting date on page 40.

5.5. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

5.6. Environmental Regulations (to be provided by directors)

The Group's operations are not subject to any other significant environmental regulations in the jurisdictions it operates in, namely China and Australia.

Directors' report

6. Risk Management

The Board has not yet formed an audit and risk committee (ARC) as it considers that this is not currently required given the size of the Company and the relatively small management and employee team. The Board will continually review the need for a ARC and, if the need arises in the future, will ensure that it is in compliance with the CG Recommendations

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board. The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the CEO at subsequent Board meetings. Budgets are prepared and compared against actual results. The potential exposures with running the Company will be managed by the appointment of senior staff that have significant broad-ranging industry experience, work together as a team and regularly share information on current information.

The Board has not yet formed an internal audit function as it considers that this is not currently required given the size of the Company and the relatively small management and employee team. The Board will continually review the need for a ARC and, if the need arises in the future, will ensure that it is in compliance with the CG Recommendations.

7. Information relating to the directors

☐ **Mr Hong Zeng**	■ Executive Director and Chief Executive Officer
Qualifications	■ Executive Master of Business Admin (China Europe International Business School)
Experience	■ Mr Zeng is the founder for Ningbo Beida Hose Manufacturing Co., Ltd., Ningbo Beida Investment Co., Ltd and Ningbo Beida New Energy Science & Technology Co., Ltd. The businesses engage in the production of high pressure pipes, property development and PV and solar modules. Currently, he is the Chairman and General Manager of Ningbo Beida New Energy Technology Co., Ltd.
Interest in Shares and Options	■ 70,000,000 Ordinary Shares
Directorships held in other listed entities	■ None
☐ **Mr Haohui Zhang**	■ Executive Director
Qualifications	■ Advanced Diploma of Business Administration (Wuxi Institute of Technology, China)
Experience	■ Mr Zhang was the Manager of Ningbo Yong Xiang Copper Pipeline Co., Ltd. (Shenzhen Office) from 2002 to 2006 and the Deputy General Manager of Zhejiang Huasheng Electric Power Equipment Co., Ltd. from 2007 to 2009. He is currently the Deputy General Manager of Ningbo Qifeng Trading Co., Ltd. in Ningbo.
Interest in Shares and Options	■ None
Directorships held in other listed entities	■ None
☐ **Ms Ying (Diancy) Chen**	■ Executive Director
Qualifications	■ Master of Professional Accountancy (University College London); Bachelor of Business Administration and Automatic Control (Shanghai Jiao Tong University); Member of HKICPA and CICPA; Fellow of FCCA.
Experience	■ Before joining Ningbo Beida New Energy Science & Technology Co., Ltd., Ms. Chen worked as an Executive Director for Cropland Consulting Co., Ltd., a consulting firm based in Shanghai engaged in the business of providing professional services in the areas of finance management, business excellence, and information system management; Chief Financial Officer of the East Asia Region of Getinge Group, which is a Swedish listed corporation and a leading global medical technology provider. In addition, Ms. Chen had worked for six years at Ernst & Young, Shanghai, in the Assurance & Advisory Business Services team. Ms. Chen graduated from the University College London with a Master of Professional Accountancy degree and a Bachelor's degree from Shanghai Jiao Tong University, majoring in Business Administration & Automatic Control. Ms. Chen is a fully qualified member of Hong Kong Institute of Certified Public Accountants (HKICPA) and Chinese Institute of Certified Public Accountants (CICPA). She is also a Fellow of Associated Chartered Certified Accountant (FCCA).

Directors' report

Interest in Shares and Options	None
Directorships held in other listed entities	None
Ms Wenqi (Vivian) Fan	Non-executive Director
Qualifications	Master of Business Law (University of Sydney); Bachelor of Commerce (University of Sydney); Member of CPA, Australia
Experience	Ms. Fan graduated from the University of Sydney with a Master of Business Law degree and a Bachelor of Commerce degree, majoring in accounting and finance. She is a fully qualified member of Certified Practising Accountants (***CPA***) Australia. Ms. Fan has worked as a Business Analyst at the University of Sydney. During that time, she was also the project coordinator for an entrepreneurship innovation program organised by the university and a social enterprise in Myanmar. Prior to that, she was a research assistant in Cornell University in the United States.
Interest in Shares and Options	None
Directorships held in other listed entities	None
Ms Jueming Sang	Non-executive Director and Company Secretary *(Appointed 12 March 2018)*
Qualifications	Major of Professional Accounting (Macquarie University); Member of CPA, Australia
Experience	Ms. Sang has several management experience roles from various industries including banking, export and import. She was executive director in Hoyden Trading Pty Ltd. Prior to this position she worked at Postal bank of China for approximately 6 years.
Interest in Shares and Options	None
Directorships held in other listed entities	None
Ms Chao (Ashley) Liu	Non-executive Director and Company Secretary *(Resigned 12 March 2018)*
Qualifications	Master of Commerce, majoring in accounting (University of Sydney); Master of Logistics Management (University of Sydney); Associate Member of CPA, Australia
Experience	Ashley was North Asian Regional Senior Finance Manager and Finance Partner at Reckitt Benckiser (China) Holding Co. Ltd. (RB China). Prior to this position, she was Commercial Finance Manager at RB China. Before coming to RB China, she was the Financial Planning & Analysis Manager at Lenovo Group Ltd. From 2007 to 2011, Ashley worked at AT&T Global Network Service Australia as a Financial Analyst, responsible for the Asian Pacific business group. She also worked in Tecnoprint Australia for three years, from 2005 to 2007. Ashley earned her Master of Commerce, majoring in accounting, and Master of Logistics Management from the University of Sydney, Australia. She has been Associate member of CPA Australia since 2015.
Interest in Shares and Options	None
Directorships held in other listed entities	None

Directors' report

8. Meetings of directors and committees

During the financial year one meetings of Directors (including committees of Directors) was held. Attendances by each Director during the year are stated in the following table.

<table>
<tr><th></th><th colspan="2">DIRECTORS' MEETINGS</th><th colspan="2">REMUNERATION AND NOMINATION COMMITTEE</th><th colspan="2">FINANCE AND OPERATIONS COMMITTEE</th><th colspan="2">AUDIT COMMITTEE</th></tr>
<tr><th></th><th>Number eligible to attend</th><th>Number Attended</th><th>Number eligible to attend</th><th>Number Attended</th><th>Number eligible to attend</th><th>Number Attended</th><th>Number eligible to attend</th><th>Number Attended</th></tr>
<tr><td>Hong Zeng</td><td>2</td><td>2</td><td colspan="6" rowspan="6">At the date of this report, the Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.</td></tr>
<tr><td>Haohui Zhang</td><td>2</td><td>2</td></tr>
<tr><td>Ying (Diancy) Chen</td><td>2</td><td>2</td></tr>
<tr><td>Wenqi (Vivian) Fan</td><td>2</td><td>2</td></tr>
<tr><td>Chao (Ashley) Liu</td><td>1</td><td>1</td></tr>
<tr><td>Jueming Sang</td><td>1</td><td>1</td></tr>
</table>

9. Indemnifying officers or auditor

9.1. Indemnification

Beida New Energy Limited has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

9.2. Insurance premiums

During the financial year Beida New Energy Limited has not entered into a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001.

10. Options

10.1. Unissued shares under option

The Company has no shares under option.

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

10.2. Shares issued on exercise of options

No shares were issued in respect to the exercise of options.

11. Non-audit services

During the year, Hall Chadwick Audit (WA) Pty Ltd, the Company's auditor, did not perform any services other than their statutory audits (2017: RMB nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 17 Auditor's Remuneration on page 42.

In the event that non-audit services are provided by Hall Chadwick Audit (WA) Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Directors' report

12. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

13. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 31 December 2018 has been received and can be found on page 11 of the annual report.

14. Remuneration report (audited)

The information in this remuneration report has been audited as required by s308(3C) of the Corporations Act 2001.

a. Key management personnel (**KMP)**

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Company and key executive personnel:

- Mr Hong Zeng — Executive Director and Chief Executive Officer
- Mr Haohui Zhang — Executive Director
- Ms Ying (Diancy) Chen — Executive Director
- Ms Wenqi (Vivian) Fan — Non-executive Director
- Ms Chao (Ashley) Liu — Non-executive Director *(Resigned 12 March 2018)*
- Ms Jueming Sang — Non-executive Director *(Appointed 12 March 2018)*
- Haiya Dai — Deputy General Manager of Ningbo Beida New Energy Science & Technology Co., Ltd.
- Xuanfen Huang — Chief Financial Officer of Ningbo Beida New Energy Science & Technology Co., Ltd.

