Bohai Harvest RST (Shanghai) Equity Investment Fund Management Co., Ltd ("Company")

Materials for the 13th Board of Directors Meeting

Time: Monday, 11 March 2019 (1:30PM-3:00PM)

Location: Teleconference

Attendees: All members of the Board

Non-voting attendees: Company supervisors and representatives from the management team

AGENDA

1. Update on the implementation of resolutions of the last board meeting resolutions and other matters
2. Review of the Company's 2018 annual working report
3. Review of the Company's 2019 annual work plan
4. Review of the Company's 2018 annual financial report and 2019 budget

Update on the implementation of the resolutions of the last board meeting and other matters

1. Compensation Committee and Supervisor

The U.S. shareholders have unanimously approved the appointment of Mr. James Bulger to replace Mr. Devon Archer as a member of the Company's compensation committee. The current committee members include Mr. Wang Jun, Mr. Lu Changqi and Mr. James Bulger.

Given Mr. Eric Schwerin's resignation as the supervisor, it is to be hoped that the U.S. shareholders and Ample Harvest Finance will discuss and determine the supervisor candidates as soon as possible. Upon the appointment of the new supervisors, the Company will handle all the corresponding industrial and commercial administration procedures, after which the resignation of Mr. Eric Schwerin and the appointment of the new supervisors will then take effect.

2. Resignation of the Managing Directors

The Company's managing directors, Mr. Xia Yu and Mr Liu Jie, have resigned due to personal reasons. This shall not impact the projects and post-investment management which were previously under their management.

3. Registration of Subsidiaries and SPV

Since the report on the 12th Board of Directors meeting on February 1, 2018, the Company has not established any new overseas operating entities overseas and the newly registered entities in China are as follows:

Domestic entities: Four project funds registered in Ningbo City, Zhejiang Province, and two second-tier (or grandchild) subsidiaries registered in Shanghai.

Details of the registered entities are summarized as below:

Investment Fund Management Co. Materials for the 13th Board Meeting
(English Translation)

	Type	Naming Rules	Shareholders/Partners	Place of Registration	No. of Registered Entities	Remarks
Domestic	Subsidiary, second-tier (or grandchild) subsidiary	BHR X (Shanghai) Investment Management Co., Ltd., BHR (Chengdu) Equity Investment Fund Management Co., Ltd., BHR (Beijing) Equity Investment Fund Management Co., Ltd., Bofeng (Shanghai) Industrial Development Co., Ltd., Huayu (Shanghai))Information Technology Co., Ltd	Shareholder: Management company or Shenzhen subsidiary	Shanghai Free-Trade Zone, Shenzhen Qianhai, Chengdu Tianfu New District, Beijing	7	
	Project Funds	(i) BHR ## (Shanghai) Equity Investment Fund Partnership (Limited Partnership) (ii) BHR X (Shanghai) Investment Center (Limited Partnership) (iii) X Yuan (Shanghai) Investment Management Center (Limited Partnership) (iv) Chengdu BHR x Equity Investment Fund Partnership (Limited Partnership) (v) Wenzhou Run x Equity Investment Fund Partnership (Limited Partnership) (vi) BHR (Shenzhen) Investment Consulting Partnership (Limited Partnership)	GP: Management company/BHR Ruiyun/BHR Ruila/BHR Chengdu Company LP: Angju Investment Consulting (Shanghai) Co. Ltd	Shanghai Free-Trade Zone, Chengdu Tianfu New District, Zhejiang Wenzhou, Ningbo Meishan Bonded Port Area	22	

Confidential

		(vii) BHR Qing X Equity Investment Fund Partnership of Ningbo Meishan Bonded Port Area (Limited Partnership)				
	Carried Interest Entity	Gongqingcheng BHR Association Investment Management Partnership (Limited Partnership) Gongqingcheng BHR Phase X Investment Center (Limited Partnership)	GP:Angju/BHR Ruiyun/BHR Ruila LP: Staff	Jiangxi Gongqingcheng	6	
	Team Co-Investment Entity	Gongqingcheng BHR Joint Investment Management Partnership (Limited Partnership)	GP: Angju LP: Staff	Jiangxi Gongqingcheng	1	Joint subscription to the shares of the project funds with other fund investors as limited partners
Offshore	Subsidiary	BHR Investment Management Limited BMR Investment Consulting Limited	Shareholder: Management Company	Hong Kong	2	
	Second-tier (or grandchild) subsidiary	BHR (Cayman) Management Limited BHR (Cayman) GP I, L. P. BHR (Cayman) GP I I，L. P. BHR (Cayman) GP I I I . L. P.	Shareholder: BHR Investment Management Limited	Cayman	4	As the manager or GP of the Cayman shell fund
	SPV	BHR Win XXX Investment Management Limited	Shareholders: BHR Investment	Hong Kong	4	Used as SPV for cross-border M&A projects with Mr. Li

			Management Limited or domestic project funds			Xiangsheng as the sole shareholder
		BHR New XXX Investment Management Limited	Shareholders: Li Xiangsheng or domestic project funds	BVI	6	When there is any actual project injection in the future, Mr. Li will then transfer all his shares to the relevant project funds.
		United NSW Energy Limited	Shareholder: BHR (Cayman) Management Limited	BVI	1	
	Shell Fund	BHR Investment Fund ##, L. P.	GP: BHR (Cayman) GP I, Limited; BHR (Cayman) GP II, Limited; BHR (Cayman) GP III, Limited	Cayman	10	

