



Information Memorandum

Beida New Energy Limited

ACN: 618 066 970

This is an important document that should be read in its entirety. If you do not understand any component of this Information Memorandum you should consult your professional advisors. No securities will be issued or sold under this Information Memorandum.

"E-nova solar" is a trademark registered in the PRC under Beida New Energy Limited's wholly owned PRC operating entity, Ningbo Beida New Energy Science & Technology Co., Ltd.

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Important information

Issue of this document

This document has been prepared by Beida New Energy Limited (**Company** or **Beida New Energy**) in connection with its application to the National Stock Exchange of Australia Limited (**NSX**) for admission of its ordinary shares to listing on the NSX. The Company has not raised any capital for at least three months before the date of issue of this Information memorandum and will not raise any capital for a minimum of three months after the date of the issue of this Information Memorandum.

This document is dated 12 July 2017. A copy of this document was lodged with the NSX on 12 July 2017.

Purpose of this Information Memorandum

This document has been prepared solely for information purposes and to assist investors in evaluating the Company. Neither the Company nor any other person (not limited to any person named in this document) has independently verified any of the information or data contained in this document. No Securities will be issued or sold pursuant to this Information Memorandum.

This document is not a prospectus, nor is it an offer information statement, both of which are disclosure documents under the Corporations Act which must be lodged with the ASIC. Consequently, this Information Memorandum should be regarded as having a lower level of disclosure than a prospectus or an offer information statement. This Information Memorandum will not be lodged with ASIC. ASIC takes no responsibility for the contents of this Information Memorandum.

Investment decisions

This document is not, and should not be construed as, a recommendation or advice by the Company, or by any other person (not limited to any person named in this document) to invest in the Company now or at any time in the future. Any prospective investor should conduct his or her own investigations and analysis of the Company, its financial condition, the assets and liabilities of the business and its affairs generally including without limitation the contents of this document.

This document does not take into consideration the individual investment objectives, financial situation or particular needs of any particular person. Any prospective investor should take into account his or her own situation and consider seeking independent advice from suitably qualified professional sources before deciding whether or not to invest in the Company.

Application has been made for listing of the Company's issued securities on the NSX. The fact that the NSX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The NSX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

Unauthorised representations

No person is authorised by the Company to give any information or make any representation that is not contained in the Information Memorandum or is not publicly disseminated through the official announcement platform of the NSX. Any information or representation not contained in this Information Memorandum may not be relied on as having been authorised by the Company, its Directors or any other person.

Exclusion of liability

Nothing in this document is a promise or representation as to the future. Any prospective investor must make his or her own investigations and inquiries about the assumptions, uncertainties and contingencies which may affect the Company. Neither the Company nor any other person (not limited to persons named in this document) has authorized the making of any statement not expressly contained in this document.

Currency of information

All information in this document is, unless otherwise specifically stated, current only as at the date of issue of this document and then only to the extent that relevant information is available at the time of compilation of this document.

The publication of this document does not create any implication that there will be, or has been, no change in the business or affairs of the Company as at the date of issue of this document. The Company may in its absolute discretion, update or supplement this document but is under no obligation to do so.

Forward looking statements

This Information Memorandum contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Information Memorandum that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Information Memorandum may turn out to be inaccurate. Factors that may cause such differences include, but are not limited to, the risks described in the Section under the heading "Risk factors" at Section 7.

Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as at the date of this Information Memorandum. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with the NSX after the date of this Information Memorandum.

Rounding of numbers

Some numerical figures included in this Information Memorandum have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Trademarks

This Information Memorandum also includes trademarks, trade names and service marks that are the property of other organisations.

Defined words and abbreviations

Defined terms and abbreviations used in this Information Memorandum are defined in the Glossary in Section 10.

Time

All references to time in this Information Memorandum refer to Australian Eastern Standard Time unless stated otherwise.

Photographs and diagrams

Photographs and diagrams used in this Information Memorandum that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this

Information Memorandum or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Information Memorandum are illustrative only. Unless otherwise stated, all data contained in graphs and tables is based on information available as at the date of this Information Memorandum.

1 Letter from the Chief Executive Officer

12 July 2017

Dear investor,

On behalf of the Board of Beida New Energy Limited (**Company** or **Beida New Energy**), I am delighted to introduce the Company to you.

The Company is the holding company of the Group. The main operating entity of the Group, Beida China, commenced business in 2010 and has operations located in Ningbo, China. The Group is a vertically integrated business engaged in the business of the research, development, production and sales of monocrystalline and polycrystalline silicon photovoltaic (**PV**) and solar energy modules, as well as in the investment, development and construction of PV power generation stations. Its products and solutions are widely globally for their quality, efficiency and reliability.

The Company is an Australian holding company subject to Australian regulations, with business operations in China. The Company holds 100% of WFOE, which in turn, holds 100% in Beida China. .

The Company seeks to be listed on the NSX for the following reasons:

- improve the liquidity of the Company's assets and shares, allowing it to expand its business and achieve long-term growth by gaining access to the capital markets by listing on an internationally recognised securities exchange such as the NSX;
- broaden the Company's shareholder base;
- improve transparency to clients and key stakeholders;
- enhance Company's brand image to receive increased recognition; and
- provide ongoing access to capital markets through a respected securities exchange to pursue growth opportunities.

This Information Memorandum contains detailed information about the Company, the industry in which the Company operates and its financial and operating performance. The Company is subject to a range of risks. The risks of investing in the Company are fully detailed in Section 9. I encourage you to read this document carefully and in its entirety before making your investment decision.

The Directors are confident that the Company's business, in conjunction with the growth profile of the industry and the expertise of the Board and management team, provides a strong platform for growth.

If you have any questions about this Information Memorandum, please contact the Company or consult your licensed financial adviser, stockbroker or other professional adviser.

Yours sincerely,



Hong Zeng

CEO

2 Investment overview

This information is a selective overview only and is not intended to provide full information for investors intending to invest in the Shares. Prospective investors should read this Information Memorandum in full before deciding whether to invest in the Shares.

Topic	Summary	For more information
Issuer of this Information Memorandum	Beida New Energy Ltd (ACN 618 066 970), a company incorporated in Victoria, Australia.	Important Information Section
Purpose of this Information Memorandum	This Information Memorandum is issued in connection with the Company's application for its compliance listing on the NSX.	Important Information Section
Reasons for listing on the NSX	<p>The directors believe that the listing of the Shares on NSX is beneficial to the Company and Shareholders because a listing on NSX will:</p> <ul style="list-style-type: none"> improve the liquidity of the Company's assets and shares, allowing it to expand its business and achieve long-term growth by gaining access to the capital markets by listing on an internationally recognised securities exchange such as the NSX; broaden the Company's shareholder base; improve transparency to clients and key stakeholders; enhance Company's brand image to receive increased recognition; and provide ongoing access to capital markets through a respected securities exchange to pursue growth opportunities. 	Section 8.1.2
Nature of the Company's business and business model	The main operating entity of the Group, Beida China, is engaged in the business of the research, development, production and sales of monocrystalline and polycrystalline silicon photovoltaic (PV) and solar energy modules, as well as in the investment, development and construction of PV power generation stations. Its products and solutions are widely recognised for their quality, efficiency and reliability.	Section 3.1
The Company's corporate structure	The Company was incorporated in Victoria, Australia on 20 March 2017, and is the holding company of the Group. For the purposes of the listing, a group restructure (Restructure) occurred. The result of the Restructure is that the Company holds 100% of WFOE, which in turn, holds 100% in Beida China.	Section 3.2
Sources of revenue generated by the Company	Beida China derives revenue through the sale of its products and solutions, which are made-to-order. For its marketing and sales efforts, Beida China establishes collaboration agreements (Collaboration	Section 3.4.2

	<p>Agreements) with other trusted and highly-regarded engineering, procurement and construction (EPC) companies. These EPC companies have three key responsibilities, which are as follows:</p> <ol style="list-style-type: none"> 1. To promote Beida China's products and solutions to end-consumers, which include households, factories, enterprises and public institutions; 2. To notify Beida China of any orders received so that Beida China can commence its procurement and production processes; and 3. Upon receipt of the ordered products from Beida China, to undertake the installation work of the products and solutions for the end-consumers. 	
Material contracts	<p>As at the date of this Information Memorandum, Beida China is party to a number of important Collaboration Agreements with EPC companies. These EPC companies are as follows:</p> <ul style="list-style-type: none"> • Ningbo Nongfala New Energy Technology Development Co., Ltd; • Zhejiang Biqing New Energy Technology Co., Ltd; • Zhejiang Guochenyang Solar Energy Technology Co., Ltd; and • Zhejiang Xinri Joint Energy Technology Co., Ltd. 	Section 3.5
Key benefits of investing in the Company	<p>The benefits of investing in the Company include the following:</p> <ul style="list-style-type: none"> • recognised experience and expertise in its manufacture and development of PV products and solutions; • an experienced team of personnel with a strong operating track record; • committed R&D team for the continuous improvement of the Company's PV technologies and products; and • being able to participate in the growing private sector of China's national economy. 	Section 3
Key risks of investing in the Company	<p>There are a number of risks associated with investing in the share market generally and in the Company specifically. Full details of these risks are set out in Section 7 and include:</p> <ul style="list-style-type: none"> • reliance on Collaboration Agreements with EPC companies; • reliance on key personnel; • new product risks; 	Section 7

	<ul style="list-style-type: none"> • changes to technological advancements; and • changes to the regulatory and policy environment to the Chinese PV and solar industry. 	
Financial position of the Company	The Company is incorporated on 20 March 2017 in Victoria, Australia to hold 100% of the equity interest in the WFOE, which in turn holds 100% of the equity interest in Beida China. This Information Memorandum contains historical financial information of Beida China for the past three financial years.	Section 6
Directors of the Company	<p>Directors of the Company are:</p> <ul style="list-style-type: none"> • Hong Zeng (Executive Director and CEO); • Haohui Zhang (Executive Director); • Ying (Diancy) Chen (Executive Director); • Wenqi (Vivian) Fan (Non-Executive Director); and • Chao (Ashley) Liu (Non-Executive Director). <p>Their qualifications, work experience and shareholdings in the Company (if any) are set out in Section 5.</p>	Section 5.1
Shareholders of the Company	As at the date of this Information Memorandum, the Company has only one class of shares on issue, namely ordinary Shares. Information on the top 20 shareholders of the Company, including whose shares are subject to escrow arrangements, as at the date of this Information Memorandum, are set out in Section 4.2.	Section 4
Company's plans to declare dividend	The Company's initial focus will be on generating capital growth. The Company has no immediate plan to declare or distribute dividends. However, where possible, directors intend to declare the highest possible rates of dividends after taking into account factors such as the available of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by directors.	Section 4.5

3 Company and Business overview

3.1 Background

Beida New Energy is incorporated in Victoria, Australia, and is the holding company of the Group. The main operating entity of the Group, Beida China, is engaged in the business of the research, development, production and sales of monocrystalline and polycrystalline silicon photovoltaic (**PV**) and solar energy modules, as well as in the investment, development and construction of PV power generation stations. Its profits are derived from the sale of its products, which are made-to-order. Beida China's products and solutions are recognised for its quality, efficiency and reliability, particularly in relation to its exceptional resistance against wind, snow and potential induced degradation (**PID**).

Beida China utilises an Industry 4.0 approach to its manufacturing process. It has 11 fully-automated production lines, ultra-modern testing equipment and first-class digital technologies. To date, Beida China's production capacity is more than 300MW annually.

Beida China holds certifications for its manufacturing processes, including ISO9001:2008 Quality Management System Certification, GB/T28001-2001 Occupational Health and Safety Management Certification, and ISO14001:2004 Environmental Management System Certification. In addition, all of its products have quality and compliance-engineering certifications from the China Quality Certification Centre (**CQC**), TUV Rheinland of North America, Inc. (**TUV**), and the International Electrotechnical Commission (**IEC**).