14.1. Principles used to determine the nature and amount of remuneration

a. Remuneration philosophy

The performance of the company depends upon the quality of its directors and executives. The remuneration philosophy for directors and senior management is designed to attract, motivate and retain highly skilled directors and executives to further promote superior performance and long term commitment to the Group.

The main principles are:

- Provide competitive rewards to attract highly skilled directors and executives
- Executive rewards should be linked to shareholder value
- Individual reward should be based on the performance evaluation criteria

b. Remuneration committee

Currently the responsibilities of the Remuneration Committee are undertaken by the full Board.

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

c. Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

d. Service Contracts and details of remuneration

On appointment to the board, all directors enter into service agreement with the Group in the form of a letter of appointment. The letter of appointment summarises the board policies and terms, including remuneration, vacation of office, service and responsibilities. Other terms of employment for directors is also formalised in service agreements.

Directors' report

14. Remuneration report (audited)

e. Service Contracts and details of remuneration

Remuneration for the directors consists of annual fixed cash remuneration. There are no incentive plans in operation for directors and the incentive plan will be considered by the board in the 2019 financial year.

Remuneration and other terms of employment for the directors and KMP are formalised in contracts of employment.

f. Remuneration policy and link to performance

Remuneration for the directors consists of annual fixed cash remuneration. There are no incentive plans in operation for directors and the incentive plan will be considered by the board in the 2019 financial year.

There is no link between the remuneration paid to the directors and the performance of the group.

14.2. Directors and KMP remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

2018 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other		Equity	Options	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Hong Zeng	240,000	-	-	-	-	-	-	-	-	240,000
Haohui Zhang	144,000	7,031	-	-	-	-	-	-	-	151,031
Ying (Diancy) Chen	180,000	-	-	-	-	-	-	-	-	180,000
Wenqi (Vivian) Fan	204,059	-	-	-	19387	-	-	-	-	223,446
Chao (Ashley) Liu[(1)]	64,389	-	-	-	6,118	-	-	-	-	70,507
Haiya Dai	240,120	2,165	-	-	-	-	-	-	-	242,285
Xuanfen Huang	-	-	-	-	-	-	-	-	-	-
Jueming Sang	164,076	-	-	-	15,587	-	-	-	-	179,663
	1,236,644	9,196	-	-	41,092	-	-	-	-	1,286,932

(1) Ms Chao (Ashley) Liu resigned on 12 March 2018

2017 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other		Equity	Options	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Hong Zeng	240,000	-	-	-	-	-	-	-	-	240,000
Haohui Zhang	90,000	-	-	-	-	-	-	-	-	90,000
Ying (Diancy) Chen	90,000	-	-	-	-	-	-	-	-	90,000
Wenqi (Vivian) Fan	105,504	-	-	-	10,023	-	-	-	-	115,527
Chao (Ashley) Liu[(2)]	168,806	-	-	-	16,037	-	-	-	-	184,843
Haiya Dai	158,462	-	-	-	-	-	-	-	-	158,462
	852,772	-	-	-	26,060	-	-	-	-	878,832

(2) Ms Chao (Ashley) Liu resigned on 12 March 2018

Directors' report

14. Remuneration report (audited)

14.3. Service Agreements

a. Executive Director and CEO Labour Contract with Mr Hong Zeng

Mr Zeng is Executive Director and CEO of the Group. From 4 July 2017, Mr Zeng received an annual fixed remuneration of RMB240,000. Pursuant to Mr Zeng's labour contract, Mr Zeng may resign from his position by giving 6 months' notice in writing. Mr Zeng's employment may be terminated by his employer (a member of the Group) by giving 6 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Mr Zeng's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Mr Zeng's labour contract (whether by resignation or termination), Mr Zeng will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.

b. Executive Director Labour Contract with Mr Haohui Zhang

Mr Zhang is Executive Director of the Group. Mr Zhang received a revised annual fixed remuneration of RMB144,000. Pursuant to Mr Zhang's labour contract, Mr Zhang may resign from his position by giving 6 months' notice in writing. Mr Zhang's employment may be terminated by his employer (a member of the Group) by giving 6 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Mr Zhang's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Mr Zhang's labour contract (whether by resignation or termination), Mr Zhang will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.

c. Executive Director Labour Contract with Ms Ying (Diancy) Chen

Ms Chen is Executive Director of the Group. From 4 July 2017, Ms Chen received an annual fixed remuneration of RMB180,000. Pursuant to Ms Chen's labour contract, Ms Chen may resign from her position by giving 6 months' notice in writing. Ms Chen's employment may be terminated by her employer (a member of the Group) by giving 6 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Ms Chen's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Ms Chen's labour contract (whether by resignation or termination), Ms Chen will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.

d. Non-Executive Director Agreement with Ms Wenqi (Vivian) Fan

The Directors decide the total amount paid to each Director as remuneration for their services. Annual fees agreed to be paid to Ms Fan is AUD45,000 per annum. All Directors fees include superannuation at the statutory rate.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the company.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

e. Non-Executive Director, Company Secretary and Public Officer Agreement with Ms Chao (Ashley) Liu

Ms Liu is Non-Executive Director, Company Secretary and Public Officer of the Group. From 4 July 2017, Ms Liu will receive an annual fixed remuneration of AUD75,000. Pursuant to Ms Liu's labour contract, Ms Liu may resign from her position by giving six months' notice in writing. Ms Liu's employment may be terminated by her employer (a member of the Group) by giving six months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Chao (Ashley) Liu's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Ms Liu's labour contract (whether by resignation or termination), Ms Liu will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.

14.4. Share-based compensation

The Board has not yet adopted securities trading policy as it considers that this is not currently required give the size and circumstances of the Company. The Board will continually review the need for such a policy and, if the need arises in the future, will ensure that it is in compliance with the Corporate Governance Recommendations.

- Securities Received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

- Options and Rights Granted as Remuneration

No options or rights were granted as remuneration during 2018 (2017: nil).

Directors' report

14. Remuneration report (audited)

14.5. KMP equity holdings

a. Fully paid ordinary shares of Beida New Energy Limited held by each KMP

2018 – Group *Group KMP*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.[(1)]	Balance at end of year No.
Hong Zeng	70,000,000	-	-	-	70,000,000
Haohui Zhang	-	-	-	-	-
Ying (Diancy) Chen	-	-	-	-	-
Wenqi (Vivian) Fan	-	-	-	-	-
Chao (Ashley) Liu	-	-	-	-	-
Haiya Dai	-	-	-	-	-
Xuanfen Huang	-	-	-	-	-
	70,000,000	-	-	-	70,000,000

- Other changes during the year relate to acquisitions and disposals for Directors and their related parties.

2017 – Group *Group KMP*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No. [(1)]	Balance at end of year No.
Hong Zeng	-	-	-	70,000,000	70,000,000
Haohui Zhang	-	-	-	-	-
Ying (Diancy) Chen	-	-	-	-	-
Wenqi (Vivian) Fan [2]	-	-	-	-	-
Chao (Ashley) Liu	-	-	-	-	-
Haiya Dai	-	-	-	-	-
Xuanfen Huang	-	-	-	-	-
	-	-	-	70,000,000	70,000,000

1. Other changes during the year relate to acquisitions and disposals for Directors and their related parties.
2. Ms Chao (Ashley) Liu resigned on 12 March 2018.

b. Options in Beida New Energy Limited held by each KMP

There are no options on issue by the Company

14.6. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

14.7. KMP Loans

As at 31 December 2018, the Group does not have any loans with KMP (2017: nil)

14.8. Other transactions with KMP and or their Related Parties

During the 2018 financial year, the Group incurred the following related loans totalling to RMB 18,881,845:

- RMB 18,658,793 loan was provided by Hong Zeng through his controlled company Ningbo Beida Hose Manufacturing Co. Ltd (2017: 38,088,793)
- RMB 223,052 loan was provided by Haohui Zheng through his controlled company Haohui International Development Limited (2017: Nil).

Refer also Note 16 Related party transactions on page 41.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

MR HONG ZONG
CHIEF EXECUTIVE OFFICER
Dated this Friday, 29 March 2019

AUDITOR'S INDEPENDENCE DECLARATION
BEIDA NEW ENERGY LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Beida New Energy Limited.