			LP: BHR New Energy Limited			
	Carried Interest Entity	BHR New XXX Investment Management Limited	Shareholders: Staff	BVI	2	For offshore projects with carried interest, the sole shareholder of the GP of the Cayman project fund (i.e. the Hong Kong subsidiary of BHR Investment Management Limited) will transfer its 30% shareholding in GP I (or GP II, GP III) to the carried interest entity
	Team Co-Investment Entity	BHR New XXX Investment Management Limited	Shareholders: Staff	BVI	1	Joint subscription to the shares of the project funds with other fund investors as limited partners

2018 Annual Work Report

In 2018, the market environment had a significant adverse impact. First, on the capital side, as a result of country's deleveraging requirements, the China Banking and Insurance Regulatory Commission enacted the new bank asset management policy, which made the Bank Asset Management, the largest source of funds in the market, no longer able to invest in private equity funds. The entire private equity investment fund industry is facing difficulties in raising funds. Zero2IPO's industry report shows that in the first three quarters of 2018, China's equity investment market raised 1,650 funds, a decrease of 17% compared with the 1974 funds in the first three quarters of 2017. A sharp drop of 57.4% when comparing total funds raised of RMB463.9 billion in 2018 with RMB1.0891 billion raised from the same period in 2017.

Second, the willingness of domestic enterprises to participate in cross-border mergers and acquisitions has declined, coupled with the increasing difficulty in obtaining the domestic and overseas approvals, cross-border mergers and acquisitions declined considerably, both in number and value. In terms of state-owned enterprises' lifelong accountability and other factors, resulted in their inaction; for private enterprises, in order to prevent the rapid outflow of foreign exchange, the state is more prudent in the approval of foreign investment by private enterprises; the Sino-US trade conflict has led to US & European countries severally restricting Chinese investors' mergers and acquisitions in high-tech and advanced manufacturing industries; coupled with the decline in the domestic stock market, the profit margin in cross-border mergers and acquisitions has narrowed or vanished. According to Zero2IPO Private Equity: In 2017, the number of cross-border M&A cases in China was 205, and the value of M&A was RMB642.3 billion; in the first three quarters of 2018, the amount of cross-border mergers and acquisitions was RMB177.4 billion, a sharp drop of 69.3% over the same period last year (577 billion dollars).

In the domestic investment market, in view of the serious decline in the real economy and the impact of leverage reduction, the domestic secondary market valuation has declined severely. Due to the lag effect of the primary market relative to the secondary market, the primary and secondary markets have been inverted. Domestic investment is mainly focused on the leading companies in the industry, and the valuations of leading companies are still high, therefore led to a higher investment risk.

The management has worked hard to expand its business in both overseas mergers, acquisitions, and domestic investment, the number of projects executed is also quite a lot. However, under the tough market situation, the Company's business development is facing difficulties. In 2018, the Company only completed the Western Milk project of the similar channel, relying on the management fee of previous projects, the Company is slightly profitable.

1. Cross-border investment

The Pharaoh Project: Target company is a unit of Philips Group, one of the world's leading companies in the field of optical chips and components for VCSEL. Its products are used in data communications, consumer electronics, self-driving and many other areas. It is also one of the mobile phone suppliers for Apple company. The overall transaction value is about 20 million euros. The company has joined forces with world leading public optical module company in China, which intends to invest 40-45% (of the project). The company successfully raised 100 million euros from Guoxin International, and strategic investors also tend to make long-term acquisitions with the company. However, due to the buyers concern that Guoxin International's state-owned assets background is difficult to be approved by the German regulatory authorities, the final choice was a pure private fund to cooperate with, and the company failed to complete the investment.

H.C. Starck Project: The project is a joint acquisition of tungsten powder business by the company and China Tungsten High-tech, a subsidiary of the China Minmetals Corporation. H.C. Starck is the world's leading manufacturer of high-tech metal powder and manufactured goods in Germany, trading at 223 million euros. In the final price quotation stage, Minmetals Group abandoned the acquisition in consideration of the highly sensitive approval process with central government enterprises and the uncertainty of the transaction.

Project Eagle: Target company Lycra is the world's most well-known and most technologically advanced spandex fiber producer; whose products have broad application value and development prospects. The acquisition was initiated by Shandong Ruyi Group, which ranks first among the top 500 textile and garment companies in China. The (Bohai) company is deeply involved in this project. Although Guoxin International has direct contact with Ruyi Group, but still willing to participate in the project through the fund established by the (Bohai) company. However, because Ruyi Group failed to meet the requirements of further credit enhancement measures, Guoxin International abandoned its investment in the project.

Other cross-border projects include: 1. Rhino Project: Bohai joined forces with listed Chinese companies to acquire world-class large-scale gold mines in Southeast Asia, with the total transaction value of $96 million. As the listed company lacks financing, the acquisition was abandoned. 2. The Platinum Project: the acquisition of a leading global vacuum automation company based in Sweden. Its market share ranked top three worldwide. Bohai joined forces with a listed Chinese smart manufacturing company to participate the bidding. However, due to the high quality of the assets, competitors bid significantly higher than the market fair price. Bohai ultimately failed to complete the acquisition. 3. Italy BPA Project: the acquisition of a leading packaging machinery manufacturer. The company in Europe. Bohai joined forces with a leading Chinese enterprise in intelligent manufacturing for the acquisition. The financing was in place, but they abandoned the acquisition at last because the seller's valuation is too high, and the devaluation of RMB led to a substantial increase in the value of the acquisition in euro.

