**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16**

**OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of April 2018**

**Commission file number: 001-38170**

**NEWATER TECHNOLOGY, INC.**

(Registrant's name)

**c/o Yantai Jinzheng Eco-Technology Co., Ltd.**

**8 Lande Road, Laishan District, Yantai City**

**Shandong Province**

**People’s Republic of China 264000**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

**Explanatory Note:**

On April 30, 2018, Newater Technology, Inc. issued a press release announcing its 2017 audited financial results. A copy of the press release is attached hereto as Exhibit 99.1

1

**EXHIBIT INDEX**

|  |  |  |
| --- | --- | --- |
| **Number** |   | **Description of Exhibit** |
|   |   |   |
| 99.1 |  | [Press Release dated April 30, 2018.](file:///O%3A%5C1%20Pre-Sub%5C2018%5CMay%5CEvening%5C01%5CNewater%5Cf6k050118_newatertech%5Cf6k050118ex99-1_newatertech.htm) |

2

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

|  |  |
| --- | --- |
|   | NEWATER TECHNOLOGY, INC. |
|   |   |
|   | By: | /s/ Yuebiao Li |
|   |   | Yuebiao LiChairman and Chief Executive Officer |

Dated: May 2, 2018

3

**Exhibit 99.1**

**Newater Technology, Inc. Announces Year 2017 Audited Financial Results**

Yantai, China, April 30, 2018 /Accesswire/ — Newater Technology, Inc. (NASDAQ: NEWA) (“NEWA”, “we”, “our” or the “Company”), a developer, service provider and manufacturer of membrane filtration products and related hardware and engineered systems that are used in the treatment, recycling and discharge of wastewater, today announced its financial results for the year ended December 31, 2017.

**The year ended December 31, 2017 Financial Highlights (all comparisons to the year ended December 31, 2016)**

|  |  |  |
| --- | --- | --- |
|  | ● | Revenues increased by 106% from $12.28 million to $25.34 million, which resulted primarily from the increased demand for our projects and services, evidenced by a large increase in our project sales, an increased number of customers and larger scale projects, and service sales. |
|   |   |   |
|  | ● | Cost of revenues increased by 121% from $7.74 million to $17.08 million, primarily due to the revenue growth in the same period. |
|   |   |   |
|  | ● | Gross profit increased by 82% to $8.26 million in 2017 from $4.54 million in 2016, while the gross profit margin was 33%, compared to 37% for the same period in 2016. |
|   |   |   |
|  | ● | Selling, general and administrative expenses (SG&A) increased by 77% from $3.15 million to $5.58 million, however, the percentage of SG&A compared to revenue decreased from 26% to 22%. |
|   |   |   |
|  | ● | Operating income increased by 93% from $1.39 million to $2.69 million. Our operating income as a percentage of total revenues was 11% for both 2016 and 2017. |
|   |   |   |
|  | ● | Basic earnings per share was $0.26 in 2017 compared to $0.28 in 2016. |