As audit partner of Beida New Energy Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen
Director

Dated 29 March 2019

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2018

	Note	2018 RMB	2017 RMB
Continuing operations			
Revenue	1	15,138,678	38,056,557
Other income	1	3,301,357	2,770,278
		18,440,035	40,826,835
Cost of materials		(12,296,771)	(27,636,164)
Depreciation and amortisation	2.1	(2,646,470)	(2,400,275)
Doubtful debts expenses		(1,395,989)	(1,066,391)
Employment costs	2.2	(3,532,239)	(3,863,745)
Finance costs		485	(1,328)
Legal and consulting		(470,087)	(579,003)
Share registry expenses		(66,993)	-
Other expenses		(3,158,178)	(1,945,493)
Profit / (loss) before tax		(5,126,207)	3,334,436
Income tax benefit / (expense)	4	-	-
Net profit / (loss) for the year		(5,126,207)	3,334,436
Other comprehensive income, net of income tax			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss:			
□ Foreign currency movement		72,578	16,498
Other comprehensive income for the half-year, net of tax		72,578	16,498
Total comprehensive income attributable to members of the parent entity		(5,053,629)	3,350,934
Profit/(loss) for the period attributable to:			
■ Non-controlling interest		-	-
■ Owners of the parent		(5,126,207)	3,334,436
Total comprehensive income/(loss) attributable to:			
■ Non-controlling interest		-	-
■ Owners of the parent		(5,053,629)	3,350,934
Earnings per share:		¢	¢
Basic profit/(loss) loss per share (cents per share)	18	(0.05)	0.03

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 December 2018

	Note	2018 RMB	2017 RMB
Current assets			
Cash and cash equivalents	5.1	212,159	538,900
Trade and other receivables	5.2	19,523,134	39,874,568
Inventories	6.1	6,597,519	2,898,945
Other current assets	6.2	2,989,856	4,151,673
Total current assets		29,322,668	47,464,086
Non-current assets			
Trade and other receivables	5.2	-	5,808,060
Property, plant, and equipment	6.3	7,588,134	9,150,423
Intangible assets	6.4	7,181,840	7,024,831
Total non-current assets		14,769,974	21,983,314
Total assets		44,092,642	69,447,400
Current liabilities			
Trade and other payables	5.3	7,070,898	8,800,983
Borrowings	5.4	18,881,845	26,062,053
Short-term provisions	6.5	-	15,000
Total current liabilities		25,952,743	34,878,036
Non-current liabilities			
Borrowings	5.4	-	12,026,740
Total non-current liabilities		-	12,026,740
Total liabilities		25,952,743	46,904,776
Net assets		18,139,899	22,542,624
Equity			
Issued capital	7.1.1	26,556,258	26,605,000
Reserves	7.2	28,453,226	27,681,002
Accumulated losses		(36,869,585)	(31,743,378)
Total equity		18,139,899	22,542,624

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
as at 31 December 2018

	Issued Capital RMB	Accumulated Losses RMB	Capital Reserve RMB	Foreign Exchange Translation Reserve RMB	Total RMB
Balance at 1 January 2017	10,000,000	(35,090,666)	27,000,000	-	1,909,334
Profit for the year	-	3,334,436	-		3,334,436
Prior period error correction	-	12,852	-	16,498	29,350
Total comprehensive income for the year	-	3,347,288	-	16,498	3,363,786
Transaction with owners, directly in equity					
Shares issued during the year	16,605,000	-	-	-	16,605,000
Deemed contributions of equity	-	-	664,504	-	664,504
Balance at 31 December 2017	26,605,000	(31,743,378)	27,664,504	16,498	22,542,624
Balance at 1 January 2018	26,605,000	(31,743,378)	27,664,504	16,498	22,542,624
Loss for the year	-	(5,126,207)	-		(5,126,207)
Other comprehensive income for the year	-	-	-	72,578	72,578
Total comprehensive income for the year	-	(5,126,207)	-	72,578	(5,053,629)
Transaction with owners, directly in equity					
Shares issued during the year	-	-	-	-	-
Transactions costs	(48,742)	-	-	-	(48,742)
Deemed contributions of equity	-	-	699,646	-	699,646
Balance at 31 December 2018	26,556,258	(36,869,585)	28,364,150	89,076	18,139,899

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 31 December 2018

	Note	2018 RMB	2017 RMB
Cash flows from operating activities			
Receipts from customers		46,304,233	5,317,756
Payments to suppliers and employees		(26,834,225)	(42,090,675)
Interest and borrowing costs		485	-
Net cash from / (used) in operating activities	5.1.2a	19,470,493	(36,772,919)
Cash flows from investing activities			
Purchase of intellectual property		(1,171,004)	(2,359,074)
Purchase of property, plant, and equipment		(70,186)	(1,574,562)
Net cash used in investing activities		(1,241,190)	(3,933,636)
Cash flows from financing activities			
Proceeds from issue of shares		-	16,605,000
Transaction costs		(48,742)	-
Cash payments for interest expense and distribution of dividends		-	(1,328)
Proceeds from borrowings		-	24,594,517
Repayment of borrowings		(18,507,302)	-
Net cash (used in) / from financing activities		(18,556,044)	41,198,189
Net (decrease) / increase in cash held		(326,741)	491,634
Cash and cash equivalents at the beginning of the year		538,900	47,266
Change in foreign currency held		-	-
Cash and cash equivalents at the end of the year	5.1	212,159	538,900

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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Notes to the consolidated financial statements

for the year ended 31 December 2018

In preparing the 2018 financial statements, Beida New Energy Limited has grouped notes into sections under five key categories:

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The financial report is presented in are presented in Renminbi (**RMB**), except where otherwise stated.

Notes to the consolidated financial statements
for the year ended 31 December 2018

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- *accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction*
- *analysis and sub-totals, including segment information*
- *information about estimates and judgements made in relation to particular items.*

Note 1	Revenue and other income	2018 RMB	2017 RMB
1.1	**Revenue**		
	Sale of goods	15,138,678	38,056,557
		15,138,678	38,056,557
1.2	**Other Income**		
	Interest income – discounting of interest free loan	-	2,407,623
	Other income – government subsidies	3,301,357	362,655
		3,301,357	2,770,278

1.3 Accounting policy

1.3.1 Revenue from contracts with customers

The Group had adopted AASB 15 during the current year and this did not have any impact on the amounts recognised in prior and current periods and are not expected to affect future periods.

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise the revenue as the performance obligations are satisfied.

The performance obligation is the delivery of a working product to a customer. Revenue is recognised upon delivery of the working product. Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved.

All revenue is stated net of the amount of Value Added Taxes (Note 21.3 Value Added Tax).

1.3.2 Interest income

Interest income is recognised in accordance with Note 3.1 Finance income and expenses.

1.3.3 Government subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions and are included in other income.

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 2 Profit / (loss) before income tax	2018 RMB	2017 RMB
The following significant revenue and expense items are relevant in explaining the financial performance:		
2.1 Depreciation and amortisation:		
■ Depreciation of plant and equipment	1,632,475	1,559,512
■ Amortisation of intangibles	627,647	454,415
■ Amortisation of land use rights	386,348	386,348
	2,646,470	2,400,275

2.1.1 *Accounting policy*

a. ***Depreciation and Amortisation***

Depreciation is recognised in accordance with Note 6.3.2c Depreciation and amortisation in accordance with 6.4.3c Subsequent measurement.