Beida China is invested in its own research and development (**R&D**) to continuously improve its products and provide cutting-edge PV solutions. To achieve this, Beida China recruits industry experts, collaborates with trusted R&D institutions, and invests strategically in new innovations and technologies. Through their R&D efforts, Beida China has been recognised for its expertise and market leadership in its PV and solar energy industry. Beida China was recognised by the Chinese government as a "National High-Tech Enterprise" in 2014 and, to date, holds 14 patents, including 3 Innovation Patents and 11 Utility Model Patents.

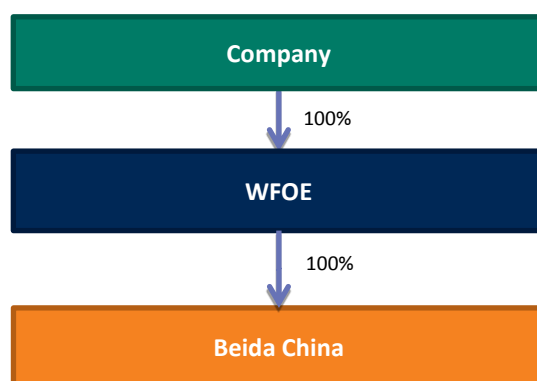
Beida China is comprised of a team of 150 highly skilled technical professionals, business managers, and academic-leaders. This enables it to provide consistently valuable, innovative and high-quality PV products and solutions.

3.2 Corporate structure

The Company was incorporated in Victoria on 20 March 2017. For the purposes of the listing, a group restructure resulted in:

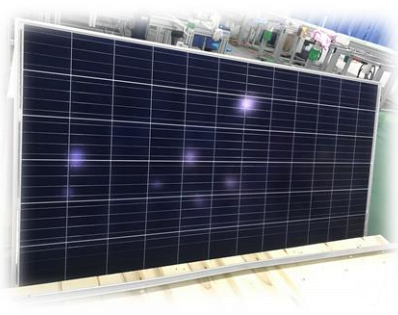

- the acquisition by the Company of the WFOE; and
- the acquisition by the WFOE of Beida China, which is the main operating company in China.

The Group structure at the date of this Information Memorandum is shown in the diagram below.



3.3 Product overview

Beida China's key products are PV modules. It currently has two key products which are outlined as follows.

Product type	Description
Monocrystalline silicon PV module (BD 280-260W 60-cell) 	<ul style="list-style-type: none"> Module efficiency of up to 19.5% through the use of advanced silicon technology, such as 'M4' technology¹ for the production of polycrystalline silicon slices Light mounting framework to allow for easy installation High levels of PID resistance through the use of silica gel and high-efficiency cell technology in the production of the module High reflection and transmission properties of +2% through the use of self-cleaning and anti-reflective coated glass Peak power output has a positive allowance of 0/+5W which ensures higher levels of reliability
Polycrystalline silicon PV module (BD 330-305W 72-cell) 	<ul style="list-style-type: none"> Module efficiency of up to 18.5% through the use of advanced silicon technology, such as 'M4' technology¹ for the production of polycrystalline silicon slices Light mounting framework to allow for easy installation High levels of PID resistance through the use of silica gel and high-efficiency cell technology in the production of the module High reflection and transmission properties of +2% through the use of self-cleaning and anti-reflective coated glass Peak power output has a positive allowance of 0/+5W which ensures higher levels of reliability

- M4 technology allows for more advanced thermal field design and has narrow efficient distribution, lower dislocation density and higher minority carrier lifetime. It also has a conversion efficiency that is more than 8%-10% higher than that of ordinary silicon slices.*

The key components of Beida China's PV modules are as follows.

Components	Description	Overview of use in Beida China's modules
Solar cells	<p>The solar cells are a device which converts photons from the sun (solar light) into electricity. Its size is generally 156 x 156 mm and its operating voltage is generally 0.5V per cell.</p> <p>The solar cells cannot be used as a power source separately. As such, they must be placed in series and electrical contacts must be placed to connect each cell through a process of cell stringing. Once the cells are stringed together, they become a solar cell module with power</p>	Connected through the process of cell stringing to create power generation capacity.

	generation capacity.	
Tempered glass	<p>Low-iron tempered glass (also known as white glass), with a thickness of 3.2 mm, has a light transmittance ability of over 90% within the wavelength coverage of 320-1100NM. For infrared light, it has a light transmittance and reflection ability of more than 1200NM. Tempered glass is also able to resist ultraviolet irradiation without decreasing its light transmittance abilities.</p> <p>The tempered glass used by Beida China satisfies the performance index specified in the ground silicon solar cell environment test of the International GB9963-88. The finalised module, using the tempered glass, also satisfies the shock resistance performance requirements of the International GB9535-88.</p>	Placed over the solar cells to provide a protective layer.
Ethylene vinyl acetate (EVA)	<p>EVA is used in a hot-melt adhesive with a uniform thickness between 0.4 and 0.6 mm. It contains a cross linking agent and has a smooth surface. At room temperature, it has no viscosity and is anti-sticking. However, after applying heat, the EVA will melt, become an adhesive, crosslink, solidify and become completely transparent.</p> <p>The solidified EVA can withstand atmospheric changes and has elasticity. It serves as an 'upper cover and lower gasket' of the solar cells so that the cells can be packed and sealed, together with an upper layer protective material (usually tempered glass) and a lower layer protective material (usually tedlar polyester tedlar (<i>TPT</i>) backboard). These components are combined into one component through a vacuum lamination technology. The EVA also improves the light transmittance of the tempered glass and, in this way, plays a key role in the anti-reflection properties of the PV module output.</p>	Used to adhere the various components of the PV module together; also serves as a component to enhance the efficiency of the modules.
Backboard	<p>The backboard is the protective material on the back of the PV module. This is usually a TPT backboard, but can also be a dinitrophenyl (<i>DNP</i>) backboard. These protective materials can be adhered to EVA and have strong resistance and insulation properties. For example, it is resistant to ageing and environmental corrosion.</p> <p>The backboard plays a key role in improving the PV module's efficiency. It is white in colour and thus, assists the PV module in its light reflection. It also has high levels of infrared emissivity and thus, reduces the PV module's operating temperature.</p>	Placed at the back of the PV module to provide a protective layer.
Junction box	The junction box is generally made by acrylonitrile butadiene styrene (<i>ABS</i>) and is added with anti-aging and anti-ultraviolet radiation components. This ensures that the PV module can be used outdoors for more than 25 years without the occurrence of aging fracture phenomena. The binding post of the junction post is made from high conductivity cathode copper with an outer plate made from nickel. This ensures the reliability of the electrical conduction and electrical connection of the PV module.	Adhered to the backboard surface with silica gel.
Aluminium alloy frame	The frame of the PV modules is made from hard aluminium alloy with a surface oxidation thickness of more than 10 micrometres. This ensures that the frame can be used outdoors for more than 25 years without the occurrence of corrosion.	Placed around the solar cells to create a frame for the PV module.

3.4 Business model

Beida China's profits are derived from the sale of its products, which are made-to-order. Its business model is a vertically integrated model. An illustrative diagram is set out below:



3.4.1 *Research and development*

Beida China continuously engages in the R&D of PV products, which are in high demand in the consumer market. To assist with its R&D work, Beida China has a team of 8 professional researchers who focus on developing and improving product design, mechanical and electrical integration, and manufacturing processes. Beida China has also purchased advanced technical equipment to facilitate the research team in their work.

In 2016, Beida China recruited Dr Fengquan Liu to join its R&D team. Dr Liu is an expert in electronic material semiconductor material science and metal organic chemistry. He has research experience in high-efficiency solar industrialisation and technical experience in electronic material process technology. Dr Liu is currently leading Beida China's R&D team in the development of a high-efficiency crystalline silicone solar cell which will be integrated with Beida China's existing PV module products. By utilising Dr Liu's research and technical experience, Beida China will be able to enhance and expand its product varieties.

3.4.2 *Marketing and sales via collaboration agreements: made to order*

The PV and solar energy industry is divided into two segments: the manufacturing segment (**Upstream**) and the installation and construction segment (**Downstream**). Beida China is an Upstream segment company. For its marketing and sales, it establishes collaboration agreements (**Collaboration Agreements**) with other trusted and high-regarded Downstream engineering, procurement and construction (**EPC**) companies. These EPC companies have three key responsibilities. They are as follows:

1. To promote Beida China's products and solutions to end-consumers, which include households, factories, enterprises and public institutions;
2. To notify Beida China of any orders received so that Beida China can commence its procurement and production processes; and
3. Upon receipt of the ordered products from Beida China, to undertake the installation work of the products and solutions for the end-consumers.

As at the date of this Information Memorandum, the Group has ongoing Collaboration Agreements with the following EPC companies:

- Ningbo Nongfala New Energy Technology Development Co., Ltd (**Ningbo Nongfala**);
- Zhejiang Biqing New Energy Technology Co., Ltd (**Zhejiang Biqing**);
- Zhejiang Guochenyang Solar Energy Technology Co., Ltd (**Zhejiang Guochenyang**); and
- Zhejiang Xinri Joint Energy Technology Co., Ltd (**Zhejiang Xinri**).

By entering into Collaboration Agreements, Beida China is able to access the EPC companies' well-established distribution and marketing channels, while minimising its sales and marketing costs.

3.4.3 Procurement

Beida China procures high quality raw materials and components for the production of its PV products. Beida China is actively involved in the selection, testing and direct procurement of materials and components to ensure that the quality of its products are consistently manufactured to the highest standards.

As Beida China adopts a made-to-order business model, it does not enter into any ongoing supply agreements. However, given its operating history and standing in the market, Beida China has identified and developed strong relationships with various qualified suppliers. These suppliers are trusted to provide exceptional product quality, affordable prices and timely delivery each time that Beida China places an order for raw materials and components. As at the date of this Information Memorandum, Beida China's has the following qualified and trusted suppliers:

Products supplied	Qualified and trusted suppliers
Solar cells	Ningbo Youchen Solar Energy Technology Co., Ltd.
	Hangzhou Taifu Solar Energy Technology Co., Ltd.
Tempered glass	Changzhou Huamei Photovoltaic Material Co., Ltd.
	Changzhou Xinba Photovoltaic Material Co., Ltd.
	Wujiang Nanbo Glass Co., Ltd.
Ethylene vinyl acetate (EVA)	Shanghai Haiyouwei New Material Co., Ltd.
	Changzhou Siweike Photovoltaic New Material Co., Ltd.
	Guangzhou Lushan New Material Co., Ltd.
Backboard	Shanghai Jinyou New Energy Technology Co., Ltd.
	Zhangjiagang Bonded Area Dangxu Photovoltaic Material Co., Ltd.
Junction box	Jiangsu Tongling Electrical Device Co., Ltd.
	Ningbo Yongfa Photovoltaic Technology Co., Ltd.
	Cixi Renhe Photovoltaic Electrical Co., Ltd.
Aluminium alloy frame	Zhangjiajie Baochen Photovoltaic Co., Ltd.
	Zhangjiajie Baochen Photovoltaic Co., Ltd.
	Zhangjiagang Hanglong New Energy Technology Co., Ltd.
Tin-plate copper strips	Xinyu City Zhaoyixing Technology Co., Ltd.
Silica gel	Beijing Tianshan New Material Technology Co., Ltd.
Soldering flux	Zhaori Soldering Tin Technology (Wuxi) Co., Ltd.
Expanded polyethylene (EPE)	Shanghai Manguang New Energy Technology Co., Ltd.
Carton	Ningbo City Yinzhou Xianxiang Xianfeng Printing Carton Plant
Tray	Ningbo Minghao Wood Industry Co., Ltd.