|  |
| --- |
| **Selected  Consolidated Statements of Income and Comprehensive Income Data** |
| in $ million |
|   |
|   |  | **Year 2017** |  |  | **Year 2016** |  |  | **Change $** |  |  | **Change %** |  |   | Year 2015 |   |   | Year 2014 |   |
| **Total Revenues** |  |  | **25.34** |  |  |  | **12.28** |  |  |  | **13.06** |  |  |  | **106** | **%** |  |  | **6.98** |  |  |  | **1.03** |  |
| **Total Cost of Revenues** |  |  | **17.08** |  |  |  | **7.74** |  |  |  | **9.34** |  |  |  | **121** | **%** |  |  | **3.76** |  |  |  | **0.67** |  |
| **Gross profit** |  |  | **8.26** |  |  |  | **4.54** |  |  |  | **3.72** |  |  |  | **82** | **%** |  |  | **3.21** |  |  |  | **0.36** |  |
| Gross profit margin |   |   | 33 | % |   |   | 37 | % |   |   |   |   |   |   |   |   |   |   | 46 | % |   |   | 35 | % |
| SG&A |   |   | 5.58 |   |   |   | 3.15 |   |   |   | 2.43 |   |   |   | 77 | % |   |   | 1.64 |   |   |   | 0.36 |   |
| **SG&A %** |  |  | **22** | **%** |  |  | **26** | **%** |   |   |   |   |   |   |   |   |  |  | **24** | **%** |  |  | **35** | **%** |
| Operating income |   |   | 2.69 |   |   |   | 1.39 |   |   |   | 1.29 |   |   |   | 93 | % |   |   | 1.57 |   |   |   | 0.00 |   |
| **Operation margin** |  |  | **11** | **%** |  |  | **11** | **%** |   |   |   |   |   |   |   |   |  |  | **23** | **%** |  |  | **0** | **%** |
| Other Expenses (Income) |   |   | (0.38 | ) |   |   | (1.59 | ) |   |   | 1.21 |   |   |   |   |   |   |   | 0.17 |   |   |   | - |   |
| **Income before tax** |  |  | **3.07** |  |  |  | **2.98** |  |  |  | **0.08** |  |  |  | **3** | **%** |  |  | **1.40** |  |  |  | **0** |  |
| Income tax provision |   |   | 0.48 |   |   |   | 0.55 |   |   |   |   |   |   |   |   |   |   |   | 0.45 |   |   |   | 0.00 |   |
| **Net income** |  |  | **2.59** |  |  |  | **2.43** |  |  |  | **0.16** |  |  |  | **6** | **%** |  |  | **0.95** |  |  |  | **(0.00** | **)** |
| Basic Earnings Per share |   | $ | 0.26 |   |   | $ | 0.28 |   |   |   |   |   |   |   |   |   |   |   | 0.12 |   |   |   |   |   |
| Basic Weighted average number of common shares outstanding |   |   | 9,864,479 |   |   |   | 8,767,738 |   |   |   | 8,200,000 |   |   |   |   |   |   |   | 8,200,000 |   |   |   |   |   |

Mr. Yuebiao Li, the Company’s Chairman and Chief Executive Officer, commented “2017 was an important and pivotal year for NEWA. Our company successfully completed its initial public offering and our common shares were listed on the Nasdaq Capital Market. We continued to have robust growth in our revenues and achieved strong operating results. We are excited about 2018, as our membrane technology was successfully selected as one of the advanced technologies to be promoted in China in 2018 by China’s Ministry of Water Resources in its proclamation “2018 Guide to Promote Advanced Practical Technology”. In addition, Phase I of our new manufacturing complex in Yantai, China, is expected to be completed as scheduled. With our new manufacturing facilities, we expect to increase our production capacity significantly, making it possible to meet the increasing expected demand for our products. In addition, we believe our unwavering commitment to R&D will position NEWA for a long-term growth.”

**About Newater Technology, Inc.**

Founded in 2012 and headquartered in Yantai, China, Newater, operating its business through its wholly owned subsidiary Jinzheng, specializes in the development, manufacture and sale of DTRO (Disk Tube Reverse Osmosis) and DTNF (Disk Tube Nano-Filtration) membranes for waste water treatment, recycling and discharge. Newater provides integrated technical solutions in engineering support and installation, technical advice and water purification services, and other project-related solutions to turn wastewater into valuable clean water.

The Company's products can be used across a wide spectrum of industries, including:

|  |  |
| --- | --- |
| - Leachate from landfills | - Power plant waste water |
|   |   |
| - Wastewater from oil fields | - Wastewater from gas production |
|   |   |
| - High acid wastewater | - Desalination |

More information about the Company can be found at: www.newater.cc.

**Notice**

Rounding amounts and percentages: Certain amounts and percentages included in this press release have been rounded for ease of presentation. Percentage figures included in this press release have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts in this press release may vary from those obtained by performing the same calculations using the figures in the financial statements. In addition, certain other amounts that appear in this press release may not sum due to rounding.