2. Domestic investment

In terms of domestic investment, the company focuses on investment opportunities in new economic sectors. the team systematically sorts out and investigates many subdivision fields, such as AI vision, AI voice, AI chip, memory chip, AI medical treatment, AI education, cognitive AI, autopilot, industrial vision, service robot, industrial robot and some emerging technologies in the electronic industry. The company has investigated nearly 100 enterprises and has a deeper and thorough understanding of the involved vertical fields.

Polar Flying Project: Xaircraft is the China's leading agricultural drone company. The company completed due diligence and the investment framework agreement. It participated in the Xaircraft C round financing of 200-million-yuan. In April 2018, Minsheng Trust passed its internal approval process and agreed to participate in this project. However, after the enactment of the "New Regulations on Capital Management ", Minsheng Trust insisted on "the establishment of Minsheng

Trust products and raising full funds" as the prerequisite for lending. However, this clause affected the signing of the Subscription to Capital Increase Agreement between the company (Bohai) and Xaircraft. In order to avoid the risk of funds uncertainty, the company had decided to abandon the acquisition due to the increasing shortage of market funds. The company did not find a suitable contributor through many efforts, and could only give up.

Long-term Lithium Project: Long-term Lithium is a subsidiary of the Central Minmetals Group. It ranks the second in the market share of China's Ternary Precursor and Material Market. Its clients include Ningde, BYD, Li Shen and other major battery manufacturers. The pre-investment valuation of the project was 2.5 billion, corresponding to 21.7 times of the net profit of PE in 2017. In view of the need for state-owned enterprises to perform the bid invitation, auction and listing process, the Long-term Lithium company requires investors to pay a 30% margin in advance. The company's potential investors could not follow up, coupled with the Long-term Lithium company's inability to promise the exit time, the company finally abandoned the project.

Roadstar Project: A leading domestic autopilot driving startup company, the company mainly focus on developing Level 4 autopilot driving technologies and solutions, it has completed road tests in California and Shenzhen. The first round A of financing was conducted in the first quarter of 2018, with a proposed financing amount of US$60 million and a pre-investment valuation of US$300 million. Due to its high valuation for financing, our company did not invest.

Shenjian: Technology Project: A leading domestic AI chip company, committed to becoming an internationally advanced deep learning acceleration solution provider. The company's image and voice processing techniques in deep learning have been applied in security and data-processing fields. Our company was participating in its round C financing ,but we had terminated the investment when the target company was acquired by Xilinx in July 2018.

Tuixiang: Technology Project: One of the fastest grounded domestic AI medical companies, committed to applying deep learning technology to provide fast and accurate solutions for medical imaging assisted screening. Its pre-investment valuation of the round C financing was 2.1 billion RMB . Our company did not invested because of its high valuation.

3. Ongoing Projects

Aleph Project: the target company Aleph is the world's third largest manufacturer of magnetic reed sensors and light-controlled sensors in Japan. Its downstream products broadly include automotive electronics, office supplies, white goods, industrial automation and robotics, medical and other fields. In 2017, its sales revenue was 700 million RMB and its net profit was 100 million RMB. The seller, Yinyi Group had completed the acquisition with high leverage in mid-2016 and was forced to sell at a discount due to the expiration of bank capital allocations. Many institutions participated in the bidding because of the scarcity of the underlying assets. Currently, our company is participating in the acquisition along with CRRC Times Electric, but we may miss the opportunity because CRRC's decision-making process is very slowly.

CZB365.com Project: This is China's largest commercial vehicle energy platform. It provides commercial vehicle owners with price comparison, route planning, and preferential fuel prices of LBS gas stations. It also provides gas stations and charging piles with a Saas management system. Currently, It has covered 69 cities and over 4,000 Gas Stations, of which nearly 1,000 Gas Stations and 50,000 charging piles have been installed and on service . It has realised a monthly transaction value of nearly 300 million RMB from 600,000 monthly transaction drivers and 1.2 million monthly orders. All its business indicators rank first in the industry and are still growing rapidly. CZB365.com has completed two rounds of financing in 2017 and 2018. The current round C plans to raise 150 million

RMB for the market expansion and product development.

Meikamande Project: The leading domestic 2B robot AI software company. They are using Deep Learning ，3D vision and other cutting-edge technologies ，Provide a full-stop and cost effective solution for Sorting, destacking , Loading and Off Loading for multiple industrial fields including 3C manufacturing, Industrial Logistics, Express Delivery ,Automobiles, etc. The target company is currently conducting round A financing.

4. Delivered Projects

Yan Coal Australia Refinancing Project: In early 2016, our company were taking the lead of the Industrial Bank and the Bank of China International to subscribe bonds totally US$775 million issued by Yan Coal Australia's wholly-owned subsidiary Watagan Mining; of which a fund established by our company was subscribed US$25 million jointly by two personal investors, but one of them has withdrawn from it due to new domestic asset management regulations. The first redemption window for these bonds was January 2019. Our company has successfully raised share capital to replace the withdrawn investment and can continue to hold the bonds. However, if the single largest holder of the bonds, Industrial Bank requires the issuer to redeem the bonds it holds (its share is 50.1% of the total bond quota), other investors will be deemed to have jointly exercised Put Option; the bonds is deemed to have matured. Our company already has prepared sufficient funds for the renewal, and we are waiting for Industrial Bank's final decision. If the bonds are to be postponed, as the principal creditor holder of the bonds our company can charge the issuer a fee of US$3.6 million per year within two years after bond renewal, of which US$1.2 million will need to be paid to BOC.

Western Dairy Project: A domestic investor completed the acquisition of 100% equity of Western Australia Dairy at the end of 2017. Later, this investor and our company established a special fund in China for transfer of the project. Our company has accepted AVIC Trust as a priority investor in the fund. Our company has completed fundraising and asset transfer for this project and will collect 4.05 million RMB as a management fee annually.