3.4.4 Production

Beida China produces its own PV and solar products and solutions. To ensure efficiency, the quantity of products produced annually is dependent on the number of orders received. To date, Beida China's production capacity is more than 300MW annually. Upon receiving orders, Beida China's production process is usually as follows:

1. **Series welding** - solar cells are placed in a series;
2. **Stage 1 lamination** - electrical contacts are placed to connect each cell through a process of cell stringing; the cells are protected by tempered glass, an EVA coating, and a TPT backboard;
3. **Stage 2 lamination** - the bonded cells, tempered glass, EVA coating and TPT backboard are heat, pressure and vacuum processed;
4. **Framing** - the cells are protected with an aluminium frame, which also allows for easy installation;
5. **Testing** - the modules are tested through the use of electroluminescence;
6. **Cleaning** - the module is cleaned to ensure that a sleek and glossy appearance is achieved;
7. **Final performance testing** - the module is tested for its insulating and power generation properties; and
8. **Packaging and warehousing** - the modules are packaged and stored in a controlled environment.

3.5 Material contracts

The Directors consider that there are a number of ongoing contracts which are significant or material to the Group. As set out in section 3.4.2 of this Information Memorandum, Beida China has entered into material Collaboration Agreements with 4 Agents. The key specifics of these Collaboration Agreements are outlined below.

Agent	Contract date	Products and quantity ordered	Consideration paid by the EPC company	Product delivery period (<i>Product Delivery Period</i>)
Ningbo Nongfala	09 February 2017	<ul style="list-style-type: none"> 9,300 pieces of the 260 watt PV panels 9,000 pieces of the 310 watt PV panels 	16,144,800 RMB yuan	Between February and December 2017
Zhejiang Biqing	18 April 2017	<ul style="list-style-type: none"> 34,200 pieces of the 260 watt PV panels 29,500 pieces of the 310 watt PV panels 	55,914,700 RMB yuan	Between May and December 2017
Zhejiang Guochenyang	15 May 2017	<ul style="list-style-type: none"> 13,600 pieces of the 260 watt PV panels 13,000 pieces of the 310 watt PV panels 	23,454,600 RMB yuan	Between June and December 2017
Zhejiang Xinri	10 January 2017	<ul style="list-style-type: none"> 37,220 pieces of the 260 watt PV panels 31,000 pieces of the 310 watt PV panels 	59,790,320 RMB yuan	Between January and December 2017

The above Distribution Agreements contain general provisions which are applicable to all agreements. These provisions are summarised below. These summaries do not purport to be complete and are qualified by the text of the contracts themselves.

Term	Details
Delivery specifics	<p>Under the Distribution Agreements, Beida China will dispatch the ordered products in batches to the Agent during the specified Product Delivery Period. The frequency and quantity of the products delivered in each batch will be determined by the Agent. Beida China must be given at least 30 days notice prior to the expected product delivery date and time.</p> <p>Beida China will undertake the delivery costs while the Agent will undertake the costs of unloading of the products.</p>
Payment	<p>The Agent will make a cash payment to Beida China each time a batch of products is delivered. The payment amount will represent the products and quantity delivered in that batch and be a proportion of the total price specified under the Distribution Agreement.</p>
Quality of products	<p>Beida China must guarantee that the quality and packaging of the products are in accordance with the industry standards and product specifications.</p> <p>Upon receipt (<i>Date of Receipt</i>), there are 3 days available for the inspection of the delivered products. The inspection will be undertaken by both the Agent and Beida China. No refunds or exchanges will be accepted by Beida China after this period.</p>
Product warranty	<p>The delivered products have a warranty period of 3 years from the Date of Receipt. If, within this warranty period, the products have significant quality issues, the Agent must provide written notice to Beida China. Beida China will then inspect the quality issue and provide an exchange of the product if necessary.</p>

3.6 Future plans and prospects

Over the next few years, the Company will enhance its efforts in R&D, such as by increasing investment, attracting top personnel in the industry for collaboration, establishing R&D centres, and working collaboratively with scientific research institutes. The Company estimates that within 3 to 5 years, it will be able to develop a new PV module, which will use ordinary crystalline silicon cells and special polymer packaging materials to replace the traditional glass and aluminium mounting framework structures. This can significantly reduce the weight of the modules and thereby lessen installation and transportation costs.

4 Shareholding information

4.1 Share class information

As at the date of this Information Memorandum, the Company has only one class of shares on issue, namely ordinary Shares, the details of which are as follows:

	Number of Shares	Voting rights attached to the Shares	Amount of fully paid security
Ordinary Shares	100,000,000	Each shareholder is entitled to one vote for each Share	\$32,000,000

4.2 Top 20 shareholders

The top 20 shareholders of the Company (including whose shares are subject to escrow arrangements) as at the date of this Information Memorandum are set out as follows:

	Name	Number of Shares	% of issued 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%
	Lu Chen	4,600,000	4.60%
5.	Lan Cao	2,000,000	2.00%
6.	Liping Chen	1,000,000	1.00%
7.	Haiping Shan	600,000	0.60%
8.	Xueming Xu	500,000	0.50%
9.	Zaida Wu	330,000	0.33%
	Huiguo Shi	330,000	0.33%
10.	Xiaorong Huang	300,000	0.30%
11.	Fanghu Yang	280,000	0.28%
12.	Guodong Zhang	270,000	0.27%
13.	Xiaojiang Qiu	260,000	0.26%
14.	Jiwu Yang	240,000	0.24%
15.	Youhua Kong	230,000	0.23%
	Haibo Shao	230,000	0.23%
16.	Xiaohua Kong	220,000	0.22%
17.	Jingchao Zheng	200,000	0.20%
	Lili Chen	200,000	0.20%
	Haier Shi	200,000	0.20%
	Yanyan Fang	200,000	0.20%

Hu Bo	200,000	0.20%
Chao Wei	200,000	0.20%
Xiaohong Wang	200,000	0.20%

4.3 Analysis of shareholding

As at the date of this Information Memorandum, the distribution of the holders of the ordinary shares issued by the Company (including shares subject to escrow arrangements) are as follows:

Holding	Number of holders	Number of ordinary shares	% of issued capital
1 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	25	2,090,000	2.09%
100,001 - 500,000	24	5,380,000	5.38%
500,001 and above	8	92,530,000	92.53%
Total	57	100,000,000	100%

4.4 Restricted securities

Subject to NSX's acceptance of the Company's submission to have securities be restricted, the Company intends to have escrow arrangements in respect of 88,930,000 shares, which represent 88.93% of the Company's issued and paid up share capital. If NSX accepts the Company's submission on securities to be restricted, the following persons will enter into restriction agreements with the Company under which they are restricted from dealing in any Share held by them during the escrow period. The escrow arrangement are as follows:

Name of holder	Number of shares	Escrow period
Hong Zeng	70,000,000	24 months from the listing date
Jichao Yang	4,930,000	12 months from the date of the issuance of the restricted securities
Yigu Yang	4,800,000	12 months from the date of the issuance of the restricted securities
Jianguo Huang	4,600,000	12 months from the date of the issuance of the restricted securities
Lu Chen	4,600,000	12 months from the date of the issuance of the restricted securities

4.5 Dividend policy

The Company does not intend to pay dividends on securities for the financial year ending 31 December (the first financial year following the incorporation of the Company). Any future determination as to the payment of dividends by the Company will be at the discretion of directors. However, where possible, directors intend to adopt a policy of declaring the highest possible rates of dividends after taking into account factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by directors.

Directors expect that any dividend, if paid, will be paid without franking credits.

5 Directors and corporate governance

5.1 Board of Directors

At listing, the Board will comprise 5 members, consisting of 2 Non-Executive Directors and 3 Executive Directors. The following table provides information regarding the Directors, including their positions and expertise:

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.
Hong Zeng	
Role	Executive Director and CEO
Expertise / Qualifications	<ul style="list-style-type: none"> Executive Master of Business Admin (China Europe International Business School)
Location	Zhejiang, China
Independence or affiliations	Not independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

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.
Haohui Zhang	
Role	Executive Director
Expertise / Qualifications	<ul style="list-style-type: none"> Advanced Diploma of Business Administration (Wuxi Institute of Technology, China)
Location	Zhejiang, China

Independence or affiliations	Not independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience	
 <p>Ying (Diancy) Chen</p>	<p>Before joined Beida China, 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.</p> <p>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.</p> <p>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).</p>
	Role Executive Director
	Expertise / Qualifications <ul style="list-style-type: none"> • Master of Professional Accountancy (University College London) • Bachelor of Business Administration and Automatic Control (Shanghai Jiao Tong University) • Member of the Hong Kong Institute of Certified Public Accountants • Member of the Chinese Institute of Certified Public Accountants • Member of the Association of Chartered Certified Accountants
	Location Zhejiang, China
Independence or affiliations	Not independent
Legal or disciplinary action	Nil
Insolvent companies	Nil


Experience	
	<p>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 Chartered Practising Accountants (CPA) Australia.</p>
	<p>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.</p>

Wenqi (Vivian) Fan	
Role	Non-executive Director
Expertise / Qualifications	<ul style="list-style-type: none"> • Master of Business Law (University of Sydney) • Bachelor of Commerce (University of Sydney) • Member of CPA, Australia
Location	Sydney, Australia
Independence or affiliations	Independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience	
	<p>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.</p> <p>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.</p>
	Chao (Ashley) Liu
Role	Non-Executive Director, Company Secretary and Public Officer
Expertise / Qualifications	<ul style="list-style-type: none"> • Master of Commerce, majoring in accounting (University of Sydney) • Master of Logistics Management (University of Sydney) • Associate Member of CPA, Australia
Location	Sydney, Australia
Independence or affiliations	Independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

5.2 Senior management

The day to day management of the Group's business is tasked to the following team of experienced personnel:

Experience	
	<p>Ms Dai was the General Manager of Ningbo Shuntian Electronic Technology Co., Ltd. from 2010 to 2016, the Executive Vice President of Taijing (Ningbo) Electronic Co., Ltd. from 1997 to 2010, the Administration Department Manager of Lihua (Ningbo) Wool Industry Co., Ltd. from 1994 to 1997. She is currently the Deputy General Manager of Ningbo Beida New Energy Technology Co., Ltd.</p>
	Haiya Dai
	Role Deputy General Manager of Beida China
	Expertise / Qualifications <ul style="list-style-type: none"> Bachelor of Business Administration (Zhejiang University, China)
	Legal or disciplinary action Nil
Insolvent companies Nil	

Experience	
	<p>Ms Huang was the former Financial officer of Ningbo Shuangli Metal Hose Co., Ltd., and is currently the Chief Financial Officer of Ningbo Beida New Energy Technology Co., Ltd.</p>
	Xuanfen Huang
	Role Chief Financial Officer of Beida China
	Expertise / Qualifications <ul style="list-style-type: none"> Advanced Diploma of Accounting (Ningbo Radio and Television University, China)
	Legal or disciplinary action Nil
Insolvent companies Nil	

5.3 Directors' and managements' interest in securities

Directors and the Company Secretary's interests' at the date of this Information Memorandum are as follows.

Name	Role	Shares
Zeng Hong	Executive Director and General Manager	70,000,000
Haohui Zhang	Executive Director	Nil
Ying (Diancy) Cheng	Executive Director	Nil
Wenqi (Vivian) Fan	Non-Executive Director	Nil
Chao (Ashley) Liu	Non-Executive Director	Nil

Senior management interests' at the date of this Prospectus are as follows.

Name	Role	Shares
Haiya Da	Deputy General Manager	Nil
Xuanfen Huang	Chief Financial Officer	Nil

5.4 Directors' and managements' interests and remuneration

(a) Non-Executive Directors' remuneration - 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 Wenqi (Vivian) Fan is A\$45,000 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.

(b) Non-Executive Director, Company Secretary and Public Officer remuneration – Chao (Ashley) Liu

Chao (Ashley) Liu is Non-Executive Director, Company Secretary and Public Officer of the Group. From 4 July 2017, Chao (Ashely) Liu will receive an annual fixed remuneration of A\$72,000. Pursuant to Chao (Ashley) Liu's labour contract, Chao (Ashley) Liu may resign from her position by giving 6 months' notice in writing. Chao (Ashley) Liu'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, 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 Chao (Ashley) Liu's labour contract (whether by resignation or termination), Chao (Ashley) 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.