**Forward-Looking Statements**

This press release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. When the Company uses words such as “may”, “will”, “intend”, “should”, “believe”, “expect”, “anticipate”, “project”, “estimate” or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. Specifically, the Company’s statements regarding: 1) its continued growth and business outlook, 2) completion of its manufacturing facility on schedule; and 3) abiltiy to increase its production capacity to meet the anticipated demand for its products are forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the actual results to differ materially from the Company's expectations discussed in the forward-looking statements. These statements are subject to uncertainties and risks including, but not limited to, the following: the Company’s goals and strategies; the Company’s future business development; product and service demand and acceptance; changes in technology; economic conditions; the growth of the water filtration industry in China; reputation and brand; the impact of competition and pricing; government regulations; fluctuations in general economic and business conditions in China and assumptions underlying or related to any of the foregoing and other risks contained in reports filed by the Company with the Securities and Exchange Commission. For these reasons, among others, investors are cautioned not to place undue reliance upon any forward-looking statements in this press release. Additional factors are discussed in the Company’s filings with the U.S. Securities and Exchange Commission, which are available for review at www.sec.gov. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

**For more information, please contact:**

|  |  |
| --- | --- |
| Company | Investor Relations |
|   |   |
| Zhuo Zhang   CFO | Y. Tracy Tang   CFA, CPA |
| NEWATER TECHNOLOGY INC. | SINO-AMERICAN INVESTOR ADVISORY |
| Phone: +86 (535) 626-4177 | Phone: +1 (646) 485-1040 |
| Email: zhuozhang@newater.cc | Email: Tracy.tang@sino-UsInvestors.com |

|  |  |  |
| --- | --- | --- |
|   | 2 |   |

**NEWATER TECHNOLOGY, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |  | **December 31,** |  |  | **December 31,** |  |
|   |  | **2017** |  |  | **2016** |  |
|   |   |   |   |   |   |   |
| **ASSETS** |
| **Current assets** |   |   |   |   |   |   |   |   |
| Cash and cash equivalents |   | $ | 3,118,080 |   |   | $ | 1,484,762 |   |
| Restricted cash, current |   |   | 6,753,685 |   |   |   | 1,439,926 |   |
| Accounts receivable, net |   |   | 6,050,495 |   |   |   | 2,637,236 |   |
| Accounts receivable from related party, net |   |   | - |   |   |   | 1,060,977 |   |
| Notes receivable |   |   | - |   |   |   | 68,108 |   |
| Inventories |   |   | 10,279,397 |   |   |   | 4,840,234 |   |
| Deferred cost of revenue |   |   | 2,547,580 |   |   |   | - |   |
| Advances to suppliers and other current assets, net |   |   | 2,885,510 |   |   |   | 2,528,411 |   |
| Due from related parties |   |   | - |   |   |   | 3,563 |   |
| **Total current assets** |   |   | 31,634,747 |   |   |   | 14,063,217 |   |
|   |   |   |   |   |   |   |   |   |
| Restricted cash, non-current |   |   | 500,000 |   |   |   | - |   |
| Property, plant and equipment, net |   |   | 10,449,466 |   |   |   | 1,199,611 |   |
| Land use rights, net |   |   | 2,243,183 |   |   |   | 2,143,002 |   |
| Deferred tax assets |   |   | 518,251 |   |   |   | 181,003 |   |
| Other non-current assets |   |   | - |   |   |   | 4,591 |   |
| **Total assets** |   | $ | 45,345,647 |   |   | $ | 17,591,424 |   |
|   |   |   |   |   |   |   |   |   |
| **LIABILITIES AND SHAREHOLDERS’ EQUITY** |   |   |   |   |   |   |   |   |
| **Current liabilities** |   |   |   |   |   |   |   |   |
| Accounts payable and bank acceptance notes to vendors |   | $ | 4,903,058 |   |   | $ | 1,844,077 |   |
| Loans due within one year |   |   | 9,020,697 |   |   |   | 2,879,853 |   |
| Due to related parties |   |   | - |   |   |   | 714,999 |   |
| Deferred income |   |   | - |   |   |   | 25,919 |   |
| Advances from customers |   |   | 1,408,208 |   |   |   | 833,742 |   |
| Income tax payables |   |   | 501,921 |   |   |   | 329,212 |   |
| Accrued expenses and other payables |   |   | 8,509,425 |   |   |   | 210,400 |   |
| **Total current liabilities** |   |   | 24,343,309 |   |   |   | 6,838,202 |   |
|   |   |   |   |   |   |   |   |   |
| Long term loans |   |   | 11,050 |   |   |   | - |   |
| **Total liabilities** |   |   | 24,354,359 |   |   |   | 6,838,202 |   |
|   |   |   |   |   |   |   |   |   |
| **Shareholders’ equity** |   |   |   |   |   |   |   |   |
| Common shares ($0.001 par value, 200,000,000 shares authorized, 10,809,000 and 9,199,000 shares issued and outstanding as of December 31, 2017 and 2016, respectively) |   |   | 10,809 |   |   |   | 9,199 |   |
| Additional paid-in capital |   |   | 15,059,181 |   |   |   | 7,949,466 |   |
| Statutory reserves |   |   | 705,698 |   |   |   | 382,802 |   |
| Retained earnings |   |   | 5,228,733 |   |   |   | 2,960,698 |   |
| Accumulated other comprehensive loss |   |   | (13,133 | ) |   |   | (548,943 | ) |
| **Total shareholders’ equity** |   |   | 20,991,288 |   |   |   | 10,753,222 |   |
| **Total liabilities and shareholders’ equity** |   | $ | 45,345,647 |   |   | $ | 17,591,424 |   |