5. Blind Pool Fund Raising

We had some difficult time with the fund raising for Blind Pool Fund at the beginning, however,our company has accumulated quite a few resources of government-guided funds and funds of funds after contacting with a wider range of fund of funds investors through continuous attempts. Of several funds our company is raising, the government-funded part or cornerstone investors have been basically implemented, but we are meeting with difficulties in raising the parts of social capitals.

Wisdom Transportation Fund: Due to the hindrance of overseas mergers and acquisitions, the fund brought the Guangdong Provincial Government platform --Guangdong Hengjian Group as a partner. The original partner Shenzhen

Qianhai will continue to be the co-sponsor of the fund. The fund will conduct domestic and overseas mergers and acquisitions according to requirements of listed companies in Guangdong Province, with helps from the development opportunities of the "Greater Bay Area". The Shenzhen Guidance Fund has completed due diligence on our company and preliminary review for investing 500 million yuan in the fund. Our company has signed a strategic cooperation agreement with Guangdong Hengjian Group, and specific terms regarding capital contribution are under negotiation.

ARM Semiconductor Investment Fund: In order to seize the opportunity of semiconductor development, our company and Arm China have planed to establish a semiconductor investment fund in Shenzhen with a total scale of RMB 5 billion RMB, of which is an initial scale of 2 billion RMB. As the semiconductor industry has relatively matured in manufacturing, packaging and testing, its investment scale is relatively large and its investment return long. The Semiconductor

Investment Fund will mainly focus on domestic chip replacement, chip design and terminal application companies that can quickly achieve product grounding and valuation growth. Our company is currently discussing with Arm China to finally determine the specific investment areas.

The initial shares of the fund are distributed as 35.7% for our company, 34.3% for Arm China (or its subsidiaries) and 30% for the fund management team. At present, our company has initially communicated with institutional investors such as Guoxin International, Guangdong Hengjian and Bank of China, all of them have expressed high interest in the fund.

Pet Fund: The partner is the largest domestic listed ODM company for the pet chew products. Most of the products are sold to Europe and the United States. The partner would like to cooperate with our company to establish a fund for acquiring pet industry-related companies and for growing itself as a listed company. The fund mainly focuses on merger and acquisition opportunities of pet medical, pet food, and distribution companies. It enhances the value of invested companies by leveraging synergies between target companies and listed companies. The first phase of the fund is RMB 1 billion, and listed company will subscribe 30% of the fund shares. With the help of the listed company's resources, the fund already has a good reserve of projects. Currently, the fund is in its initial fund-raising process. Due to high focus of the fund and a leading position of listed company in the industry, it has won the recognition of several fund of funds investors.

Big Data Fund: The company will cooperate with ShenZhen United Information Technology and Longgang Financial Investment Holding Corpora-tion to establish the first instalment of RMB 3 bil-lion big data sector fund. Longgang FHC and Unit-ed Information Technology as the cornerstone con-tributors will respectively invest 20% and 10% to the fund, and remaining 70% of the capital will be raised externally.

6. Management of After Venture Capital

China Petroleum & Chemical Corporation (herein-after referred to as "Sinopec Corp."): In 2018, Si-nopec Corp operated smoothly with stable business performance; in the first three quarters cumulative operating revenue was RMB 1055.1 billion, Year-over-year growth was 16.1%.; Cumulative net profits was RMB 19.1 billion, and Year-over-year growth was 0.47%. Due to obstacles of getting approval when

the split share structure reform was in the filing pro-cess, this year Sinopec Corp has re-completed Eval-uation of assets and relaunched the IPO process, which was delayed by at least one year compared to the expected time to the market. After the six-month locked up period, the exit window is only six months. Now the listing has been approved for circulation, but the duration of the Sinopec fund is five years, the fund will face the risk of maturity nevertheless.

Henniges automotive: In the first three quarters of 2018, sales revenue of Henniges automotive has ma-terialized to be $758 million, and Year-over-year growth was 11.4% which compared to sales revenue of last year was $681 million. Among them, the North American market benefited from increased sales of medium- and large-sized passenger cars, and sales revenue was growing faster, and year-over-year growth in the first three quarters is 13.7%; the Asian market benefited from continued improvement in op-erations in China, comparing to last year sales reve-nue increased 7.7%; year-over-year revenue growth in Europe also has achieved 7.4%. On the profitability side, the company achieved EBITDA of $87.85 mil-lion in the first three quarters, comparing to $88.93 million in the same period last year it is down slightly by 1.21%; In comparison with the company's EBITDA ratio was 13.2% in last year, and it fell 1.6% to 11.6%; net profit of $17.71 million was gained in the same period. The reasons for the decline in profitabil-ity included rising raw material costs, global factory layout optimization resulting in restructuring cost, other labour cost and also other cost increased in Eu-rope.

Up to now, progress on the exit of Henniges automo-tive project is still uncertain. The management and project team have had many in-depth and repeated communications with AVIC Automotive and The Avia-tion Industry Corporation of China and other parties, and explicitly expressed that due to maturity of the Fund duration and under the new capital manage-ment rules that Bank of China and other banking shareholders must exit under regulatory requirements and other investors such as CNIC are also under tremendous pressure to exit. Hence the fund urgently need for the claim of exit, giving feedbacks and communicating to AVIC leadership through multiple channels. The company will continue to push for an early exit of the fund.