(c) Executive Director and CEO remuneration – Hong Zeng

Hong Zeng is Executive Director and CEO of the Group. From 4 July 2017, Hong Zeng will receive an annual fixed remuneration of RMB 360,000 (approximately A\$69,738.55). Pursuant to Hong Zeng's labour contract, Hong Zeng may resign from his position by giving 6 months' notice in writing. Hong 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, Hong Zeng's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Hong Zeng's labour contract (whether by resignation or termination), Hong 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.

(d) Executive Director remuneration – Haohui Zhang

Haohui Zhang is Executive Director of the Group. From 4 July 2017, Haohui Zhang will receive an annual fixed remuneration of RMB 180,000 (approximately A\$34,869.28). Pursuant to Haohui Zhang's labour contract, Haohui Zhang may resign from his position by giving 6 months' notice in writing. Haohui 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, Haohui Zhang's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Haohui Zhang's labour contract (whether by resignation or termination), Haohui 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.

(e) Executive Director remuneration - Ying (Diancy) Chen

Ying (Diancy) Chen is Executive Director of the Group. From 4 July 2017, Ying (Diancy) Chen will receive an annual fixed remuneration of RMB 180,000 (approximately A\$34,869.28). Pursuant to Ying (Diancy) Chen's labour contract, Ying (Diancy) Chen may resign from her position by giving 6 months' notice in writing. Ying (Diancy) 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, Ying (Diancy) Chen's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Ying (Diancy) Chen's labour contract (whether by resignation or termination), Ying (Diancy) 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.

5.5 Related parties and related party transaction

There are two companies which are related parties with Beida China. 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 operates 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, Beida China entered into a loan agreement with Hose Co, whereby Beida China may borrow up to RMB 50,000,000 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 Beida China 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 Beida China.

5.6 Corporate governance

The Company's board is cognizant of the need for a well-articulated and robust corporate governance framework and believes that good corporate governance is essential to the preservation and enhancement of Shareholder value.

The Company has adopted a NSX compliant constitution (**Constitution**). However, given the size of the Company, the Board is yet to formally adopt any other corporate governance policies. The Board will continually review the need for corporate governance policies, and to adopt them as and when the need arises in the future. Disclosure of these corporate governance policies will be given in accordance with the NSX Listing Rules and be made available on the Company's website.

The Board endorses the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations, 3rd edition, 2014 ("**CG Recommendations**"). Those principles marked with ✓ have been implemented by the Company. Those principles marked with a ⊕ either have not been fully implemented or are to be addressed during the FY2017 reporting year. The commentary addresses the reasons for the departure from the requirements.

Principle 1 – Lay solid foundations for management and oversight		
1.1	The Company recognises that the overall responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. Given the size of the Company and the Board currently as at the date of this statement, the Board is yet to formally adopt a formal board charter. The Board will continually review the need for a board charter, and adopt it as and when the need arises in the future. Until then, the Company will continue to disclose the role and responsibility of the Board on its website and/or annual report.	⊕
1.2	Criminal record checks have not been carried out on all Board members prior to their appointment. However, all members of the Board have executed a declaration and undertaking, including the existence of any criminal conviction. The Company will provide Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at future general meetings	⊕
1.3	All Directors and senior executives have a written agreement with the Company or a member of the Group setting out the terms of their appointment.	✓
1.4	The Company Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board.	✓
1.5	In establishing the Board and senior management team (" Senior Management "), regard was had to the objective of achieving gender diversity. The current Board consists of 3 female and 2 male directors, and the current Senior Management team consists of 2 female managers. The Board has not yet formally prepared a diversity policy or set measurable objectives but intends to do so following listing. In doing so, the Board will have regard to the CG Recommendations. Once finalised, the policy will be made available on the Company's website.	⊕
1.6 & 1.7	The performance of the Board will be subject to review in a number of ways: <ul style="list-style-type: none"> • The Constitution provides that at every general meeting, one third of the Directors will retire from office but may stand for re-election; • Board composition will be also reviewed periodically either when a vacancy arises or if it is considered that the Board would benefit from the services of a new Director, given the existing mix of skills and experience of the Board, which would match the strategic demands of the Company; • Once it has been agreed that a new Director is to be appointed, a search will be undertaken and appropriate checks undertaken sometimes using the services of external consultants. Shareholders will be advised of all material information regarding a Director proposed for election or appointment to the Board. Nominations would then be received and reviewed by the Board; and • remuneration of the Non-Executive Directors is reviewed and approved by the Board. The remuneration payable to Directors must comply with the NSX Listing Rules. <p>The Company will disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with the above process.</p>	✓

Principle 2 – Structure the Board to add value

2.1	<p>The Board has not yet formed a Nomination and Remuneration Committee ("NRC") 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 NRC and, if the need arises in the future, will ensure that it is in compliance with the CG Recommendations.</p> <p>To address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively, the performance of the Board will be reviewed as set out under Principles 1.5-1.7 above.</p>	⊙
2.2	<p>In establishing the Board, regard was had to the skills and expertise required of the Directors relevant to the Company's business, its Listing in Australia and operations in China. Directors with the desired skills and expertise were carefully selected for appointment to the Board.</p>	✓
2.3 & 2.4	<p>The Board is comprised of five members, two of whom are independent. Wenqi Fan and Chao Liu are considered independent as they do not have any shareholding in the Company and is not an adviser or supplier to the Company or does not have any other material contractual relationship with the Company other than his position as a Director.</p> <p>The Company Constitution requires that each Director must not hold office (without re-election) past the third annual general meeting following his/her appointment or election or 3 years, whichever is longer.</p> <p>The Company has considered the recommendation of having a majority of the Board as independent Directors. However, the Board considers the Company's immediate requirements as it transits to a NSX-listed company and is satisfied that the composition of the Board reflects an appropriate range of independence and skill and experience in the period immediately after Listing on the NSX. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.</p>	⊙
2.5	<p>The Company has not yet appointed a Chairman. However, if and when it does, it will ensure that the Chairman is an independent Director and facilitates the effective contribution of all Directors at Board meetings. The roles of Chair and Executive Director are exercised by different individuals.</p>	⊙
2.6	<p>All Non-Executive Directors have had an extensive induction into the business of the Company prior to accepting their appointment and have received continuing information on the Company and its operations since being appointed. The induction process has included site visits in China and presentations by management.</p> <p>Directors are also given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.</p>	✓

Principle 3 – Act ethically and responsibly

3.1	<p>The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards.</p> <p>The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to enable a full and frank discussion of the matter(s) under consideration by the rest of the Board.</p> <p>The Board has not yet adopted a formal code of conduct 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 code of conduct and, if the need arises in the future, will ensure that it is in compliance with the CG Recommendations.</p>	⊙
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Principle 4 – Safeguard integrity in financial reporting

4.1	<p>To safeguard the integrity of the Company's corporate reporting, the Company Constitution sets out the following:</p> <ul style="list-style-type: none"> Auditors of the Company are appointed and removed and their remuneration, rights and duties are regulated by the <i>Corporations Act 2001</i> (Cth) ("Act"); Auditors of the Company or partner or employee or employer of an auditor cannot be appointed as a Director of the Company; and Financial statements of the Company for each financial year must be audited by the auditors in accordance with the Act. <p>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.</p>	⦿
4.2	<p>The Board has not yet had to approve the entity's financial statements for a financial period and accordingly has not been required to receive relevant declarations from the CEO and Chief Financial Officer ("CFO") in respect of the financial records of the Group. It is the intention of the Board that these declarations will be required for both the half-year and full-year results and this fact has been communicated to both the CEO and CFO</p>	⦿
4.3	<p>The Company has not yet held an Annual General Meeting (AGM) but it is the intention of the Board to ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.</p>	⦿

Principle 5 – Make timely and balanced disclosure

5.1	<p>The Board has not yet adopted a continuous disclosure policy but intends to do so after listing. In preparing this, the Board will have regard to the CG Recommendations. Once finalised, the policy will be made available on the Company's website.</p>	⦿
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Principle 6 – Respect the rights of Shareholders

6.1	<p>The Company has established an English website which provides information about the Company, and other information relevant to its investors. The website will be a key communication tool between the Company and the Shareholders.</p>	✓
6.2	<p>The Board has not yet designed and implemented an investor relations program to facilitate effective two-way communication with investors but intends to do so after listing. In preparing this, the Board will have regard to the CG Recommendations. Once finalised, the program will be made available on the Company's website.</p>	⦿
6.3	<p>The Board has not yet adopted a disclosure and communication policy but intends to do so after listing. In preparing this, the Board will have regard to the CG Recommendations. Once finalised, the policy will be made available on the Company's website.</p>	⦿
6.4	<p>All Shareholders of the Company will be able to communicate with the Company and its share registry electronically and in fact this method of communication is encouraged.</p>	✓

Principle 7 – Recognise and manage risk

7.1	<p>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.</p>	⦿
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7.2	The risk management framework for the Group has not yet been formally reviewed by the Board but the Board has requested a report from management by December 2017. Outcomes of those reviews will be reported in the corporate governance statement annually.	⊙
7.3	<p>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.</p> <p>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.</p>	⊙
7.4	As mentioned under Principle 7.2, the Board expects a report on the risk management framework by December 2017 and has requested that management address economic, environmental and sustainability risks. The outcome of that review will be reported in the Company's annual report.	⊙

Principle 8 – Remunerate fairly and responsibly

8.1	<p>As mentioned under Principle 2.1, the Board has not adopted a NRC. To ensure the appropriateness of remuneration, the Company Constitution sets out the following:</p> <ul style="list-style-type: none"> • Remuneration of Non-Executive Directors must comply with NSX Listing Rules, including that: <ul style="list-style-type: none"> ○ fees payable to Non-Executive Directors must be by way of a fixed sum, and not by way of commission on or a percentage of profits or operating revenue; ○ the remuneration payable to Executive Directors must not include a commission on or percentage of operating revenue; and ○ the total fees payable to Directors must not be increased without the prior approval of members in general meeting. • Remuneration of Executive Directors must comply with the NSX Listing Rules and the terms of any agreement entered into. The Board may fix the remuneration of each Executive Director which comprise salary or commission on or participation in profits of the Company. 	⊙
8.2	As mentioned under Principle 8.1, the Board has practices in place regarding the remuneration of Non-Executive Directors and other senior executives.	✓
8.3	The Board has not yet adopted a 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 CG Recommendations.	⊙

6 Financial Information

6.1 Background

The Group is a 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. for the purposes of the Listing. Therefore, the pro forma financial information presented in this report is the audited historical financial information of Beida New Energy Limited and its subsidiaries for the three financial years ended 31 December 2014, 31 December 2015, and 31 December 2016 and assuming the following transactions had been completed prior to 1 January 2014 and reflected into the pro forma financial statements as of 1 January 2014:

- (a) The establishment of Beida New Energy Co., Ltd. and the proceeds of A\$3,310,604.70 was fully injected;
- (b) The establishment of Ningbo Yilai Fulange Energy Technology Co., Ltd.;
- (c) The acquisition of Ningbo Beida New Energy Science & Technology Co., Ltd. by Ningbo Yilai Fulange Energy Technology Co., Ltd with the cash consideration of A\$562,972.27; and
- (d) Ningbo Beida New Energy Science & Technology Co., Ltd. became a wholly owned subsidiary of the Company and is the sole operating company of the Group.

The historical financial information in this Information Memorandum has been prepared and presented in accordance with International Financial Reporting Standards (IFRS), which collective term includes all applicable individual IFRS and interpretations approved by the International Accounting Standards Board.

Shanghai Chenghui Certified Public Accountants Co., Ltd. audited or reviewed (as the case may be) the aforesaid financial statements, and issued unqualified opinions on these financial statements. The audit and review performed by Shanghai Chenghui Certified Public Accountants Co., Ltd. were carried out in accordance with International Standards on Accounting issued by the International Federation of Accountants through the International Auditing and Assurance Standards Board.