2.2 Employment costs	2018 RMB	2017 RMB
■ Directors fees	1,245,839	852,772
■ Increase / (decrease) in employee benefits provisions	-	15,000
■ Superannuation	41,093	26,060
■ Wages and salaries	2,245,307	2,969,913
	3,532,239	3,863,745

2.2.1 *Accounting policy*

a. ***Short-term benefits***

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

b. ***Other long-term benefits***

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

c. ***Retirement benefit obligations: Defined contribution superannuation funds***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

Note 3 Other Significant Accounting Policies related to items of profit and loss

3.1 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 3 Other Significant Accounting Policies related to items of profit and loss

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

Note 4 Income tax

		Note	2018 RMB	2017 RMB
4.1	**Income tax expense / (benefit)**			
	Current tax		-	-
	Deferred tax		-	-
			-	-
4.2	**Reconciliation of income tax expense to prima facie tax payable**			
	The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
	Prima facie tax on operating loss at 25% (2017: 25%)		(1,281,552)	833,609
	Add / (Less) tax effect of:			
	☐ Utilised tax losses		1,281,552	(833,609)
	Income tax expense / (benefit) attributable to operating loss		-	-
			%	%
4.3	The applicable weighted average effective tax rates attributable to operating profit are as follows		-	-
	a. The tax rates used in the above reconciliations is the corporate tax rate of 25% payable by the Chinese corporate entity on taxable profits under Chinese tax law. There has been no change in this tax rate since the previous reporting year.			
4.4	**Tax losses and deductible temporary differences**			
	Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:			
	■ Tax losses		18,560,319	13,434,113

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 4 Income tax	Note	2018 RMB	2017 RMB

Potential deferred tax assets attributable to tax losses have not been brought to account at 31 December 2018 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Group continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

4.5 Key estimates – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

4.6 Key judgements and estimates – Deferred income tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Based on this assessment, the Group has not recognised any deferred tax assets.

4.7 Accounting policy

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 4 Income tax

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Note 5 Financial assets and financial liabilities

5.1 Cash and cash equivalents	2018 RMB	2017 RMB
Cash at bank	212,159	538,900
	212,159	538,900

5.1.1 The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 8 Financial risk management.

5.1.2 *Cash Flow Information*	2018 RMB	2017 RMB
a. **Reconciliation of cash flow from operations to (loss)/profit after income tax**		
Loss after income tax	(5,126,207)	3,334,436
Cash flows excluded from loss attributable to operating activities	-	-
Non-cash flows in (loss)/profit from ordinary activities:		
■ Depreciation and amortisation	2,646,470	2,400,275
■ Discounting effect of interest-free loan	-	(2,407,623)
■ Doubtful debts expense	1,395,989	1,066,391
■ Other	-	1,328
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
■ Increase in receivables	27,864,198	(36,062,610)
■ Decrease/(increase) in inventories	(3,698,574)	4,182,437
■ Increase / (decrease) in payables	(4,758,200)	(12,646,855)
■ (Increase)/decrease in prepayments	1,161,817	3,344,302
■ increase in provisions	(15,000)	15,000
Cash flow from operations	19,470,493	(36,772,919)

b. **Credit and Loan standby Arrangement with Banks**

Refer Note 5.4.5 Financing facilities available.

c. **Non-cash investing and financing activities**

The Group had no non-cash investing and financing activities for the year ended 31 December 2018 (2017: nil).

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 5 Financial assets and financial liabilities

5.1 Cash and cash equivalents (cont.)

d. **Reconciliation of liabilities arising from financing activities**

	2017	Cash flows	Non-cash changes Acquisitions	Non-cash changes Foreign Exchange	Non-cash changes Other Changes[1]	2018
	$	$	$	$	$	$
Short-term borrowings	26,062,053	(18,507,302)	-	-	11,327,094	18,881,845
Long-term borrowings	12,026,740		-	-	(12,026,740)	-
Asset finance			-	-	-	-
Total liabilities from financing activities	38,088,793	(18,507,302)	-	-	(699,646)	18,881,845

[1] Other changes include amounts reclassified from non-current to current and amounts deemed to be contributions of equity.

5.1.3 ***Accounting Policy***

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities or the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

5.2 Trade and other receivables	Note	2018 RMB	2017 RMB
5.2.1 *Current*			
Trade receivables	5.2.4	19,523,134	39,864,079
Other receivables		-	10,489
		19,523,134	39,874,568
5.2.2 *Non-current*			
Trade receivables		-	5,808,060
		-	5,808,060

5.2.3 The Group's exposure to credit rate risk is disclosed in Note 8 Financial risk management.

5.2.4 The average credit period on sales of goods and rendering of services is range from 30 to 90 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience

Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the group and the customer or counter party to the transaction.

5.2.5 ***Key judgements and estimates – Impairment of trade and other receivables***

The provision policy for impairment of trade and other receivables of the Group is based on the ongoing evaluation of the collectability, aged analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Note 5 Financial assets and financial liabilities

5.2.6 ***Accounting policy***

Trade receivables are generally due for settlement within periods ranging from 15 days to 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance. (see also Note 5.5.7).

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

5.3 Trade and other payables	**Note**	2018 RMB	2017 RMB
5.3.1 ***Current***			
Unsecured			
Trade payables		5,070,581	5,179,013
Wages payable		1,115,499	1,039,009
Other payables		824,133	2,455,856
Accruals		60,685	127,105
		7,070,898	8,800,983

5.3.2 ***Accounting Policy***

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

5.4 Interest-bearing loans and borrowings	**Note**	2018 RMB	2017 RMB
5.4.1 ***Current***			
Loan from related parties	5.4.4	18,881,845	26,062,053
Director Loans		-	-
		18,881,845	26,062,053
5.4.2 ***Non-current***			
Term loan		-	-
Loan from related parties	5.4.4	-	12,026,740
		-	12,026,740

5.4.3 ***Assets pledged as security***

Nil

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 5 Financial assets and financial liabilities

5.4.4 ***Related Party Loans***

In 2017, Ningbo Beida New Energy Science & Technology Co., Ltd. entered into a loan agreement with Ningbo Beida Hose Manufacturing Co., Ltd ('Hose Co') a company owned and controlled by Hong Zeng, for an amount RMB 38,088,793 from Hose Co, at zero interest rate without any fixed repayment terms. As this loan is expected to be paid within the next 12 months, the carrying amount is considered to approximate its fair value. The balance owing as at 31 December 2018 is RMB 18,658,793.

In the current period, an amount was loaned from Haohui International Development Limited, an entity owned and controlled by Haohui Zhang, for the payment of NSX transactions costs totalling RMB 223,052.This has been loaned at zero interest rate without any fixed repayment terms. As this loan is expected to be paid within the next 12 months, the carrying amount is considered to approximate its fair value.

	Note	2018 RMB	2017 RMB
5.4.5 ***Financing facilities available***			
At balance date, the following financing facilities had been negotiated and were available:			
a. **Total facilities**:			
Loan from related parties		18,881,845	38,088,793
Total facilities at balance date		18,881,845	38,088,793
b. **Facilities used:**			
Loan from related parties		18,881,845	38,088,793
Facilities used at balance date		18,881,845	38,088,793
c. **Facilities unused**:			
Loan from related parties		-	-
Facilities unused at balance date		-	-

5.4.6 ***Accounting Policy***

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 5 Financial assets and financial liabilities

5.5 Other Significant Accounting Policies related to Financial Assets and Liabilities

5.5.1 ***Initial recognition and measurement***

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

5.5.2 ***Non-derivative financial instruments***

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

5.5.3 ***Classification and Subsequent Measurement***

a. **Loans**

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

b. **Financial assets at fair value through profit or loss**

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

c. **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to- maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

d. **Available-for-sale investments**

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 5 Financial assets and financial liabilities

5.5 Other Significant Accounting Policies related to Financial Assets and Liabilities

e. **Financial liabilities**

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and the financial liability is derecognised.

5.5.4 ***Amortised cost***

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

5.5.5 ***Fair value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

5.5.6 ***Effective interest method***

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

5.5.7 ***Impairment***

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

a. **Financial assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

b. **Financial assets carried at cost**

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

c. **Available-for-sale investments**

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 5 Financial assets and financial liabilities

5.5 Other Significant Accounting Policies related to Financial Assets and Liabilities

5.5.8 ***Derecognition***

a. **Financial assets**

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

b. **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Note 6 Non-financial assets and financial liabilities

6.1 Inventories	2018 RMB	2017 RMB
Current		
Raw materials - at cost	801,095	1,291,059
Finished goods - at cost	4,617,730	1,344,319
Producing costs	1,178,694	263,567
	6,597,519	2,898,945

6.1.1 ***Accounting Policy***

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials - purchase cost on a weighted average basis; and
- Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 6 Non-financial assets and financial liabilities

6.2 Other assets

	2018 RMB	2017 RMB
Current		
Prepayments	2,989,856	4,151,673
	2,989,856	4,151,673

6.3 Property, plant, and equipment

	2018 RMB	2017 RMB
Building improvements	429,250	429,250
Accumulated depreciation	(154,849)	(134,460)
	274,401	294,790
Machinery	16,800,363	16,771,314
Accumulated depreciation	(9,572,297)	(8,026,759)
	7,228,066	8,744,555
Transportation equipment	1,029,894	1,029,894
Accumulated depreciation	(978,399)	(978,399)
	51,495	51,495
Office and electronic equipment	328,887	287,750
Accumulated depreciation	(294,715)	(228,167)
	34,172	59,583
Total plant and equipment	7,588,134	9,150,423