Amperex Technology Limited: Amperex Technolo-gy Limited was listed on the GEM on June 11th, 2018 and total market capitalization exceeded RMB 170 billion as of the mid of

December 2018. In the first three quarters of 2018, sales revenue of Amperex Technology Limited is RMB 19.14 billion, and Year-over-year growth was 59.9%. Net profit after deduc-tion is RMB1.99 billion, and Year-over-year growth is 88.7%. At present, the project is still locked. When the lock-in period is over, the company will opt out the fund.

MEGVII: In September 2017, the Company complet-ed the C2 round of investment in MEGVII project, $30 million was invested. The project's post-money valua-tion was $1.42 billion. After the completion of the D round, the fund accounted for 1.88%. Based on the last round of fund raising, valuation was $4 billion for this project. The corresponding equity value of the fund is approximately $75.2 million after calculating .

Tuniu Tour: In the first three quarters of 2018, Tuniu Tour continued to achieve rapid growth, and cumula-tive revenue was RMB 1.77 billion. In the third quar-ter, net revenue attained to be RMB 806 million, and Year-over-year growth was 53.5%; in the first three quarters cumulative loss is RMB120 million, but in the third quarter net profit was $83 million. This is the second single quarterly profit since the first in the third quarter of 2017.

Yancoal Australia Limited: From January to Sep-tember 2018, Yancoal Australia Limited's Underlying Asset sales of coal was A$207 million. Due to im-pacted of production (the Austar mine, which was shut down for several months due to a coal explo-sion, now resumed production), EBITDA loss was A$38 million, and the loss before tax was A$204 mil-lion (including the foreign exchange loss was A$72 million). Full-year loss is predicted to be A$263 mil-lion. Yancoal Australia passed the Hong Kong Stock Exchange listing-hearing in January 2018 and will be officially listed on the Hong Kong Stock Exchange on 6 December. During 2018, fund has received Interest receivable on bonds with full payment on time.

Dalian Wanda Commercial Management Group Co., Ltd.: DWCMG failed to achieve listing in A-share. DWCMG have fulfilled repurchase promise to investors. Two of the Company's fund have success-fully exited, currently each repurchase entity fund is being liquidated in sequence.

Reviewing 2018, the entire private equity was facing unprecedented challenges. The sector reshuffled and the company's management proposed a second start-up. Corporate strategy was promptly adjusted in adverse market condition. One aspect is the compa-ny was keeping on investing in the new economy ar-ea ; another aspect is the company took advantage of the current difficult window period for the private sector and excavated M&A opportunities for private companies, which are in depressed value, the ad-vanced competitive products and technologies.

Business plan for 2019

Based on the Board of Directors' comments and suggestions on our business plan for 2019, we held a seminar involving all levels of management to conduct an in-depth analysis of the Macroeconomic policy, strategic directions, and priorities for 2019, and reached a consensus on two business priorities for 2019.

Regarding the Macroeconomic policy, we forecast that, in 2019, the central bank and CBRC will support the development of private enterprises and the real economy through liquidity and more funds will be available to private enterprises. So it would be the perfect timing for us to complete a Blind Poll fund raising. In addition, the launch of the Sci-Tech Innovation Board (STAR) in 2019 will provide a rare opportunity for capital markets. We will focus on start-up investing in potential STAR IPO listing companies, based on our expertise in the new economy sector.

1. Raising capital for our M&A Funds, which is co-funded by COFCO

Among all the funds that we are raising capital for, we believe the M&A fund, co-funded by COFCO Capital, has advantages. First, COFCO Capital is in fact a SOE and favored by investors. Second, COFCO specializes in grain and holds controlling interests in entities along its supply chain. This strategy is highly favored by investors. Third, the large proportion of COFCO Capital's investment in this fund enhances the confidence of fund investors, and make it easier for us to raise capital. Therefore, we are fully committed and will strive to raise capital for this fund in 2019.

COFCO is a leading global grain merchant and the owner of several famous food brands in China. With an end-to-end supply chain and tremendous brand value, COFCO is in a good position to acquire entities related to the grain industry. COFCO Capital is a first-class subsidiary of COFCO Group, a professional company and investment platform that operates and manages the financial business of the Group.

We intend to join hands with the COFCO Capital to take advantage of the decline in market valuation. Together we will launch a M&A fund focusing on acquiring entities along COFCO Group's supply chain.

The fund will follow the principles of independent decision and market operation, conduct holding mergers and acquisitions, leverage the COFCO Group's strong advantage in the industry to consolidate the acquired companies vertically and horizontally to enhance the value of the companies, and ultimately maximize the return of fund investors by merging them into listed companies under the COFCO Group or listing them independently.

Presently, the two parties have reached an agreement on the cooperation framework of the fund. COFCO Capital is submitting the terms of the "Memorandum of Cooperation" to the Group for approval; the overall proposed fund size is set at 10 billion yuan, and the first phase is 3 billion yuan, of which COFCO Capital's subscription shall not exceed 50% of the fund as the cornerstone investor, and the remaining portion shall be raised from the public. Meanwhile, COFCO Capital also expressed an appeal that the Bank of China, as a shareholder of Bohai Huamei, shall subscribe for a portion of the fund shares in order to enhance social investors' confidence in capital contribution. The fund has a duration of 5 years, including an investment period of 3 years and an exit period of 2 years; upon expiration, it can be extended twice, each for 1 year.