The financial information has been prepared and presented in Chinese Yuan or RMB, the official currency of the jurisdiction in which the Group operates. Notwithstanding, for the benefit of potential investors, we have provided conversions to A\$ at a rate of A\$1.00 to RMB 5.0157 (exchange rate set by the State Administration of Foreign Exchange as of 31 December 2016). As noted, that simple conversion does not comply with IFRS and is provided for general guidance and reference only.

The Auditors have given their consent for financial reports prepared by it to be included in this Information Memorandum and to be named as the Auditor of Beida New Energy Limited and its subsidiaries. Complete audited financial statements for the Company are available for inspection at the Company's Registered Office.

6.2 Summary of historical and pro forma financial performance during the three years ended 31 December 2014, 31 December 2015, and 31 December 2016

Pro forma Consolidated Statements of Comprehensive Income

CURRENCY: A\$			
	31/12/2016	31/12/2015	31/12/2014
Revenue	3,727,516	3,569,477	2,612,657
Other operating income	1,337,110	242,736	984,456
Interest income	360	9,837	3,307
	5,064,986	3,822,050	3,600,420
Total Revenue			
Cost of Materials	3,435,584	3,403,249	2,448,909

Gross Profit	1,629,402	418,801	1,151,511
Personnel expenses	649,004	458,395	145,584
Other operating expenses	1,224,086	938,886	1,401,295
Depreciation and amortisation	86,923	59,898	67,2835
Interest expenses	39,482	110,378	0.00
Profit before income taxes	(370,093)	(1,148,756)	(462,650)
Income taxes	0	0	0
Profit after income taxes	(370,093)	(1,148,756)	(462,650)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(370,093)	(1,148,756)	(462,650)

Pro forma Consolidated Statements of Financial Position

CURRENCY: A\$	31/12/2016	31/12/2015	31/12/2014
Assets			
Intangible assets	798,500	477,309	146,899
Tangible assets	2,120,712	2,803,702	2,616,924
Trade and other receivables	302,341	1,698,413	321,056
Non-current assets	3,221,553	4,979,424	3,084,879
Inventories	1,411,843	1,165,293	344,524
Trade and other receivables	6,860,709	9,376,533	3,595,348
Cash and cash equivalents	2,757,057	3,776,931	3,003,480
Current assets	11,029,609	14,318,757	6,943,352
Total Assets	14,251,162	19,298,181	10,028,231
Trade payables	358,313	1,386,164	46,418
Other liabilities	391,609	279,921	6,363
Non-current liabilities	749,922	1,666,085	52,781
Financial liabilities	0	2,791,236	0
Trade payables	1,466,300	3,651,669	3,472,768
Other liabilities	8,733,059	7,427,541	1,698,301
Current liabilities	10,199,359	13,870,446	5,171,069
Total liabilities	10,949,281	15,536,531	5,223,850
NET ASSETS	3,301,881	3,761,650	4,804,381
Share capital	3,310,605	3,310,605	3,310,605
Undistributed Profits/(losses)	(8,724)	451,045	1,493,776
Total Shareholders' equity	3,301,881	3,761,650	4,804,381

Pro forma Consolidated Statements of Cash Flows

ITEM	31/12/2016	31/12/2015	31/12/2014
CASH FLOWS FROM OPERATING ACTIVITIES :			
Cash Received from Sale of Goods or Rendering of Services	4,559,914	5,019,924	5,224,870
Refund of Tax and Levies	0	124,497	55,396
Other Cash Received Relating to Operating Activities	4,227,915	6,126,661	130,523
Sub-total of Cash Inflows	8,787,829	11,271,082	5,410,790
Cash Paid for Goods and Services	5,000,313	6,301,529	398,977
Cash Paid to and on behalf of Employees	530,327	1,010,257	1,194,248
Payments of All Types of Taxes	6,159	7,302	22,266
Other Cash Paid Relating to Operating Activities	1,425,417	5,116,824	6,976,294
Sub-total of Cash Outflows	6,962,216	12,435,912	8,591,784
Net Cash Flows From Operating Activities	1,825,613	(1,164,830)	(3,180,994)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Paid to Acquire Fixed Assets, Intangible Assets and Others	18,164	736,749	3,042,747
Sub-total of Cash Outflows	18,164	736,749	3,042,747
Net Cash Flows from Investing Activities	(18,164)	(736,749)	(3,042,747)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Received from Capital Contribution	0	0	6,379,967
Borrowed Cash	0	3,788,105	0
Sub-total of Cash Inflows	0	3,788,105	6,379,967
Cash Repayments of Amounts Borrowed	2,791,236	996,870	0
Cash Payments for Interest Expenses and Distribution of Dividends or Profit	39,482	110,378	0
Sub-total of Cash Outflows	2,830,718	1,107,248	0
Net Cash Flows from Financing Activities	(2,830,718)	2,680,858	6,379,967

Effect of changes in exchange rate on cash	3,395	(5,828)	(32,754)
Net Increase of Cash and Cash Equivalents	(1,019,874)	773,451	123,472
Opening Balance of Cash and Cash Equivalents	3,776,931	3,003,480	2,880,008
Closing Balance of Cash and Cash Equivalents	2,757,057	3,776,931	3,003,480

Pro forma Consolidated Statements of Changes in Equity

2016			
	Share capital	Undistributed Profits	Total
Previous Closing Balance	3,310,605	451,045	3,761,650
Pre-error correction	0	(89,676)	(89,676)
Beginning Balance as of 1/1/2016	3,310,605	361,369	3,671,974
Decrease for Year 2016	0	(370,093)	(370,093)
Net Profit	0	(370,093)	(370,093)
Closing Balance as of 31/12/2016	3,310,605	(8,724)	3,301,881
2015			
	Share capital	Undistributed Profits	Total
Previous Closing Balance	3,310,605	1,493,776	4,804,381
Pre-error correction	0	106,025	106,025
Beginning Balance as of 1/1/2015	3,310,605	1,599,801	4,910,406
Decrease for Year 2015	0	(1,148,756)	(1,148,756)
Net Profit	0	(1,148,756)	(1,148,756)
Closing Balance as of 31/12/2015	3,310,605	451,045	3,761,650
2014			
	Share capital	Undistributed Profits	Total
Previous Closing Balance	3,310,605	1,956,426	5,267,031
Pre-error correction	0	0	0
Beginning Balance as of 1/1/2014	3,310,605	1,956,426	5,267,031
Decrease for Year 2014	0	(462,650)	(462,650)
Net Profit	0	(462,650)	(462,650)

Closing Balance as of 31/12/2014	3,310,605	1,493,776	4,804,381
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6.3 Working capital

As at the date of this Information Memorandum, the Group has sufficient working capital for its current requirements. Therefore, the Company has no intention of raising additional funds for at least three months after its listing on NSX.

6.4 No prospective financial forecast

No prospective financial forecast or projection is prepared for inclusion in this Information Memorandum because the Directors consider that any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this Information Memorandum includes, or may include, forward-looking statements which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements.

In light of these risks, uncertainties and assumptions, forward-looking statements in this Information Memorandum might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

6.5 Auditor's Report

A separate independent auditors' report to the directors of the Company and its subsidiaries is annexed to this Information Memorandum.

7 Risk factors

This Section identifies the areas that are believed to be the major risks associated with an investment in the Company.

The Company's business is subject to risk factors, a number of which are beyond the Company's control. These risks may be both specific to the Company's business activities and of a general nature. Individually, or in combination, these risks might affect the future operating performance and the value of an investment in the Company.

There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in the Company should be considered in light of the risks, both general and specific. Each of the risks set out below could, if they eventuate, have a material adverse impact on the Company's operating performance and profits.

Before deciding to invest in the Company, potential investors should read the entire Information Memorandum, and specifically consider the factors contained within this Section in order to fully appreciate the risks associated with an investment in the Company. You should carefully assess these factors in light of your personal circumstances and seek professional advice from your stockbroker, accountant, lawyer or other professional adviser before deciding whether to invest.

While these are not the only risks and uncertainties we face, management believes that the most significant risks and uncertainties are as set out below.

7.1 Risks specific to the Company

7.1.1 Reliance on EPC companies

Beida China's business is reliant upon product orders being made by EPC companies. These EPC companies are critical to Beida China's sales strategy and are responsible for establishing distribution channels and promotional strategies for the on-sell of Beida China's products to end-consumers. Any loss of or changes to these EPC companies may be disruptive to the availability of Beida China's products in the market. There is also no guarantee of the quantity, frequency and continuity of orders made by the EPC companies. Further, as the installation work of Beida China's products for end-consumers is undertaken by third party EPC companies, Beida China is unable to guarantee the end-quality of the installation process. Any disruptions or complaints by end-consumers could have a material adverse effect on Beida China's sales and financial performance.

7.1.2 Reliance on key personnel

Beida China's business is reliant upon the provision of high quality operational services by its senior personnel. It is also dependent on its skilled training staff and technical personnel for the successful and ongoing provision of its PV and solar products and solutions. Any change in the quality or quantity of these services, or an inability to attract qualified and motivated personnel to provide these services, could affect the Company's business activities and financial performance. Beida China's original founders also retain substantial operational roles with the company and have substantial influence over the day to day affairs and strategic direction of the company. Without these founders acting in conjunction with other management personnel, the Company may not be able to continue its business activities successfully or deliver its long-term strategic objectives.

7.1.3 New product risks

As a key part of Beida China's growth strategy, it plans to continuously research and develop new PV and solar energy technologies. However, there is no assurance that Beida China will successfully develop and commercialise new products and solutions. The market's acceptance of new products is uncertain due to factors such as price, the availability of competitive or substitute products, and consumers' perceptions on the products' reliability and effectiveness. Additionally, macroeconomic and policy change may have a material adverse effect on the Company's investment returns and future financial performance.

7.1.4 Changes to technological advancements

The PV and solar energy industry is heavily reliant on technology, which is rapidly developing and improving. At present, Beida China has adopted cutting-edge technologies and has high levels of technical expertise, allowing it to remain innovative and competitive with the industry. However, if Beida China fails to continuously improve its technology or if it improves at a slower rate than the rest of the PV and solar energy industry, there is risk that Beida China's future operations and profitability will be negatively impacted.

7.1.5 Operating risks

The operating performance and position of the Group, the value of Shares, and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. These factors include, but are not limited to, failure of production lines; unexpected shortages or increases in the cost of consumables, labour, plant, and equipment; unexpected product supply issues, including delays, disruptions or quality control issues; and unanticipated production issues caused by weather or disease. Many of these factors will remain beyond the control of the Group and its directors. Accordingly, these factors may have a material effect on the Company's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

7.1.6 Product price variation

Prices of main products of Beida China are affected by supply and demand variation in the consumer market. Further, aggressive behaviour by competitors may increase competition and result in a lowering of prices, and may decrease the overall sales volume, should Beida China be unable to match the prices of competitors.

A decrease in commodity prices, a decrease in demand for Beida China's products or the prices that Beida China can charge for its products, whether as a result of the actions of competitors or more general economic conditions or supply and demand factors in China, may result in Beida China having to reduce its products' prices. This in turn may lead to a reduction in supply of products or inability to grow the supply. A reduction in the price of products may also reduce the funds available for the payment of dividends on Shares.

7.1.7 Competition risks

Beida China is subject to competition from domestic suppliers of PV and solar products and solutions.

Certain market conditions may cause an increase in competition. For instance, an increase in demand may present the opportunity for competitors to expand their operations and markets. Increased competition may reduce the price of the products that Beida China is able to sell which may have a material and adverse effect on the Company's revenue and profitability and, in particular, its growth.

7.2 PRC related risks

7.2.1 Changes to the regulatory and policy environment to the Chinese PV and solar industry

At present, PV and solar power generation costs are higher than conventional power generation costs. However, with increased R&D and technological advancement, these costs can be significantly reduced. The success of such R&D is affected by the PRC government's regulations and policies. The PRC government currently provides subsidies to entities conducting R&D in PV and solar energy.