|  |  |  |
| --- | --- | --- |
|   | 3 |   |

**NEWATER TECHNOLOGY, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

|  |  |  |  |
| --- | --- | --- | --- |
|   |  | **For the Years Ended December 31,** |  |
|   |  | **2017** |  |  | **2016** |  |  | **2015** |  |
|   |   |   |   |   |   |   |   |   |   |
| Net revenues |   | $ | 25,339,497 |   |   | $ | 11,985,055 |   |   | $ | 3,318,833 |   |
| Net revenues from related parties |   |   | - |   |   |   | 294,666 |   |   |   | 3,659,421 |   |
| **Total revenues** |   |   | 25,339,497 |   |   |   | 12,279,721 |   |   |   | 6,978,254 |   |
| Cost of revenues |   |   | 17,077,129 |   |   |   | 7,182,081 |   |   |   | 778,903 |   |
| Cost of revenues from related party |   |   | - |   |   |   | 556,692 |   |   |   | 2,984,968 |   |
| **Total cost of revenues** |   |   | 17,077,129 |   |   |   | 7,738,773 |   |   |   | 3,763,871 |   |
| **Gross profit** |   |   | 8,262,368 |   |   |   | 4,540,948 |   |   |   | 3,214,383 |   |
| Operating expenses: |   |   |   |   |   |   |   |   |   |   |   |   |
| Selling, general and administrative |   |   | 5,575,086 |   |   |   | 3,146,521 |   |   |   | 1,643,313 |   |
| **Total operating expenses** |   |   | 5,575,086 |   |   |   | 3,146,521 |   |   |   | 1,643,313 |   |
| **Income from operations** |   |   | 2,687,282 |   |   |   | 1,394,427 |   |   |   | 1,571,070 |   |
| Interest expense |   |   | 242,707 |   |   |   | 155,553 |   |   |   | 164,613 |   |
| Interest income |   |   | (112,592 | ) |   |   | (5,091 | ) |   |   | (2,612 | ) |
| Government grants |   |   | (513,538 | ) |   |   | (1,750,726 | ) |   |   | - |   |
| Other expenses |   |   | 3,956 |   |   |   | 12,534 |   |   |   | 10,642 |   |
| Total other expense (income) |   |   | (379,467 | ) |   |   | (1,587,730 | ) |   |   | 172,643 |   |
| **Income before income tax provisions** |   |   | 3,066,749 |   |   |   | 2,982,157 |   |   |   | 1,398,427 |   |
| Income tax provisions |   |   | 475,818 |   |   |   | 548,437 |   |   |   | 452,850 |   |
| **Net income** |   | $ | 2,590,931 |   |   | $ | 2,433,720 |   |   | $ | 945,577 |   |
| Other comprehensive income (loss) |   |   |   |   |   |   |   |   |   |   |   |   |
| Foreign currency translation adjustment |   |   | 535,810 |   |   |   | (383,947 | ) |   |   | (166,349 | ) |
| **Total comprehensive income** |   | $ | 3,126,741 |   |   | $ | 2,049,773 |   |   | $ | 779,228 |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Earnings per common share** |   |   |   |   |   |   |   |   |   |   |   |   |
| Basic |   | $ | 0.26 |   |   | $ | 0.28 |   |   | $ | 0.12 |   |
| Diluted |   | $ | 0.26 |   |   | $ | 0.28 |   |   | $ | 0.10 |   |
| **Weighted average number of common shares outstanding** |   |   |   |   |   |   |   |   |   |   |   |   |
| Basic |   |   | 9,864,479 |   |   |   | 8,767,738 |   |   |   | 8,200,000 |   |
| Diluted |   |   | 9,864,479 |   |   |   | 8,767,738 |   |   |   | 9,160,087 |   |