COFCO Capital, as a state-owned holding company, cannot directly act as the general partner of the fund. COFCO Capital requires both parties to establish a joint venture with a limited liability company (hereinafter referred to as the "management company") to serve as the general partner and manager of the fund. Among the management companies, COFCO Capital will hold a 60% stake, and Bohai Huamei will hold a 40% stake. If social partners intend to join the management company, the two parties shall jointly determine the proportion of each party's shareholding in the management company at that time, but the principle of equity distribution is to ensure that COFCO Capital, as the largest shareholder of the management company, is in a relatively controlling position. The board of directors of the management company is composed of members nominated by each shareholder. The management and business team is jointly formed by COFCO Capital and Bohai Huamei. COFCO Capital requires the management company to strictly follow market principles to set up remuneration and incentive mechanisms, including remuneration and benefits, performance sharing, and project follow-up investment mechanism. At the same time, COFCO Capital is also seeking management's shareholding arrangements from the Group.

The two parties have formed a working group. The working group has started preliminary work such as preparation of fundraising documents, contact with potential investors, industry research, and screening of potential mergers and acquisitions. According to the temporary schedule, the fund is targeting to complete the fundraising work before the end of September.

2. Raising Capital and investing in the Sci-Tech innovation board (STAR Market)

In order to seize the market opportunities brought by the Sci-Tech Innovation Board (STAR) and to focus our investment in enterprises listed on the board, our company plans to carry out our investment in two ways: a special fund and a Blind Pool Fund.

On the one hand, according to the requirements of our board of directors, we should quickly gain insights into the specific rules and policies of the STAR, identify companies that potentially qualify for STAR IPO listing, and possibly invest into IPOs through multiple ways including co-founding funds with brokerages.

In terms of project selection, our team has identified key areas to invest based on the five industries supported by the STAR, and on our research into the new economy. These key areas include artificial intelligence, cloud computing, big data, Internet of things, robotics, new energy and new energy vehicles, precision medicine and genetic screening. Currently our team has divided into the above key areas for sorting out project resources and negotiating with brokerages on potential collaboration in multiple ways.

On the other hand, by accumulating resources of the pre-IPO company, we should try to raise a Blind Pool Fund which investing mainly in the STAR IPO listing. Meanwhile, we should also initiate investments through a special fund before the completion of a Blind Pool Fund.

In 2019, our work is going to stick to the above two key aspects. On cross-border M&A and Fast track projects, we will take opportunistic strategies due to the advantage of the CNIC Corporation Limited, the current funder of our cross-border projects. In detail, we will seize some specific project opportunities and fast-track the evaluation of those in non-sensitive industries. We should invest with related resources only if the bidder and acquirer are of relative higher quality and there are no barriers to approval. Regarding the post-investment management, we will well prepare for the withdrawal from the Ningde New Era project and secure returns for its investors and shareholders; we will also vigorously promote the Henniges IPO listing, aiming to make substantial progress by the end of this year.

The management has reached a consensus on our tasks in 2019 during their thorough discussion. They have also realized how severe our situation will be. By taking full advantage of and leveraging the resources of our shareholders, the management will focus on critical tasks and take several new steps towards strategic transformation under the guidance of our board of directors.

2018 Annual Financial Report and 2019 Annual Budget

Up to now, the Company has completed and delivered a total of 12 projects, including Western Milk Projects, and accumulated assets of RMB 16.4 billion. Three projects exited and the actual asset in custody is RMB 14.2 billion, of which the actively managed assets is RMB 6.7 billion.

In 2018, the Company's total revenue from management fees was $68.01 million and total operating costs was $65.62 million. Detailed total operating costs was as follows: personnel expenses of $28.91 million (including fixed salaries and employee benefits, excluding bonuses), the Henniges project interest expenses of $19.80 million, and other operating costs of $16.91 million. In 2018, the Company was expected to achieve a net revenue of RMB $2.36 million.

In 2019, the Company's total management fee revenue from delivered projects and performance revenue from Ningde New Energy Project are expected to be RMB $87.94 million. Total management fee revenue is about RMB $40.79 million, which is lower than 2018. One reason is because the Yanzhou Coal Project fee collection period of three years has expired. Whether to renew this project is yet to be negotiated by investors. At the same time, the Company is budgeted to allocate RMB 47.15 million in performance revenue to the attributing Company after Ningde New Energy Project exits based on the average market price (RMB70 per share).

In 2019, the Company's total operating costs is budgeted to be RMB 62.0 million, decreased by RMB 3.62 million from the previous year. Detailed total operating costs is as follows: the Henniges project interest expenses of RMB15 million (which is less than the actual interest expenses of RMB19.8 million in the previous year due to dividends distribution); personnel expenses of RMB 27.37 million (excluding bonuses), which decreased RMB 1.54 million from the previous year; fundraising agent fees of RMB 5.31 million and other operating costs of RMB12.32 million. In 2019, the Company is expected to achieve a net operating revenue of RMB 25.91 million.

1.2018 Annual Financial Report

2018 Actual vs budget comparison analysis:

Comparison table of 2018 actual revenue vs expected

Unit: thousand RMB

	2018 actual	2018 expected	Difference	Explanation of difference
Sinopec	2407	2400	7	
Henniges	28100	29120	-1020	Adjustment during accounting review
Tuniu	5981	6790	-809	Base for calculating management fee decreased.
CATL	1717	1720	-3	
Wanda Real Estate	2154	2310	-156	
Wenzhou Machinery	425	420	5	
Yanzhou Coal Australia	16728	16140	588	Change in forex rate

Hungary	0	1190	-1190	Project suspended.
Zhongzai Insurance	0	230	-230	Mangement fee not collected anymore.
Face++	748	2050	-1302	Adjustment during accounting review
Sinopec dividend	430	80	350	
West Milk	2229	0	2229	New project
Luoyang Molybdenum	6289	9430	-3141	Adjustment during accounting review
Financial subsidy	800	0	800	
New management fee revenue	0	30000	-30000	New project revenue was less than expected.
Total revenue	**68,008**	**101,880**	**-33,872**	

In 2018, the company's revenue from management fee was less than expected. The main reasons are:

First, the actual revenue is less than projected. Second, the project's revenue was adjusted during revenue recognition. The total operation cost was RMB 65.62 million, which is 19.02 million less than the budget of RMB 84.64 million. The main reasons are: The RMB 7 million of employee bonus was recorded in the financial statement of 2017; fixed salary payment is reduced by RMB 1.47 million due to employee turnover; project development expenses decreased by RMB 2.34 million; the actual payment of management fee in fundraising decreased by RMB 5.57 million (this is expected to be paid in 2019).