On 26 December 2016, the National Development and Reform Commission issued a notice, the '*Notice of the adjustment of new energy benchmark electricity price*,' which announced that from 1 January 2017, the benchmark electricity prices for PV power stations will be adjusted accordingly for PV power stations located different geographic regions. In addition, future benchmark electricity prices for PV power stations will be adjusted annually in accordance with the cost of production. However, the subsidies provided to entities conducting R&D in PV and solar energy will remain unchanged.

With the rapid development of PV and solar energy in the PRC, the costs of PV and solar power generation are decreasing. As such, there is risk that government subsidies and benchmark electricity prices for PV power

stations will decrease over time. If the decrease in government subsidies outweigh the decrease in cost, Beida China's profitability may be impacted and this may have a material adverse effect on the Company's financial performance.

7.2.2 General Chinese regulatory environment and associated risks

The PRC's legal system is largely based on legislation and prior case law has limited precedential value. However, the PRC is still in the process of developing a comprehensive statutory framework. Its legal system is still considered to be underdeveloped in comparison with the legal systems in some western countries.

Since 1979, the PRC's legislative bodies have passed laws and regulations dealing with such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade. The legislative tendency since that time has been to grant increased protection to foreign investors. In this way, significant progress has been made in the legal system of the PRC.

Despite significant improvement in developing its legal system, there remain uncertainties and/or inconsistencies in the enforcement of existing laws and regulations. Most current PRC legislation has been passed relatively recently. As a result, there is a lack of established practice regarding the implementation, interpretation and enforcement of these laws. For this reason, the interpretation of these laws and regulations may be more volatile and less predictable. These uncertainties in the legal system may cause delays in any potential litigation, and limit the legal protection that is offered to potential litigants. Any litigation in the PRC may be protracted and result in substantial legal costs and/or significant diversions of resources and management attention. The occurrence of one or several of these risks could have material and adverse effects on the Company's business, net assets, financial condition and operational results.

7.2.3 Foreign exchange risks

The Company's profitability will be generated in China. Changes in interest rates, inflation, and economic or political stability in China (which may be caused by a number of unforeseeable events) may have an adverse effect on the Company.

China's exchange rate has historically fluctuated in relatively short periods of time. The Company does not hedge against movements in foreign exchange rates. Adverse movements in China's exchange rate could result in a decreased reported contribution from the Chinese operations, and this may have a material adverse effect on the Company's profitability and Share prices.

7.3 General Risks

In addition to the above specific risks associated with the Group's existing and proposed business operations there are also general risks associated with an investment in the Shares. These include:

7.3.1 Investment in securities

Shareholders and interested investors should be aware that there are risks associated with any investment in securities such as the Shares, and should recognise that the price of securities may fall as well as rise. In particular, the trading price of securities at any given time may be higher or lower than the price paid by the investor for these securities. Further, there can be no assurance that an active trading market will develop in the Shares.

Many other factors will affect the price of the Shares, including general fluctuations in the performance of local and international stock markets, movements in interest and exchange rates, industry-specific as well as general economic conditions and investor sentiment. Stock markets have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. There can be no guarantee that trading prices and volumes of any securities will be sustained. These factors may materially affect the market price of the Shares, regardless of the Group's operational performance.

No guarantee can be given by the Company in respect of the payment of dividends, any returns of capital or the market value of the Shares. Such issues are dependent on the Group's performance after listing, the control of costs and the need for working capital and other funding requirements.

7.3.2 Exposure to general economic conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. Prolonged deterioration in general economic conditions may affect the demand for the Company's services and may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of the Company.

7.3.3 Accounting standards

Any changes in accounting standards or how they are applied and interpreted may have an adverse impact on the Company's financial performance and position.

7.3.4 Taxation reform

Any changes to the current rate of the Company's income tax in Australia or abroad (i.e., China) may affect Shareholder returns. Any changes to relevant tax laws, the way they are interpreted and applied or to the current rate of taxes could have an adverse effect on the Company's financial performance or results. In addition, any change in tax rules and tax arrangements could also have an adverse effect on the level of dividend imputation or franking and Shareholder returns.

7.3.5 Litigation and regulatory inquiries

The Company may be subject to litigation, complaints and other claims or disputes, regulatory inquiries or investigations and other enforcement action initiated by customers, employees, regulators or other third parties in the course of its business. Such matters may have a materially adverse effect on the Company's financial performance and position. Even if such matters are successfully defended or settled without financial consequences, they may have a material adverse effect on the Company's reputation.

7.3.6 Force majeure events

Force majeure events, or events beyond the control of the Company, may occur within or outside Australia that could affect the world economy, the operations of the Company and the price of the Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and severe weather conditions.

8 Additional information

8.1 Details of the listing

8.1.1 NSX listing

The Company has applied to NSX for admission to the Official List and for official quotation of its Shares on NSX. The fact that NSX may list the Company's securities is not to be taken in any way as an indication of the merits and commercial viability of the Company or the listed securities. The NSX takes no responsibility for the contents of this Information Memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

Directors expect that trading of the Shares on NSX will commence as soon as practicable after approval for admission to the Official List is granted and all conditions (if any) applicable thereto have been fulfilled.

8.1.2 Purpose of the Listing

The Company's application to NSX is to list its Shares on NSX by way of a compliance listing. No new capital will be raised by the Company as a result of the Listing. Nonetheless, directors believe that the listing of the Shares on NSX is beneficial to the Company and Shareholders because a listing on NSX will:

- improve the liquidity of the Company's assets and shares, allowing it to expand its business and achieve long-term growth by gaining access to the capital markets by listing on an internationally recognised securities exchange such as the NSX;
- broaden the Company's shareholder base;
- improve transparency to clients and key stakeholders;
- enhance the Company's brand image to receive increased recognition among its prospective clients, investors and other business partners, with an aim of accelerating the Company's plans of business expansion; and
- provide ongoing access to capital markets through a respected securities exchange, which will allow the Company to pursue growth opportunities.

8.1.3 Information about NSX

In February 2000, NSX became the second stock exchange to be approved under the then corporations law in Australia and is licensed under the Corporations Act. NSX is a fully operational and fully regulated stock exchange. NSX creates a market for a wide range of interests including alternative investments and traditional equity securities. Investments listed by NSX cover various areas of the economy that require a market platform. NSX is focused on listing small to medium-sized enterprises, as there is a great need for growth entities to have a capital market in which they can raise further capital and provide a mechanism for the transferability of shares or other listed interests.

Additional information about NSX and the market which it operates can be obtained on its website (www.nsx.com.au).

8.1.4 Brokers

On or about the date of this Information Memorandum, there are twenty-three brokers registered as participant brokers of NSX, and they are the only brokers who can execute trades on NSX. Full profiles of these participant brokers are available on NSX website under the "For Brokers | Brokers List" tab.

8.1.5 Nominated Adviser

Companies intending to list on NSX are required to have a nominated adviser. It is contemplated that, with a nominated adviser for each company, investors will be offered better protection because nominated advisers are required to make sure that companies meet the on-going requirements for listing on NSX and the requirements of the Act. The Company has appointed Baker McKenzie as nominated adviser.

8.1.6 Restricted securities

NSX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date the Company's Shares are listed on NSX. The Company has made submission to NSX on the securities to be restricted, and subject to NSX's acceptance thereof, the Company will enter into restriction agreements with certain directors to implement the proposed escrow arrangements. A summary of the proposed escrow arrangements is set out in Section 4.4.

8.2 Rights and liabilities attaching to Shares

The rights and liabilities attaching to ownership of the Shares are:

- detailed in the Constitution of the Company which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders. This summary assumes the Company is admitted to the official list of NSX.

8.2.1 Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

8.2.2 Dividends

Subject to the Listing Rules, the Act and the Constitution, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the Shares held by them.

8.2.3 Issue of shares

Subject to the Constitution and the Listing Rules, the Directors have the right to issue shares, grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions and the issue price they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital or otherwise, as the Directors think fit.

8.2.4 Variation of class rights

Subject to the Corporations Act and the Listing Rules, the rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

8.2.5 Transfer of Shares

Subject to the Constitution, the Corporations Act, the Listing Rules and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper transfer effected in accordance with the Listing Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

Unless otherwise as provided by the Listing Rules and ASX Settlement Business Rules, the Directors may in their absolute discretion ask ASX Settlement to apply a holding lock to prevent a transfer or refuse to register a paper-based transfer under certain circumstances prescribed by the Constitution. If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

8.2.6 Small holdings

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of shares with a market value of less than A\$500.

8.2.7 General meetings and notices

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act.

8.2.8 Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, the Constitution, the Corporations Act and the Listing Rules, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them.

8.2.9 Directors – appointment and removal

The minimum number of Directors is three and the maximum is to be fixed by the Directors but may not be more than 10 unless the Company passes a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any managing Director) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board in addition to the Directors who will then hold office until the next annual general meeting of the Company.

8.2.10 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chairman has a second or casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

8.2.11 Directors' remuneration

The Directors, other than the Executive Directors, are entitled to be paid by such Directors' fees for their services as the Company in a general meeting may from time to time determine. The Constitution also makes provision for the Company to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions.

8.2.12 Alteration of share capital

Subject to the Listing Rules, the Constitution and the Corporations Act, the Company may alter its share capital.

8.2.13 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution.

8.2.14 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

8.2.15 Share buy-backs

The Company may buy back shares in accordance with the provisions of the Corporations Act.

8.2.16 Dividend plan

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan.

8.3 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

8.4 Consents

Written consents to be named in, or for the inclusion of attributed statements in, this Information Memorandum have been given and, at the date of this Information Memorandum, had not been withdrawn by the following parties:

- Baker McKenzie has given and has not withdrawn its written consent to be named in this Information Memorandum as Australian legal adviser and nominated adviser to the Company in the form and context it is so named;
- Shanghai Chenghui Certified Public Accountants Co., Ltd has given, and has not withdrawn, its written consent to be named in this Information Memorandum as the auditors to the Company in the form and context it is so named;
- China State Development Capital Limited has given, and has not withdrawn, its written consent to be named in this Information Memorandum as the global coordinator to the Company in the form and context it is so named; and
- Boardroom Pty Limited has given, and has not withdrawn, its written consent to be named in this Information Memorandum as the share registry to the Company in the form and context it is so named.

No entity or person referred to above in Section 8.4 has made any statement that is included in this Information Memorandum or any statement on which a statement made in this Information Memorandum is based, except as stated above. Each of the persons and entities referred to above in this Section 8.4 has not authorised or caused the issue of this Information Memorandum, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Information Memorandum except as stated above in this Section 8.4.

8.5 Litigation

So far as the Company is aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material in which the Group is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Group.

9 Directors' responsibility statement

This Information Memorandum has been seen and approved by all directors who collectively and individually accept responsibility for this Information Memorandum and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Information Memorandum are fair and accurate in all material respects as at the date of this Information Memorandum and that there are no material facts the omission of which would make any statement in this Information Memorandum misleading.

Each director has consented to lodgement of this Information Memorandum with NSX and has not withdrawn that consent, and has authorised this Information Memorandum for issue on the date of this Information Memorandum.

Signed for and behalf of Beida New Energy Limited.

A handwritten signature in black ink, appearing to be 'Hong Zeng', written in a cursive style.

Hong Zeng

CEO

Glossary

A\$ means Australian dollars.

ABN means Australian Business Number.

ACN means Australian Company Number.

AEST means Australian Eastern Standard Time.

AIFRS means the Australian International Financial Reporting Standards.

ASIC means the Australian Securities and Investments Commission.

Beida means Beida New Energy Limited (ACN 618 066 970).

Beida China means Ningbo Beida New Energy Science & Technology Co., Ltd.

Board means the board of directors of the Company.

Chief Executive Officer means Chief Executive Officer of the Company.

Chief Financial Officer means Chief Financial Officer of the Company.

Chairman means chair person of the Board.

China or **PRC** means the People's Republic of China.

Company or **Beida New Energy** means Beida New Energy Limited (ACN 618 066 970)

Constitution means the constitution of Beida New Energy.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of Beida New Energy, and **Director** means any one of them.

Group means the consolidated group comprising Beida New Energy and its subsidiaries.