6.3.1 *Movements in Carrying Amounts*

	Freehold land and buildings RMB	Machinery RMB	Transportation RMB	Office and Electronic RMB	Total RMB
Net book value – 31 December 2018					
Carrying amount at the beginning of the year	294,790	8,744,555	51,495	59,583	9,150,423
Additions	-	29,049	-	41,137	70,186
Depreciation	(20,389)	(1,545,538)	-	(66,548)	(1,632,475)
Carrying amount at the end of year	274,401	7,228,066	51,495	34,172	7,588,134
Net book value – 31 December 2017					
Carrying amount at the beginning of the year	315,181	8,752,288	51,495	16,409	9,135,373
Additions	-	1,495,374	-	79,189	1,574,563
Depreciation	(20,391)	(1,503,107)	-	(36,015)	(1,559,513)
Carrying amount at the end of year	294,790	8,744,555	51,495	59,583	9,150,423

Note 6 Non-financial assets and financial liabilities

6.3 Property, plant, and equipment

6.3.2 *Accounting policy*

a. **Recognition and measurement**

Buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 6.6.1 Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Where considered material, the carrying amount of property, plant, and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

b. **Subsequent costs**

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

c. **Depreciation**

Depreciation is charged to the income statement on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2018 %	2017 %
■ Buildings	4.75	4.75
■ Machinery	9.50	9.50
■ Transportation equipment	23.75	23.75
■ Office and electronic equipment	31.67	31.67

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d. **Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 6 Non-financial assets and financial liabilities

6.4 Intangible assets

	2018 RMB	2017 RMB
Patents and licences	8,067,675	6,896,671
Accumulated amortisation and impairment	(1,614,623)	(986,976)
	6,453,052	5,909,695
Land use right assets	1,931,740	1,931,740
Accumulated amortisation and impairment	(1,202,952)	(816,604)
	728,788	1,115,136
	7,181,840	7,024,831

6.4.1 *Movements in Carrying Amounts*

	Patents and licences RMB	Land use rights RMB	Total RMB
Net book value – 31 December 2018			
Carrying amount at the beginning of the period	5,909,695	1,115,136	7,024,831
Additions	1,171,004	-	1,171,004
Amortisation expense	(627,647)	(386,348)	(1,013,995)
Carrying amount at the end of year	6,453,052	728,788	7,181,840
Net book value – 31 December 2017			
Carrying amount at the beginning of the period	4,005,036	1,501,484	5,506,520
Additions	2,359,075	-	2,359,075
Amortisation expense	(454,416)	(386,348)	(840,764)
Carrying amount at the end of year	5,909,695	1,115,136	7,024,831

6.4.2 *Key judgements and estimates – Intangible assets*

Intangible assets include the Group's land use rights assets and patents and licenses.

In determining the intangible assets, the Group makes estimates and assumptions based on expected future economic benefits generated by products. Other important estimates and assumptions in this assessment process are the distinction between R&D and the estimated useful life.

Intangible assets are only capitalised by the Group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

6.4.3 *Accounting Policy*

a. **Intangible assets acquired separately**

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

b. **Internally generated intangible assets - research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 6 Non-financial assets and financial liabilities

6.4 Intangible assets

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

c. **Subsequent measurement**

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. The following useful lives are used in the calculation of amortisation:

	2018 %	2017 %
Patents and licenses	5.00 to 10.00	5.00 to 10.00
Land use rights assets	20.00	20.00

6.5 Provisions

	Note	2018 RMB	2017 RMB
6.5.1 *Current*			
Provision for employee entitlements	6.5.2	-	15,000
		-	15,000

6.5.2 *Description of provisions*

Provision for employee benefits represents amounts accrued for annual leave (**AL**) and long service leave (**LSL**). The current portion for this provision includes the total amount accrued for AL entitlements and the amounts accrued for LSL entitlements that have vested due to employees having completed the required period of service. The Group does not expect the full amount of AL or LSL balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

6.5.3 *Accounting Policy*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 6 Non-financial assets and financial liabilities

6.6 Other Significant Accounting Policies related to Non-Financial Assets and Liabilities

6.6.1 ***Impairment of non-financial assets***

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy in Note 4.7) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Note 7 Equity

7.1 Issued capital	Note	2018 No.	2017 No.	2018 RMB	2017 RMB
Fully paid ordinary shares at no par value		100,000,000	100,000,000	26,556,258	26,605,000

7.1.1 *Ordinary shares*	Note	2018 No.	2017 No.	2018 RMB	2018 RMB
At the beginning of the period		100,000,000	100,000,000	26,605,000	10,000,000
Shares issued during the year:					
■ Restructuring	7.1.3	-	-	-	16,605,000
Transaction costs		-	-	(48,742)	-
At reporting date		100,000,000	100,000,000	26,556,258	26,605,000

7.1.2 Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

7.1.3 As referred to in Note 11.2 Key judgements and estimates – Restructuring, as part of the restructuring the Company raised RMB 16,605,000 from existing shareholders.

7.1.4 ***Accounting Policy***

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Notes to the consolidated financial statements

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Note 7 Equity (cont.)

7.2 Reserves

		2018 RMB	2018 RMB
Foreign currency translation reserve	7.2.1	89,076	16,498
Capital reserve	7.2.2	28,364,150	27,664,504
		28,453,226	27,681,002

7.2.1 ***Foreign currency translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

7.2.2 ***Capital reserve***

Capital reserves relate to donations, premiums and additional capital funds received from shareholders and investors.

Notes to the consolidated financial statements
for the year ended 31 December 2018

SECTION B. RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note 8 Financial risk management

8.1 Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	2018 Total	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	2017 Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Financial Assets								
☐ Cash and cash equivalents	212,159	-	-	212,159	538,900	-	-	538,900
☐ Trade and other receivables	-	-	19,523,134	19,523,134	-	-	45,682,628	45,682,628
☐ Other assets	-	-	-	-	-	-	-	-
☐ Investments	-	-	-	-	-	-	-	-
Total Financial Assets	212,159	-	19,523,134	19,735,293	538,900	-	45,682,628	46,221,528
Financial Liabilities								
Financial liabilities at amortised cost								
☐ Trade and other payables	-	-	7,070,898	7,070,898	-	-	8,800,983	8,800,983
☐ Borrowings	-	-	18,881,845	18,881,845	-	-	38,088,793	38,088,793
Total Financial Liabilities	-	-	25,952,743	25,952,743	-	-	46,889,776	46,889,776
Net Financial Assets/(Liabilities)	212,159	-	(6,429,609)	(6,217,450)	538,900	-	(1,207,148)	(668,248)

8.2 Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 8 Financial risk management

8.2.1 ***Credit risk***

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

- *Credit risk exposures*

  The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

  Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

  The Group has a significant customer to whom it provides both products and services who account for over 75% (2017: 95.4%) of total revenue for the Group.

  The Group purchases supplies, where the major supplier accounts for about 40% (2017: 37.45%) of cost of materials for the Group

- *Impairment losses*

  The ageing of the Group's trade and other receivables at reporting date was as follows:

	Gross 2018 RMB	Impaired 2018 RMB	Net 2018 RMB	Amounts not impaired 2018 RMB
Trade receivables				
Not past due	6,772,573	-	6,772,573	6,772,573
Past due up to 15 days	-	-	-	-
Past due 15 days to 3 months	-	-	-	-
Past due over 3 months	14,146,550	(1,395,989)	12,750,561	12,750,561
	20,919,123	(1,395,989)	19,523,134	19,523,134
Other receivables				
Not past due	-	-	-	-
Total	20,919,123	(1,395,989)	19,523,134	19,523,134

8.2.2 ***Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 8 Financial risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

- *Contractual Maturities*

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2018 RMB	2017 RMB	2018 RMB	2017 RMB	2018 RMB	2017 RMB
Financial liabilities due for payment						
Trade and other payables	7,070,898	8,800,983	-	-	7,070,898	8,800,983
Borrowings	18,881,845	26,062,053	-	12,026,740	18,881,845	38,088,793
Total contractual outflows	25,952,743	34,863,036	-	12,026,740	25,952,743	46,889,776
Financial assets						
Cash and cash equivalents	212,159	538,900	-	-	212,159	538,900
Trade and other receivables	19,523,134	39,874,568	-	5,808,060	19,523,134	45,682,628
Total anticipated inflows	19,735,293	40,413,468	-	5,808,060	19,735,293	46,221,528
Net (outflow)/inflow on financial instruments	(6,217,450)	5,550,432	-	(6,218,680)	(6,217,450)	(668,248)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

8.2.3 *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and commodity price risk including foreign exchange forward contracts to hedge the exchange rate and commodity price risk arising on its production. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

a. **Interest rate risk**

The company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company and the Group’s exposures to interest rate in financial assets and financial liabilities are detailed in the liquidity risk management section of this note. that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is not presently subject to material interest rate risk. As such the Board considers price risk as a low risk to the Group.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 8 Financial risk management

b. **Foreign exchange risk**

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the RMB functional currency of the Group. The Group is not presently subject to material foreign exchange risk. As such the Board considers foreign exchange risk as a low risk to the Group

c. **Price risk**

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

8.2.4 ***Sensitivity Analyses***

The Group is note currently subject to material sensitivities.