The actual operating cost is 65.62 million RMB. Its breakdown is as follows: personnel expenses of RMB 28.91 million (RMB 27.55 million on employee base salary payments, and RMB 1.36 million on their insurance and social security); interest payment for the Henniges project of RMB 19.80 million; project development expenses of RMB 4.97 million; administrative expenses of RMB 4.18 million; attorney fees and consulting fees of RMB 2.36 million; shared management fee for the

Sinopec Co-GP CATL project of RMB 2 million; in the Yanzhou Coal Project, the Bank of China's standby certificate fee for the Bank of China of 990k RMB; loan interest payment of RMB 390k; the Board of Director's expenses of RMB 360k; the company's external partner fees of RMB 360k; other miscellaneous expenses of RMB 1.3 million, such as the amortization of assets.

A comparison table showing the actual expenses in 2018 vs budget

Unit: thousand RMB

	2018 actual expense	2018 budget	Difference	Explanation of difference
I. office and administrative expenses	4180	5400	-1220	
II. subtotal of personnel expenses	28908	37380	-8472	
1. Salary, social security, housing fund	27548	29300	-1752	5 employees left, 2 new recruits
2. Benefits	1360	1080	280	
3. Bonus	0	7000	-7000	recorded in 2017 accounting

III. Depreciation or amortization of fixed assets	100	100		
IV. Board of Director or other committee expenses	360	800	-440	
V. Software expenses	1200	1200		
VI. Project development expenses	4970	8000	-3030	Project development expenses decreased because the development of new projects didn't progress as expected.
VII. Company partners Expenses	360	1200	~840	
VIII. Henniges project interest payment and fundraising commission fee	22790	28360	-5570	Mainly including interest payment of RMB 19,800k in the Henniges project, Bank of China standby certificate fee of RMB 990k in the Yanzhou

				Coal Project, Sinopec CO-GP Project management fee of RMB 2000k; the rest of the fundraising commission fee will be paid in 2019.
IX. Subtotal of other expenses	2750	2200	550	
1. Auditing fee	400	400		
2. Loan interest payment	390		390	New loan of 8950k RMB
3. Consulting and SPV maintenance	1960	1800	160	The new Jifei Project has a DD cost of 450k RMB.
Total operating expense	**65,618**	**84,640**	**-19,022**	

In 2018, the company has a total revenue of RMB 68.01 million. Its actual operating expense is RMB 65.62 million. The company has a realized operating profit of RMB 2.36 million. To solve the cash flow problem in the interest payment of the

Henniges project, in 2018, the company borrowed RMB 4.95 million from China Merchants Bank at the annualized interest rate of 9%; borrowed RMB 4 million from Wang Xin as an individual at the annualized interest rate of 8%. At the end of 2018, the total cash holding is RMB 26.01 million.

2. year 2019 budget report

1. An explanation of the budget plan

Office and administrative expense: In the 2019 budget, the company will keep current rental offices. Office and administrative expenses will increase slightly to a total of RMB 4.56 million.

Personnel expenses: According to the company's 2019 human resource plan, given that two MD's left, the company plans to hire two investors at the rank of VP or lower. The fixed salary payment will amount to RMB 26.15 million, and RMB 1.22 million in insurance and social security expenses, which bring a total of RMB 27.37 million in personnel expenses.

Project Expansion Budget: The budget for searching potential projects, internal project research, and due diligence investigation is RMB 4.8 Million, roughly the same expenses as in 2018.

Henniges project interest: The interest expenses on Henniges project is RMB 15 million in 2019. (Considering the projected interest of Henniges project's dividends has decreased compared with previous year)

Fundraising Agent fees: Sinopec (中石化基金) and Co-GP CATL shared management fee and remaining fundraising agent fee RMB 5.31 million.

Expenses on Attorney, auditing, consulting, and SPV maintenance etc. of RMB 1.6 million. Software expense of RMB 1.2 million. Expect to clear all loans in mid 2019 with Interest expenses on loans of RMB 540,000. Expenses on the Board of Directors and Committees of RMB 300,000.

The Budget of Operations 2019 (in thousand RMB)

I. Office and Administration Overhead

Rent and HOA	3,600
Office	960
Total	**4,560**

II. Salaries

Base salary and Insurance	26,150
Welfare	1,220
Total	**27,370**

III. Depreciation and Amortization

Fixed asset amortization	40
Depreciation	60
Total	**100**

IV. Board of Director and Committees Fees

Total	**300**

V. Software

Total	**1,200**

VI. Project Expansion Expenses

Total	**4,800**

VII. Henniges Interest and Fundraising Agent Fees

Total	**20,310**

VIII. Other Expenses

Audit	400
Attorney, consulting, and SPV maintenance	1,200
Loan interest	540
Others	1,220
Total	**3,360**

Total Operating Cost	**62,000**

2.Notes on Projected revenue

The current project management revenue in 2019 is RMB 40.79 million. The revenue from selling out CATL carry shares is expected to reach RMB 47.15 million (estimated exit price is 70 RMB per share). Total projected revenue is 87.94 million, shown below.