GST has the meaning given in section 195–1 of the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

Historical Financial Information has the meaning as set out in Section 6.

IFRS means the International Financial Reporting Standards.

Listing Rules means the listing rules of NSX.

Notice of Meeting has the meaning given in Section 4.2.

NSX means the National Stock Exchange of Australia Limited (ABN 11 000 902 063).

Official List means the official list of entities that NSX has admitted and not removed.

Information Memorandum means this document and any supplementary or replacement Information Memorandum in relation to this document.

PV means photovoltaic.

R&D means research and development.

Recommendations has the meaning given in Section 10.3.

RMB means Renminbi, the lawful currency of the PRC.

Section means a section of this Information Memorandum.

Share means an ordinary fully paid share in the Company (and includes the Shares).

Shareholder means a holder of Shares.

TFN means Tax File Number.

WFOE means Ningbo Yilai Fulange Energy Technology Co., Ltd, a wholly foreign owned enterprise incorporated in China.

Corporate Directory

Company

Beida New Energy Limited

ACN 618 066 970

Proposed NSX Code: BNE

Registered Office

Level 27, AMP Centre

50 Bridge Street

Sydney NSW 2000

Corporate website:

www.beidasolar.cn

Directors

Hong Zeng

(Executive Director and CEO)

Haohui Zhang

(Executive Director)

Ying (Diancy) Chen

(Executive Director)

Wenqi (Vivian) Fan

(Non-executive Director)

Chao (Ashley) Liu

(Non-executive Director)

Nominated Adviser and Australia Legal Adviser

Baker McKenzie

Level 27, 50 Bridge Street

Sydney, New South Wales 2000

Global Coordinator

China State Development Capital Limited

Level 14, Dominion Centre

43-59 Queen's Road East, Wan Chai, Hong Kong

Share Registry

Boardroom Pty Limited

Level 12, 225 George St

Sydney NSW 2000

Auditors

Shanghai Chenghui Certified Public Accountants Co., Ltd

Room F9-D, No. 985 The First Trade Tower, Dongfang

Road, Shanghai, China

Annexure: Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
BEIDA NEW ENERGY LIMITED AND ITS SUBSIDIARIES

Dear Directors,

REPORT ON THE FINANCIAL STATEMENTS

We have audited the pro forma consolidated balance sheet of Beida New Energy Limited and its Subsidiaries (the "Group") as of 31 December 2014, 2015 and 2016, and the pro forma consolidated statements of comprehensive income, and the pro forma consolidated statements of change in equity, and the pro forma consolidated statements of cash flows for the financial years then ended and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL
STATEMENTS

The Group's management is responsible for the preparation of these financial statements. This responsibility includes: (1) prepare the financial statements in according to International Financial Reporting Standards (IFRS), and realize the fair reflection; (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether



due to fraud or error.

AUADITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

COMPANY RESTRUCTURING

For the purpose of its proposed compliance listing on NSX, the Company had entered into a series of transactions (*i.e.*, the “Restructuring”). The current corporate structure is the result of completion of these transactions.

The Company was incorporated in Victoria, Australia on 20 March 2017. As at the date of this report, the Company received cash investment of RMB16,605,000 (equivalent to A\$3,310,604.70). The Company has not actively traded since the date of incorporation to the date of this report. Consequently, no further historical financial information except for the paid up capital in respect of the Company is presented in this report.

The Company established its wholly owned subsidiary “Ningbo Yilai Fulange Energy Technology Co., Ltd.” on 15 May 2017 for the purpose of the acquisition of the substantial operation in Ningbo Beida New Energy Science & Technology Co., Ltd.

Ningbo Beida New Energy Science & Technology Co., Ltd. was established on 19 January 2010 with the principal activities of research and development, manufacturing and processing of solar cell module; design, installation and maintenance of solar photovoltaic project; manufacturing and processing of solar photovoltaic inverter. The registered capital of the Company is RMB 10,000,000.00.

On 23 June 2017, Ningbo Beida New Energy Science & Technology Co., Ltd. was acquired by Ningbo Yilai Fulange Energy Technology Co., Ltd. for a consideration of RMB2,823,700 (equivalent to A\$562,972.27). Subsequently, Beida New Energy Limited injected the remaining of the cash investment (A\$2,747,632.43) into Ningbo Beida New Energy Science & Technology Co., Ltd. through Ningbo Yilai Fulange Energy Technology Co., Ltd.

Upon the completion of the acquisition, Ningbo Beida New Energy Science & Technology Co., Ltd has been the principal operating subsidiary of the group, as a wholly owned subsidiary of the Company.

This report is to illustrate what the historical information of the Group might have been had the Restructuring been completed at an earlier date, that is to say, on 1 January 2014, being the commencement date of the

period covered under this report. However, such financial information is not necessarily indicative of the results of operations or the related effects on the financial position that would have been attained had the Restructuring actually been completed at that earlier date.

PRO FORMA FINANCIAL INFORMATION

The pro forma financial information presented in this report is the historical financial information of Beida New Energy Limited and its subsidiaries for the three financial years ended 31 December 2014, 31 December 2015, and 31 December 2016 and assuming the following transactions had been completed prior to 1 January 2014 and reflected into the pro forma financial statements as of 1 January 2014:

- (a) The establishment of Beida New Energy Limited and the proceeds of A\$3,310,604.70 was fully injected.
- (b) The establishment of Ningbo Yilai Fulange Energy Technology Co., Ltd.;
- (c) The acquisition of Ningbo Beida New Energy Science & Technology Co., Ltd. by Ningbo Yilai Fulange Energy Technology Co., Ltd with the cash consideration of A\$562,972.27; and
- (d) Ningbo Beida New Energy Science & Technology Co., Ltd. became a wholly owned subsidiary of the Company and is the sole operating company of the Group.

The pro forma financial information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by International Financial Reporting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

Entities with functional currencies other than Australian dollars have been translated into Australian Dollars using fixed exchange rates of A\$1 = RMB5.0157 (being approximate exchange rates as at Latest Practicable Date). That simple conversion does not comply with IFRS but provide for general guidance and reference.

SUBSEQUENT EVENTS

In our opinion, there have been no material items, transactions or events subsequent to 31 December 2016 not otherwise disclosed in the Information Memorandum that have come to our attention during the course of our audit of the financial statements of the Company for the preparation of this report and of the preparation of this report that would require comment in, or adjustment to, the content of this report or which would cause such information included in this report to be misleading.

AUDIT OPINION

In our opinion, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and present fairly, in all material respects, the financial position of the Company as of 31 December 2016 and of the results of its operations and its cash flows for the year then ended.

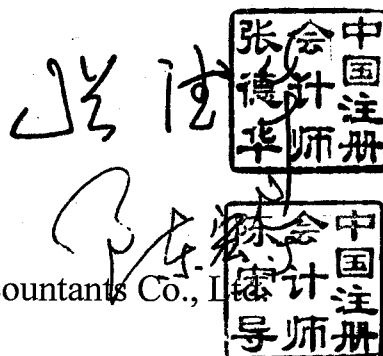
ATTACHMENTS include:

1. Pro forma Consolidated Statements of Financial Position as at 31 December 2014, 2015, and 2016
2. Pro forma Consolidated Statements of Comprehensive Income for the three financial years ended 31 December 2014, 2015, and 2016
3. Pro forma Consolidated Statements of Cash Flows for the three financial years ended 31 December 2014, 2015, and 2016
4. Pro forma Consolidated Statements of Changes in Equity for the three financial years ended 31 December 2014, 2015, and 2016
5. Notes to the Pro forma Consolidated Financial Statements for the three financial years ended 31 December 2014, 2015, and 2016

Chinese Certified Public Accountants

Chinese Certified Public Accountants

Shanghai Chengcheng Certified Public Accountants Co., Ltd.



BEIDA NEW ENERGY LIMITED AND SUBSIDIARIES

Pro forma Consolidated Statements of Financial Position

As at 31 December 2014, 31 December 2015 and 31 December 2016

CURRENCY: A\$	31/12/2016	31/12/2015	31/12/2014
Assets			
Intangible assets	798,500	477,309	146,899
Tangible assets	2,120,712	2,803,702	2,616,924
Trade and other receivables	302,341	1,698,413	321,056
Non-current assets	3,221,553	4,979,424	3,084,879
Inventories	1,411,843	1,165,293	344,524
Trade and other receivables	6,860,709	9,376,533	3,595,348
Cash and cash equivalents	2,757,057	3,776,931	3,003,480
Current assets	11,029,609	14,318,757	6,943,352
Total Assets	14,251,162	19,298,181	10,028,231
Trade payables	358,313	1,386,164	46,418
Other liabilities	391,609	279,921	6,363
Non-current liabilities	749,922	1,666,085	52,781
Financial liabilities	0	2,791,236	0
Trade payables	1,466,300	3,651,669	3,472,768
Other liabilities	8,733,059	7,427,541	1,698,301
Current liabilities	10,199,359	13,870,446	5,171,069
Total liabilities	10,949,281	15,536,531	5,223,850
NET ASSETS	3,301,881	3,761,650	4,804,381
Share capital	3,310,605	3,310,605	3,310,605
Undistributed Profits/(losses)	(8,724)	451,045	1,493,776
Total Shareholders' equity	3,301,881	3,761,650	4,804,381

BEIDA NEW ENERGY LIMITED AND SUBSIDIARIES

Pro forma Consolidated Statements of Comprehensive Income for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016

CURRENCY: A\$	31/12/2016	31/12/2015	31/12/2014
Revenue	3,727,516	3,569,477	2,612,657
Other operating income	1,337,110	242,736	984,456
Interest income	360	9,837	3,307
Total Revenue	5,064,986	3,822,050	3,600,420
Cost of Materials	3,435,584	3,403,249	2,448,909
Gross Profit	1,629,402	418,801	1,151,511
Personnel expenses	649,004	458,395	145,584
Other operating expenses	1,224,086	938,886	1,401,295
Depreciation and amortisation	86,923	59,898	67,2835
Interest expenses	39,482	110,378	0.00
Profit before income taxes	(370,093)	(1,148,756)	(462,650)
Income taxes	0	0	0
Profit after income taxes	(370,093)	(1,148,756)	(462,650)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(370,093)	(1,148,756)	(462,650)

BEIDA NEW ENERGY LIMITED AND SUBSIDIARIES

Pro forma Consolidated Statements of Cash Flows for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016

ITEM	31/12/2016	31/12/2015	31/12/2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Sale of Goods or Rendering of Services	4,559,914	5,019,924	5,224,870
Refund of Tax and Levies	0	124,497	55,396
Other Cash Received Relating to Operating Activities	4,227,915	6,126,661	130,523
Sub-total of Cash Inflows	8,787,829	11,271,082	5,410,790
Cash Paid for Goods and Services	5,000,313	6,301,529	398,977
Cash Paid to and on behalf of Employees	530,327	1,010,257	1,194,248
Payments of All Types of Taxes	6,159	7,302	22,266
Other Cash Paid Relating to Operating Activities	1,425,417	5,116,824	6,976,294
Sub-total of Cash Outflows	6,962,216	12,435,912	8,591,784
Net Cash Flows From Operating Activities	1,825,613	(1,164,830)	(3,180,994)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Paid to Acquire Fixed Assets, Intangible Assets and Others	18,164	736,749	3,042,747
Sub-total of Cash Outflows	18,164	736,749	3,042,747
Net Cash Flows from Investing Activities	(18,164)	(736,749)	(3,042,747)
CASH FLOWS FROM FINANCING ACTIVITIES			

Cash Received from Capital Contribution	0	0	6,379,967
Borrowed Cash	0	3,788,105	0
Sub-total of Cash Inflows	0	3,788,105	6,379,967
Cash Repayments of Amounts Borrowed	2,791,236	996,870	0
Cash Payments for Interest Expenses and Distribution of Dividends or Profit	39,482	110,378	0
Sub-total of Cash Outflows	2,830,718	1,107,248	0
Net Cash Flows from Financing Activities	(2,830,718)	2,680,858	6,379,967
Effect of changes in exchange rate on cash	3,395	(5,828)	(32,754)
Net Increase of Cash and Cash Equivalents	(1,019,874)	773,451	123,472
Opening Balance of Cash and Cash Equivalents	3,776,931	3,003,480	2,880,008
Closing Balance of Cash and Cash Equivalents	2,757,057	3,776,931	3,003,480