8.2.5 ***Net Fair Values***

a. **Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the table in Note 8.1 and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

1. Cash and cash equivalents;
2. Trade and other receivables; and
3. Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Note 9 Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

The working capital position of the Group were as follows:

	Note	2018 RMB	2017 RMB
Cash and cash equivalents	5.1	212,159	538,900
Trade and other receivables	5.2	19,523,134	39,874,568
Inventories	6.1	6,597,519	2,898,945
Other current assets	6.2	2,989,856	4,151,673
Trade and other payables	5.3	(7,070,898)	(8,800,983)
Borrowings	5.4	(18,881,845)	(26,062,053)
Current provisions	6.5	-	(15,000)
Working capital position		3,369,925	12,586,050

Notes to the consolidated financial statements
for the year ended 31 December 2018

SECTION C. GROUP STRUCTURE

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about:

(a) changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation

(b) transactions with non-controlling interests, and

(c) interests in joint operations.

Note 10 Interest in subsidiaries

10.1 Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at cost. Each subsidiaries country of incorporation is also its principal place of business:

	Country of Incorporation	Class of Shares	Percentage Owned 2018	2017
■ Ningbo Yilai Fulange Energy Technology Co., Ltd.	China	Ordinary	100.0	100.0
■ Ningbo Beida New Energy Science & Technology Co., Ltd	China	Ordinary	100.0	100.0

Note 11 Other Significant Accounting Policies related to Group Structure

11.1 Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

11.1.1 *Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 11 Other Significant Accounting Policies related to Group Structure

11.1.2 ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 10 Interest In Subsidiaries of the financial statements.

11.1.3 ***Loss of control***

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interests are measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

11.1.4 ***Transactions eliminated on consolidation***

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

11.2 Key judgements and estimates – Restructuring

The Group result of the restructuring which had the sole purpose of acquiring all assets, specified liabilities and the entire business undertakings of Ningbo Beida New Energy Science & Technology Co., Ltd. (**Ningbo Beida**) for the purposes of the Listing on the National Stock Exchange of Australia. Under the restructure, the Ningbo Beida shareholders of received equivalent shares in the Company, in exchange for their shares in Ningbo Beida on a like for like basis. As part of the capital restructuring the Company raised RMB 16,605,000 from existing shareholders. The result of the restructure is that the Company holds 100% of Ningbo Yilai Fulange Energy Technology Co., Ltd (**WFOE**), which in turn, holds 100% in Ningbo Beida.

As a capital restructuring, the Group represents a continuation of the Ningbo Beida business. Accordingly, the consolidated financial statements of Group have been prepared as a continuation of the financial statements of Ningbo Beida. The comparative information presented in the consolidated financial statements is that of Ningbo Beida.

In addition, under the capital restructuring:

- the net assets of Ningbo Beida remain at their previous carrying value;
- the assets and liabilities of the acquiree are recognised at their previous carrying amounts;
- no adjustments are made to reflect fair values and no new assets and liabilities of the acquiree are recognised at the date of the business combination;
- no new goodwill is recognised.;
- any difference between the acquired net assets and the consideration is recognised directly in equity.

Under the restructure, the WFOE acted as an intermediary to transaction and has been accounted for in accordance with accounting policy 11.1.2 Subsidiaries.

Notes to the consolidated financial statements
for the year ended 31 December 2018

SECTION D. UNRECOGNISED ITEMS

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 12 Commitments

The Group has no commitments as at 31 December 2018 (2017: nil)

Note 13 Contingent liabilities

There are no contingent liabilities as at 31 December 2018 (2017: Nil).

Note 14 Events subsequent to reporting date

As at the date of this report, there have been no material events subsequent to report date.

Notes to the consolidated financial statements

for the year ended 31 December 2018

SECTION E. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 15 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

■ Mr Hong Zeng	Executive Director and Chief Executive Officer
■ Mr Haohui Zhang	Executive Director
■ Ms Ying (Diancy) Chen	Executive Director
■ Ms Wenqi (Vivian) Fan	Non-executive Director
■ Ms Chao (Ashley) Liu	Non-executive Director
■ Haiya Dai	Deputy General Manager of Ningbo Beida New Energy Science & Technology Co., Ltd.
■ Xuanfen Huang.	Chief Financial Officer of Ningbo Beida New Energy Science & Technology Co., Ltd.

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report table on page 7.

	2018 RMB	2017 RMB
Short-term employee benefits	1,245,840	852,772
Post-employment benefits	41,092	26,060
Total	1,286,932	878,832

Note 16 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Consolidated		Parent	
	2018 RMB	2017 RMB	2018 RMB	2017 RMB
Loans owing:				
■ Ningbo Beida Hose Manufacturing Co. Ltd	18,658,793	38,088,793	-	-
■ Haohui International Development Ltd	223,052	-	-	-

There are two companies which are related parties with Ningbo Beida New Energy Science & Technology Co., Ltd. These are Ningbo Beida Hose Manufacturing Co., Ltd (Hose Co) and Ningbo Beida Investment Co., Ltd (Investment Co). Hose Co is a processor and manufacturer of machinery parts and pressured cleaning equipment. Meanwhile Investment Co is in the business of property development. Neither related party companies operate a similar business as that of the Group.

Hose Co is 50% held by Hong Zeng, and 50% Jun Chen. Hong Zeng is a director and the major shareholder of the Company, and Jun Chen is Hong Zeng's spouse. Meanwhile, Investment Co is 80% held by Hong Zeng, and 20% held by Jun Chen.

With effect from 1 July 2017, Ningbo Beida New Energy Science & Technology Co., Ltd. entered into a loan agreement with Hose Co, whereby Ningbo Beida New Energy Science & Technology Co., Ltd. may borrow up to RMB 60,000,000 from Hose Co, at zero interest rate. The term of the loan agreement is 10 years (Term), during which Hose Co agrees to lend to Ningbo Beida New Energy Science & Technology Co., Ltd. an amount as agreed between the parties. The loan amount may be repaid at any time during the Term subject to the approval of the lender or otherwise be repaid in full prior to the end of the Term. This related party transaction has been approved by the executive director and sole shareholder of Ningbo Beida New Energy Science & Technology Co., Ltd.

Notes to the consolidated financial statements
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Note 17 Auditor's remuneration	2018 RMB	2017 RMB
Remuneration of the auditor for:		
■ Auditing or reviewing the financial reports:		
□ Hall Chadwick Audit (WA) Pty Ltd (formerly called PKF Lawler Audit (WA) Pty Ltd)	212,461	129,532
	212,461	129,532

Note 18 Earnings per share (EPS)	Note	2018 RMB	2017 RMB
18.1 Reconciliation of earnings to profit or loss			
(Loss) / profit for the year		(5,126,207)	3,334,436
Less: loss attributable to non-controlling equity interest		-	-
(Loss) / profit used in the calculation of basic and diluted EPS		(5,126,207)	3,334,436
		2018 No.	**2017 No.**
18.2 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		100,000,000	100,000,000
Weighted average number of dilutive equity instruments outstanding		-	-
18.3 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		100,000,000	100,000,000
		2018 RMB	**2017 RMB**
18.4 Earnings per share			
Basic EPS (RMB per share)	18.5	(0.05)	0.03

18.5 The Group does not report diluted earnings per share on losses generated by the Group. During the year ended 31 December 2018 the Group had no dilutive instruments on issue (2017: nil).