Projected Revenue in 2019 (in thousand RMB)

Henniges	28,100
Tuniu	5,981
CATL	802
CATL Carry	47,147
Wenzhou BOC	425

China Moly TFM	3,145
FACE++	748
Guangzhe Diary	1,592
Total	**87,940**

3.Projected Profit in 2019

Total projected revenue in 2019 is RMB 87.94 million, the estimated operating cost is RMB 62 million, and the operating revenue is RMB 25.91 million. The distributable profit is RMB 25.95 million after deducting general provident fund.

4.Projected Cash Flow Statement

From a net cash perspective, year 2019's opening balance of cash was RMB 26.01 million; the total cash inflow is RMB 86.60 million, of which RMB 39.45 million from management fee revenue, and RMB 47.15 million from project exit proceeds. The total cash outflow is 74.87 million, and the net cash inflow is RMB 11.73 million. The forecast for year-end closing balance of cash is RMB 37.74 million.

2019 Cash Flow Forecast (in thousand RMB)

Opening Balance of Cash	**26,013**
Cash Inflow	
BHR Management Fee Revenue	39,450
CATL Exit Proceeds	47,150
Cash Inflow	**86,600**
Cash Outflow	
Sinopec Co-GP& Fundraising Agency Fees	7,310
Henniges Group Project Interest	15,000
Wanda Real Estate Fundraising Agency Fees	206
Loan Interest Expenses	540
VAT and Surtax	1,800
Personnel Expenses	26,150
Benefits Expenses	1,220
Attorney's Fees	600
Project Development Costs	4,800
Office Rental & Property Mgmt. Expenses	3,600
BHR Self-expenditure Administrative Expenses	960
Audit Fees	400
Consulting Fees, Registration, Accounting Services, etc.	600
Board & Committee Expense	300

Software Expense	1,200
Loan Repayment	8,950
Other Expenses	1,230
Cash Outflow	**74,866**
Net Cash Inflow	**11,734**
Year-End Closing Cash Balance	**37,746**

Investment Fund Management Co. Materials for the 13th Board Meeting

(English Translation)

Cash Flow Forecast 2019

Unit: RMB in 000's	######	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
Opening Balance	**26,013**	**30.533**	**28,023**	**24,753**	**31,383**	**27,363**	**14,703**	**11,273**	**7,843**	**8,193**	**52,663**	**46,393**	**26,013**
Cash Inflow													-
HBR Management fee income	8,270	900	-	10,000	-	450	-	-	19,080	47,900	-	-	86,600
- Sinopec	-	-	-	-	-	-	-	-	-	-	-	-	-
- Hanson	-	-	-	-	-	-	-	-	19,080	-	-	-	19,080
- Tuniu	-	-	-	-	-	-	-	-	-	-	-	-	-
- CATL	-	900	-	-	-	-	-	-	-	47,150	-	-	48,050
- Face++	-	-	-	-	-	-	-	-	-	750	-	-	750
- Wenzhou Boc	-	-	-	-	-	450	-	-	-	-	-	-	450
- Yan-Cola	8,270	-	-	-	-	-	-	-	-	-	-	-	8,270
- ChinaMoly TFM	-	-	-	10,000	-	-	-	-	-	-	-	-	10,000
- Guangzhe Dairy	-	-	-	-	-	-	- -	-	-	-	-	-	-
Cash Inflow	**8,270**	**900**	**-**	**10,000**	**-**	**450**	**-**	**-**	**19,080**	**47,900**	**-**	**-**	**86,600**

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Investment Fund Management Co.   Materials for the 13th Board Meeting
(English Translation)

Cash Outflow													
Sinopec Foundation Fundraising Agency Fees	-	-	-	-	-	-	-	-	-	-	2,840	4,470	7,310
Hanson Fundraising Agency Fees	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Wanda Real Estate Fundraising Agency Fees	-	-	-	-	-	-	-	-	15,000	-	-	206	206
Interest Expenses	-	-	110	-	-	430	-	-	-	-	-	-	540
VAT	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Personnel Expenses	2,100	2,100	2,150	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,150
Employee Benefits	-	-	60		660	-	-	-	-	-	-	500	1,220
Attorney's Fees	50	50	50	50	50	50	50	50	50	50	50	50	600
Project Development Costs	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Beijian Office Expenses	300	300	300	300	300	300	300	300	300	300	300	300	3,600
HBR Self Expenditure of Administrative Expenses	80	80	80	80	80	80	80	80	80	80	80	80	960
Audit Fees	-	-	-	-	-	400	-	-	-	-	-	-	400

Consulting Fees, Registration, Accounting Service, etc.	50	50	50	50	50	50	50	50	50	50	50	50	600
Board & Committee Expenses	-	-	-	-	-	-	-	-	300	-	-	-	300
Software Expenses	520	-	-	40	-	-	100	100	100	100	100	140	1.200
Other Expenses	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Loan						8,950							8,950
Income Taxes	-	-	-	-	30	-	-	-	-	-	-	-	30
Cash Outflow	**3,750**	**3,230**	**3,450**	**3,370**	**4,020**	**13,110**	**3,430**	**3,430**	**18,730**	**3,430**	**6,270**	**8,646**	**74,866**
Net Cash Flow	**30,533**	**28,203**	**24,753**	**31,383**	**27,363**	**14,703**	**11,273**	**7,843**	**8,193**	**52,663**	**46,393**	**37,746**	**37,746**