|  |  |  |
| --- | --- | --- |
|   | 4 |   |

**NEWATER TECHNOLOGY, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   |  | **Number of Shares** |  |  | **Common Shares** |  |  | **Additional Paid-in Capital** |  |  | **Retained Earnings (Deficit)** |  |  | **Statutory Reserves** |  |  | **Accumulated Other Comprehensive Income (Loss)** |  |  | **Total Shareholders’ Equity** |  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Balance, January 1, 2015** |  |  | **8,200,000** |  |  | **$** | **8,200** |  |  | **$** | **787,151** |  |  | **$** | **(35,797** | **)** |  | **$** | **-** |  |  | **$** | **1,353** |  |  | **$** | **760,907** |  |
| Net income |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 945,577 |   |   |   | - |   |   |   | - |   |   |   | 945,577 |   |
| Capital contribution from owners |   |   | - |   |   |   | - |   |   |   | 2,212,796 |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 2,212,796 |   |
| Statutory reserves |   |   | - |   |   |   | - |   |   |   | - |   |   |   | (92,995 | ) |   |   | 92,995 |   |   |   | - |   |   |   | - |   |
| Foreign currency translation adjustment |   |   | - |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | (166,349 | ) |   |   | (166,349 | ) |
| **Balance, December 31, 2015** |   |   | 8,200,000 |   |   |   | 8,200 |   |   |   | 2,999,947 |   |   |   | 816,785 |   |   |   | 92,995 |   |   |   | (164,996 | ) |   |   | 3,752,931 |   |
| Net income |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 2,433,720 |   |   |   | - |   |   |   | - |   |   |   | 2,433,720 |   |
| Capital contribution from owners |   |   | - |   |   |   | - |   |   |   | 198,917 |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 198,917 |   |
| Statutory reserves |   |   | - |   |   |   | - |   |   |   | - |   |   |   | (289,807 | ) |   |   | 289,807 |   |   |   | - |   |   |   | - |   |
| Issuance of common shares for debt conversion |   |   | 999,000 |   |   |   | 999 |   |   |   | 3,846,001 |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 3,847,000 |   |
| Issuance of common shares for cash |   |   | - |   |   |   | - |   |   |   | 5,323,026 |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 5,323,026 |   |
| Capital distribution in connection with acquisition of a subsidiary |   |   | - |   |   |   | - |   |   |   | (4,418,425 | ) |   |   | - |   |   |   | - |   |   |   | - |   |   |   | (4,418,425 | ) |
| Foreign currency translation adjustment |   |   | - |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | (383,947 | ) |   |   | (383,947 | ) |
| **Balance, December 31, 2016** |   |   | 9,199,000 |   |   |   | 9,199 |   |   |   | 7,949,466 |   |   |   | 2,960,698 |   |   |   | 382,802 |   |   |   | (548,943 | ) |   |   | 10,753,222 |   |
| Net income |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 2,590,931 |   |   |   |   |   |   |   | - |   |   |   | 2,590,931 |   |
| Statutory reserves |   |   | - |   |   |   | - |   |   |   | - |   |   |   | (322,896 | ) |   |   | 322,896 |   |   |   | - |   |   |   | - |   |
| Issuance of common shares for cash |   |   | 1,610,000 |   |   |   | 1,610 |   |   |   | 7,109,715 |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 7,111,325 |   |
| Foreign currency translation adjustment |   |   | - |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | - |   |   |   | 535,810 |   |   |   | 535,810 |   |
| **Balance, December 31, 2017** |   |   | 10,809,000 |   |   | $ | 10,809 |   |   | $ | 15,059,181 |   |   | $ | 5,228,733 |   |   | $ | 705,698 |   |   | $ | (13,133 | ) |   | $ | 20,991,288 |   |