Note 19 Operating segments

19.1 Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Group's segments and has identified the operating segments based on the one principal business operation located in the People's Republic of China. The Company operates solely in the manufacturing and processing of solar cell modules.

The Group currently operates materially in one business segment as described above. Accordingly, the financial information presented in the statement of profit or loss and other comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

19.2 Basis of accounting for purposes of reporting by operating segments

19.2.1 ***Accounting policies adopted***

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

19.2.2 ***Inter-segment transactions***

All such transactions are eliminated on consolidation of the Group's financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 19 Operating segments (cont.)

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

19.2.3 ***Segment assets***

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

19.2.4 ***Segment liabilities***

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

19.2.5 ***Unallocated items***

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income
- Corporate transaction accounting expense

19.3 Types of products and services by segment

This operating segment is involved in the manufacture and wholesale distribution of solar panel.

	2018 RMB	2017 RMB
19.4 Revenue by geographical region		
Revenue, including revenue from discontinued operations and other income, attributable to external customers is disclosed below, based on the location of the external customer:		
Peoples Republic of China	18,439,878	40,826,835
Australia	157	-
Total revenue	18,440,035	40,826,835
19.5 Assets by geographical region		
The location of segment assets / (deficiency) by geographical location of the assets is disclosed below:		
Peoples Republic of China	43,930,106	69,014,405
Australia	162,536	432,995
Total assets	44,092,642	69,447,400

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 20 Parent entity disclosures

Beida New Energy Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Beida New Energy Limited did not enter into any trading transactions with any related party during the year.

20.1 Financial Position of Beida New Energy

	2018 RMB	2017 RMB
Current assets	162,536	432,995
Non-current assets	17,197,643	16,605,000
Total assets	17,360,179	17,037,995
Current liabilities	2,058,636	1,312,133
Non-current liabilities	-	-
Total liabilities	2,058,636	1,312,133
Net assets	15,301,543	15,725,862
Equity		
Issued capital	16,605,000	16,605,000
Transaction costs	(48,742)	-
Reserves	752,209	32,998
Accumulated losses	(2,006,924)	(912,136)
Total equity	15,301,543	15,725,862

20.2 Financial performance of Beida New Energy

	2018 RMB	2017 RMB
Loss for the year	1,022,210	895,637
Other comprehensive income	72,578	16,499
Total comprehensive income	1,094,788	912,136

20.3 Guarantees

There are no guarantees entered into by Beida New Energy Limited for the debts of its subsidiaries as at 31 December 2018 (31 December 2017: none).

20.4 Contractual commitments

The parent company has no capital commitments at 31 December 2018 (2017: nil). The parent company other commitments are disclosed in Note 12 Commitments.

20.5 Contingent liabilities

There are no guarantees entered into by Beida New Energy Limited for the debts of its subsidiaries as at 31 December 2018
(31 December 2017: none).

Notes to the consolidated financial statements

for the year ended 31 December 2018

Note 21 Statement of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

21.1 Basis of preparation

21.1.1 *Reporting Entity*

Beida New Energy Limited (**Beida** or **the Group**) is a listed public company limited by shares, domiciled and incorporated in Australia. The Company's registered office is at Barrington's House, 283 Rokeby Road, Subiaco, Western Australia. These are the consolidated financial statements and notes of Beida and controlled entities (collectively the **Group**). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in the manufacture and sale of solar panels in China.

The separate financial statements of Beida, as the parent entity, have not been presented with this financial report as permitted by the Corporations Act 2001 (Cth).

21.1.2 *Basis of accounting*

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 29 March 2019 by the directors of the Company.

21.1.3 *Going Concern*

The Group incurred a loss for the year of RMB5,126,207 (2017: RMB3,334,436 profit) and a net operating cash in-flow of RMB19,470,493 (2017: RMB36,772,919 out-flow). The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

- The group has on 27 March 2018, signed a debt repayment agreement with its significant customer – Zhejiang XinRi Lianhe Energy Co., Ltd in relation to its trade receivable balance whereby an agreed monthly payment of RMB2,500,000 will be made with immediate effect. RMB20,000,000 was repaid during the year in accordance with the repayment terms and the trade receivable balance as at year end is RMB6,981,861. It was further agreed that the other receivable balance of RMB 5,460,000 will only be repaid when Zhejiang XinRi Lianhe Energy Co., Ltd has installed a certain quota of solar power. This latter amount is expected to be repaid within the next 12 months.
- Mr Hong Zeng, the shareholder and director of the Group has confirmed and agreed to provide continuous financial support to the Group as and when required so as to enable the Group to pay its debts as and when they fall due for the next twelve months from the date of this financial statement. Mr Hong Zeng further confirms that he has the financial capacity to do so and that he will not demand the payment of the loan of RMB18,658,793 which is the amount owed by the Group through to other Company – Ningbo Beida Hose Manufacturing Co. Ltd, until such time the Group is able to make the repayments.
- Base on the above, the Directors have prepared cash flow forecasts that indicate the Group will be cash flow positive for the next twelve months from the date of these financial statements.

At the date of this report and having considered the above factors, the Directors are confident that the Group and the Company will be able to continue operations into the foreseeable future. These financial statements do not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Group and the Company not continue as going concerns.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 21 Statement of significant accounting policies

21.1.4 ***Comparative figures***

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

21.2 Foreign currency transactions and balances

21.2.1 ***Functional and presentation currency***

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Renminbi (**RMB**) dollars which is the functional and presentation currency and Group.

21.2.2 ***Transaction and balances***

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

21.2.3 ***Group companies and foreign operations***

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

21.3 Value Added Tax

Value-added tax (**VAT**) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (Goods and Services Tax or **GST**) and in China (VAT);

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Note 21 Statement of significant accounting policies

21.4 Fair Value

21.4.1 *Fair Value of Assets and Liabilities*

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

21.4.2 *Fair value hierarchy*

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

21.4.3 *Valuation techniques*

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Notes to the consolidated financial statements
for the year ended 31 December 2018

Note 21 Statement of significant accounting policies

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

21.5 Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

21.5.1 *Use of estimates and judgments*

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 21.5.

21.6 New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

21.6.1 AASB 16: *Leases (applicable to annual reporting periods commencing on or after 1 January 2019).*

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

(1) recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);

(2) depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

(3) inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

(4) application of practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

(5) additional disclosure requirements.

The Directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures).

NOTES to the consolidated financial statements
for the year ended 31 December 2018

Note 22 Company details

The registered office of the Company is:

Address:

Street:	283 Rokeby Road
	SUBIACO WA 6008
Postal:	PO Box 52
	WEST PERTH WA 6872
Telephone:	+61 (0)8 6141 3500
Facsimile:	+61 (0)8 6141 3599

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 49, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 21.1.2 to the financial statements; and

   (c) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the Group.

   (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

HONG ZENG
CHIEF EXECUTVIE OFFICER
Dated this Friday, 29 March 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BEIDA NEW ENERGY LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Beida New Energy Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the Group (or "Group") comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Beida New Energy Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 21.1.3 to the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

Independence

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Recoverability of trade and other receivables

Why significant	How our audit addressed the key audit matter
We identified the recoverability of the Group's trade and other receivables as a key audit matter due to its significance (44% of the Group's total asset) and the judgement involved in the determination of the recoverability of the trade and other receivables. The provision policy for impairment of trade and other receivables of the Group is based on the ongoing evaluation of the collectability, aged analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As disclosed in note 21.1.3 to the financial report, the Group has signed a debt repayment agreement with its significant customer – Zhejiang XinRi Lianhe Energy Co., Ltd during the year, whereby an agreed monthly payment of RMB2,500,000 will be made. This customer represented about 70% of the current year sales of the Group and made up about 65% of the trade and other receivables balance as at year end. During the year, RMB20,000,000 was received in accordance with the repayment terms. It was further agreed that the other receivable balance of RMB5,808,060 will only be repaid when Zhejiang XinRi Lianhe Energy Co., Ltd has installed a certain quota of solar power. This latter amount is expected to be repaid within the next 12 months. Neither of these balances has been provided for impairment.	Our work included, but was not limited to, the following procedures: • Understanding the Group's key controls in respect of the preparation of ageing report of trade and other receivables for the determination of indications of potential overdue debts; • Testing receipts received in respect of the trade and other receivables subsequent to year end, on a sample basis; • Understanding the purpose and business strategy between the significant customer – Zhejiang XinRi Lianhe Energy Co., Ltd and the Group and the basis of the payment pattern; • Discussing the financial status of the customer - Zhejiang XinRi Lianhe Energy Co., Ltd with management; • Assessing the debt repayment agreement which was signed post year end between the customer and the Group and the likelihood of the repayment plan being fulfilled.