BEIDA NEW ENERGY LIMITED AND SUBSIDIARIES

Pro forma Consolidated Statements of Changes in Equity for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016

	2016		
	Share capital	Undistributed Profits	Total
Previous Closing Balance	3,310,605	451,045	3,761,650
Pre-error correction	0	(89,676)	(89,676)
Beginning Balance as of 1/1/2016	3,310,605	361,369	3,671,974
Decrease for Year 2016	0	(370,093)	(370,093)
Net Profit	0	(370,093)	(370,093)
Closing Balance as of 31/12/2016	3,310,605	(8,724)	3,301,881
	2015		
	Share capital	Undistributed Profits	Total
Previous Closing Balance	3,310,605	1,493,776	4,804,381
Pre-error correction	0	106,025	106,025
Beginning Balance as of 1/1/2015	3,310,605	1,599,801	4,910,406
Decrease for Year 2015	0	(1,148,756)	(1,148,756)
Net Profit	0	(1,148,756)	(1,148,756)
Closing Balance as of 31/12/2015	3,310,605	451,045	3,761,650
	2014		
	Share capital	Undistributed Profits	Total
Previous Closing Balance	3,310,605	1,956,426	5,267,031
Pre-error correction	0	0	0
Beginning Balance as of 1/1/2014	3,310,605	1,956,426	5,267,031
Decrease for Year 2014	0	(462,650)	(462,650)
Net Profit	0	(462,650)	(462,650)
Closing Balance as of 31/12/2014	3,310,605	1,493,776	4,804,381

BEIDA NEW ENERGY LIMITED AND SUBSIDIARIES

Notes to the Pro forma Consolidated Financial Statements for the three financial year ended 31 December 2014, 31 December 2015 and 31 December 2016

1. REPORTING ENTITIES

Beida New Energy Limited is a company registered in Victoria, Australia, with its operations and management control in the People's Republic of China.

Beida New Energy Limited established its wholly owned subsidiary "Ningbo Yilai Fulange Energy Technology Co., Ltd." on 15 May 2017 and acquired 100% interests of Ningbo Beida New Energy Science & Technology Co., Ltd. on 23 June 2017 through Ningbo Yilai Fulange Energy Technology Co., Ltd. Therefore Beida New Energy Limited became the ultimate parent company of Ningbo Beida New Energy Science & Technology Co., Ltd.

The historical financial information from 1 January 2014 to 31 December 2016 (the "Period Under Review") is that of Ningbo Beida New Energy Science & Technology Co., Ltd. and the pro forma consolidated balances comprise Beida New Energy Limited and its

controlled entities as if they were registered on 1 January 2014 and the above acquisition had been effected as at that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies which have been adopted in the preparation of the historical and pro forma financial information reported under International Financial Reporting Standards ("IRFS") are shown below:

Basis of preparation

The financial statements are prepared in accordance with IFRS, which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Principles of consolidation

The pro forma consolidated financial statements incorporate the assets

and liabilities of all subsidiaries controlled by the parent entity as at balance date and the results of all subsidiaries for the period then ended. The parent entity and its subsidiaries together are referred to in this report as the "Group" or the "consolidated entity". Where control of an entity is obtained during a financial period, its results are included in the consolidated Statement of Comprehensive Income from the date on which control commences.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also

eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency transactions

The Company's reporting currency is the Renminbi ("Rmb"). Foreign currency transactions are translated into the reporting currency at the exchange rates quoted by the People's Bank of China prevailing on the beginning of current month. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are restated into the reporting currency using the exchange rates at that date. The exchange gains or losses are dealt as financial expenses for the year.

Cash equivalents

Cash equivalents represent short term (usually refer to within 3 months from the purchasing date), highly liquid investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised

initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade and other receivables are presented as current assets unless payment is not due within 12 months from the reporting date.

Inventories

Inventories mainly include materials in transit, finished good.

Inventories are accounted for using the actual costing method. In determining the cost of inventories transferred out or issued for use, the actual costs are determined by method of individual means.

Fixed assets

Fixed assets refer to buildings, plant and other equipment related to the production and operation of the company with useful lives of over one

year.

Fixed assets are recorded at costs on acquisition. Depreciation is calculated with the straight-line method.

The depreciation rates are as follows:

Category of fixed assets	Estimated residual value	Useful life	Annual depreciation rate
Buildings	5%	20	4.75%
Machinery	5%	10	9.50%
Transportation equipment,	5%	4	23.75%
Office and electronic equipment	5%	3	31.67%

Intangible Assets

Intangible assets refer to land tenure, industrial property and goodwill, ect. related to the production and operation of the company without physical form non-monetary long-term assets.

Intangible Assets are recorded at costs on acquisition. Depreciation is calculated with the straight-line method.

Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

Revenue recognition

Revenue from the sales of goods is recognized when significant risks and rewards of ownership of the goods have been transferred to the buyer, the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the company and the relevant amount of revenue and costs can be measured reliably.

Revenue from provision of services is recognized when the services is provided and finished within 1 year and the revenue is received or the evidence of the receipt of the revenue is obtained. And on the basis of percentage of completion, the revenue is recognized when the total amount of the contract, the percentage of completion, the cost occurred and the cost occurred in the future can be measured reliably, and at the same time, the economic benefit associated with the transaction will flow into the company.

Income tax

The Company is subject to income taxes in the PRC. The Company recognizes liabilities for anticipated tax issues based on estimations of

whether additional taxes will be due. The corporate income tax rate is 25%.

3. Notes to financial statement

3.1 Intangible Assets

Items	1/1/2016	Increase	Amortisation	31/12/2016
Software	2,275		1,282	993
Patent	475,034	379,817	57,344	797,507
Total	477,309	379,817	58,626	798,500
Items	1/1/2015	Increase	Amortisation	31/12/2015
Software	3,789		1,513	2,276
Patent	143,110	373,127	41,204	475,033
Total	146,899	373,127	42,717	477,309
Items	1/1/2014	Increase	Amortisation	31/12/2014
Software	5,656	2,968	4,835	3,789
Patent		144,993	1,883	143,110
Total	5,656	147,961	6,718	146,899

3.2 Tangible Assets

Fixed assets

Original value

Fixed assets	1/1/2016	Increase	Decrease	31/12/2016
Buildings	85,581			85,581
Machinery	3,030,392	15,233		3,045,625
Transportation equipment,	205,334			205,334
Office and electronic equipment	38,650	2,931		41,581
Total	3,359,957	18,164		3,378,121
Fixed assets	1/1/2015	Increase	Decrease	31/12/2015
Buildings	85,581			85,581
Machinery	2,772,815	257,577		3,030,392
Transportation equipment,	205,334			205,334
Office and electronic equipment	34,681	3,969		38,650
Total	3,098,411	261,546		3,359,957
Fixed assets	1/1/2014	Increase	Decrease	31/12/2014
Buildings	85,581			85,581
Machinery	1,616,616	1,156,199		2,772,815
Transportation equipment,	205,334			205,334
Office and electronic equipment	30,774	8,588	4,681	34,681
Total	1,938,305	1,164,787	4,681	3,098,411

Accumulated Depreciation

Fixed assets	1/1/2016	Increase	Decrease	31/12/2016
Buildings	18,677	4,065		22,742
Machinery	1,010,613	290,034		1,300,647
Transportation equipment,	195,067			195,067
Office and electronic	32,052	6,258		38,310

equipment				
Total	1,256,410	300,357		1,556,767
Fixed assets	1/1/2015	Increase	Decrease	31/12/2015
Buildings	14,612	4,065		18,677
Machinery	730,574	280,039		1,010,613
Transportation equipment,	195,067			195,067
Office and electronic equipment	24,018	8,034		32,052
Total	964,272	292,138		1,256,410
Fixed assets	1/1/2014	Increase	Decrease	31/12/2014
Buildings	10,547	4,065		14,612
Machinery	498,628	231,946		730,574
Transportation equipment,	150,364	44,703		195,067
Office and electronic equipment	23,259	5,206	4447	24,018
Total	682,799	285,920	4447	964,272

Construction in Progress

Items	1/1/2016	Increase	Decrease	31/12/2016
Construction project	17,207		17,207	-
Installation project	664,057		664,057	-
Total	681,264		681,264	-
Items	1/1/2015	Increase	Decrease	31/12/2015
Construction project	16,972	235		17,207
Installation project	441,393	222,664		664,057
Total	458,365	222,899		681,264
Items	1/1/2014	Increase	Decrease	31/12/2014
Construction project		16,972		16,972

Installation project	172,434	268,959		441,393
Total	172,434	285,931		458,365

Deferred expenses

Items	1/1/2016	Increase	Decrease	31/12/2016
Decoration	18,891	357,494	77,027	299,358
Total	18,891	357,494	77,027	299,358
Items	1/1/2015	Increase	Decrease	31/12/2015
Decoration	24,420		5,529	18,891
Total	24,420		5,529	18,891
Items	1/1/2014	Increase	Decrease	31/12/2014
Decoration		27,645	3,225	24,420
Total		27,645	3,225	24,420

3.3 Inventories

ITEM	31/12/2016	31/12/2015	31/12/2014
Raw material	455,553	117,250	78,527
Finished goods	916,859	401,680	134,777
Work-in-progress	39,431	646,363	131,219
Inventories	1,411,843	1,165,293	344,524

3.4 Trade and other receivables

Account Aging	31/12/2016		31/12/2015		31/12/2014	
	Amount	%	Amount	%	Amount	%
Within 1 year	6,860,709	96%	9,376,533	85%	3,595,348	91%
1-2 years	299,398	4%	1,389,288	12%	151,250	4%
2-3 years			252,307	2%	66,956	2%
Over 3 years	2,943	-	56,818	1%	102,851	3%
Total	7,163,050		11,074,966		3,916,404	

3.5 Cash and cash equivalent

ITEM	31/12/2016	31/12/2015	31/12/2014
Cash in hand	2,383	384	1,184
Bank deposit	2,754,674	3,776,547	3002,296

3.6 Financial liabilities

Items	1/1/2014 and 31/12/2014 and 1/1/2015	Increase	Decrease	31/12/2015
Short-term bank loan	-	3,788,000	996,764	2,791,236
Items	1/1/2016	Increase	Decrease	31/12/2016
Short-term bank loan	2,791,236	-	2,791,236	-
Total	2,791,236	-	2,791,236	-

3.7 Trade payables

Account Aging	31/12/2016		31/12/2015		31/12/2014	
	Amount	%	Amount	%	Amount	%
Within 1 year	1,466,300	81%	3,651,669	72%	3,472,768	99%
1-2 years	138,024	7%	1,352,280	27%	45,521	1%
2-3 years	204,169	11%	33,884	1%	-	-
Over 3 years	16,120	1%	-	-	897	-
Total	1,824,613		5,037,833		3,519,186	

3.8 Other liabilities

Account Aging	31/12/2016		31/12/2015		31/12/2014	
	Amount	%	Amount	%	Amount	%
Within 1 year	8,733,059	97%	7,427,541	96%	1,698,301	99%

1-2 years	251,250	2%	279,921	4%	6,363	1%
2-3 years	140,359	1%			-	-
Total	9,124,668		7,707,462		1,704,664	

3.9 Revenue and other operating income

An analysis of revenue and other operating income is as follows:

ITEM	31/12/2016	31/12/2015	31/12/2014
Revenue - Product	3,727,516	3,569,477	2,612,657
Processing income	429,139	128,711	449,844
Government subsidiaries	2,184	108,253	53,034
Rental income			59,812
Sell junk	127,600	5,772	3,080
Unpayable debts	778,187	-	418,686
Interest income	360	9,837	3,307
	5,064,986	3,822,050	3,600,420