2. Going Concern

Why significant

The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in note 21.1.3 to the financial report. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements.

We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:

- The Group's ability to manage cash outflows within available funding;
- The agreed repayment plan in relation to its 31 December 2018 trade and other receivable balances; and
- The continuous financial support from Mr Zeng, the Group's shareholder and director, together with Mr Zeng's confirmation of not demanding loan repayment of RMB18,658,793 until such time the Group is able to make the repayments.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- We analysed the cash flow projections by:
  - Evaluating the underlying data used to generate the projections. We specifically looked for their consistency with those used by the Directors, and tested by us, their consistency with the Group's intentions;
  - Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern; and
  - Assessing the planned levels of operating expenditures for consistency of relationships and trends to the Group's historical results and our understanding of the business, industry and economic conditions of the Group.
- We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report. The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors’ Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 21.1.2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor’s judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors’ 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 Group’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 the financial report or, if such disclosures are inadequate, 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 Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors 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 where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore 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.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Beida New Energy Limited for the year ended 31 December 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen
Director

Dated 29 March 2019

Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the NSX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: i. sets out the respective roles and responsibilities of the board, the chair and management; and ii. includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: ■ undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and ■ provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	• The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. • Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 1.5 A listed entity should: 1 have a diversity policy which includes requirements for the board: ■ to set measurable objectives for achieving gender diversity; and ■ to assess annually both the objectives and the entity's progress in achieving them; 2 disclose that policy or a summary or it; and 3 disclose as at the end of each reporting period: 1 the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and 2 either: 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2. the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	NO (not followed in full)	(a) The Company has adopted a Diversity Policy. (a) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. (b) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website. (c) (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment. (ii) The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level.
Recommendation 1.6 A listed entity should: ■ have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and ■ disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. . (b) The Company's Corporate Governance Plan requires the Board to disclosure whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.
Recommendation 1.7 A listed entity should: have and disclose a process for periodically evaluating the performance of its senior executives; and 2. disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. (b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.
Principle 2: Structure the board to add value		

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (a) has at least three members, a majority of whom are independent directors; and (b) is chaired by an independent director, and disclose: (c) the charter of the committee; (d) the members of the committee; and (e) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	NO	(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at each board meeting to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and NSX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	See board skills matrix below.

Board Skills Matrix	Number of Directors that Meet the Skill
Executive & Non- Executive experience	3
Industry experience & knowledge	3
Leadership	3
Corporate governance & risk management	3
Strategic thinking	3
Desired behavioural competencies	3
Geographic experience	3
Capital Markets experience	3
Subject matter expertise:	
- accounting	3
- capital management	3
- corporate financing	3
- industry taxation [1]	0
- risk management	3
- legal	3
- IT expertise [2]	0

(1) Skill gap noticed however an external taxation firm is emplo4yed to maintain taxation requirements.

(2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.3 **A listed entity should disclose:** (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the NSX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	YES	(i) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. (ii) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company website. (iii) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	YES	The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Reports and Company website.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: have a code of conduct for its directors, senior executives and employees; and disclose that code or a summary of it.	YES	(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: have an audit committee which: (A) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (B) is chaired by an independent director, who is not the chair of the board, and disclose: (C) the charter of the committee; (D) the relevant qualifications and experience of the members of the committee; and (E) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (ii) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NO	(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(i) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the NSX Listing Rules and other relevant legislation. (ii) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website. Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.

<table>
<tr><th>PRINCIPLES AND RECOMMENDATIONS</th><th>COMPLY (YES/NO)</th><th>EXPLANATION</th></tr>
<tr><td>Recommendation 6.3
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</td><td>YES</td><td>The Shareholder Communication Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the NSX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the NSX is immediately posted.

Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</td></tr>
<tr><td>Recommendation 6.4
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</td><td>YES</td><td>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the NSX.

Shareholders queries should be referred to the Company Secretary at first instance.</td></tr>
<tr><td colspan="3">Principle 7: Recognise and manage risk</td></tr>
<tr><td>Recommendation 7.1
The board of a listed entity should:
(a) have a committee or committees to oversee risk, each of which:
(a) has at least three members, a majority of whom are independent directors; and
(b) is chaired by an independent director, and disclose:
(c) the charter of the committee;
(d) the members of the committee; and
(e) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</td><td>NO</td><td>Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.

The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.

The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</td></tr>
<tr><td>Recommendation 7.2
The board or a committee of the board should:
review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and
(ii) disclose in relation to each reporting period, whether such a review has taken place.</td><td>YES</td><td>(i) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.
(ii) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.</td></tr>
<tr><td>Recommendation 7.3
A listed entity should disclose:
(a) if it has an internal audit function, how the function is structured and what role it performs; or
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</td><td>YES</td><td>Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</td></tr>
</table>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (a) has at least three members, a majority of whom are independent directors; and (b) is chaired by an independent director, and disclose: (c) the charter of the committee; (d) the members of the committee; and (e) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	NO	Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (i) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (ii) disclose that policy or a summary of it.	YES	(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

Additional Information for Listed Public Companies

The following additional information is required by the National Stock Exchange of Australia in respect of listed public companies.

1. Capital

a) Ordinary share capital

100,000,000 ordinary fully paid shares held by 57 shareholders.

b) Unlisted Options over Unissued Shares

- No unlisted options exist

c) Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted Options**: Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

d) Substantial Shareholders as at 27 March 2019.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Hong Zeng	70,000,000	70.00

e) Distribution of Shareholders as at 27 March 2019.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	0	0	0.00
1,001 – 5,000	0	0	0.00
5,001 – 10,000	0	0	0.00
10,001 – 100,000	25	2,090,000	2.09
100,001 – and over	32	97,910,000	97.91
	57	**100,000,000**	**100.00**

f) Unmarketable Parcels as at 27 March 2019

At the date of this report there were no shareholders who held less than a marketable parcel of shares.

g) On-Market Buy-Back

There is no current on-market buy-back.

h) Restricted Securities

The Company has following restricted securities:

- 70,000,000 fully paid ordinary shares escrowed to be released on 6 November 2019.

Additional Information for Listed Public Companies

i) 20 Largest Shareholders — Ordinary Shares as at as at 27 March 2019

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Hong Zeng	70,000,000	70.00
2	Jichao yang	4,930,000	4.93
3	Yigu Yang	4,800,000	4.80
4	Jianguo Huang	4,600,000	4.60
5	Lu Chen	4,600,000	4.60
6	Lan Cao	2,000,000	2.00
7	Liping Chen	1,000,000	1.00
8	Haiping Shan	600,000	0.60
9	Xueming Xu	500,000	0.50
10	Zaida Wu	330,000	0.33
11	Huiguo Shi	330,000	0.33
12	Xiaorong Huang	300,000	0.30
13	Fanghu Yang	280,000	0.28
14	Guodong Zhang	270,000	0.27
15	Xiaojiang Qiu	260,000	0.26
16	Jiwu Yang	240,000	0.24
17	Youhua Kong	230,000	0.23
18	Haibo Shao	230,000	0.23
19	Xiaohua Kong	220,000	0.22
20	Jingchao Zheng	200,000	0.20
20	Lili Chen	200,000	0.20
20	Haier Shi	200,000	0.20
20	Yanyan Fang	200,000	0.20
20	Hu Bo	200,000	0.20
20	Chao Wei	200,000	0.20
20	Xiaohong Wang	200,000	0.20
	TOTAL	**97,120,000**	97.12

2. The Company Secretary is Jueming Sang

3. **Principal registered office**

   As disclosed in Note 22 Company details on page 49 of this Annual Report.

4. **Registers of securities**

   As disclosed in the Corporate directory on page i of this Annual Report.

5. **Stock exchange listing**

   Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the National Stock Exchange of Australia Limited, As disclosed in the Corporate directory on page i of this Annual Report.

6. **Use of funds**

   The Company has used its funds in accordance with its initial business objectives.

Beida New Energy Limited