|  |  |  |
| --- | --- | --- |
|   | 5 |   |

**NEWATER TECHNOLOGY, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  |  |  |  |
| --- | --- | --- | --- |
|   |  | **For the Years Ended December 31,** |  |
|   |  | **2017** |  |  | **2016** |  |  | **2015** |  |
| **Cash flows from operating activities** |   |   |   |   |   |   |   |   |   |
| Net income |   | $ | 2,590,931 |   |   | $ | 2,433,720 |   |   | $ | 945,577 |   |
| Adjustments to reconcile net income to net cash used in operating activities: |   |   |   |   |   |   |   |   |   |   |   |   |
| Depreciation and amortization expense |   |   | 233,493 |   |   |   | 187,662 |   |   |   | 86,396 |   |
| Bad debt expense |   |   | 229,707 |   |   |   | 76,459 |   |   |   | 39,173 |   |
| Deferred income taxes |   |   | (312,997 | ) |   |   | (82,162 | ) |   |   | (106,401 | ) |
| Loss on disposal of property, plant and equipment |   |   | - |   |   |   | - |   |   |   | 6,199 |   |
| Gain on disposal of subsidiary |   |   | - |   |   |   | (789 | ) |   |   | - |   |
| Changes in assets and liabilities: |   |   |   |   |   |   |   |   |   |   |   |   |
| Accounts receivable |   |   | (3,345,269 | ) |   |   | (1,410,115 | ) |   |   | (1,411,777 | ) |
| Accounts receivable from related parties |   |   | 1,090,465 |   |   |   | 3,645,922 |   |   |   | (3,754,977 | ) |
| Notes receivable |   |   | 70,000 |   |   |   | (56,139 | ) |   |   | 64,218 |   |
| Inventories |   |   | (4,923,400 | ) |   |   | (2,743,853 | ) |   |   | (1,890,918 | ) |
| Deferred cost of revenue |   |   | (2,453,097 | ) |   |   | - |   |   |   | - |   |
| Advances to suppliers and other current assets |   |   | (412,955 | ) |   |   | (2,289,933 | ) |   |   | (540,737 | ) |
| Advances to supplier - related party |   |   | - |   |   |   | - |   |   |   | 793,106 |   |
| Due from related parties |   |   | 703 |   |   |   | 75,469 |   |   |   | (1,023 | ) |
| Other non-current assets |   |   | 4,719 |   |   |   | 22,857 |   |   |   | 132,971 |   |
| Accounts payable and bank acceptance notes to vendors |   |   | 2,825,887 |   |   |   | 1,079,258 |   |   |   | 582,555 |   |
| Accounts payable to related party |   |   | - |   |   |   | (2,140,504 | ) |   |   | 1,159,416 |   |
| Deferred income |   |   | (26,639 | ) |   |   | (30,102 | ) |   |   | 61,007 |   |
| Advances from customers |   |   | 499,067 |   |   |   | 425,736 |   |   |   | (42,227 | ) |
| Due to related parties |   |   | 5,102 |   |   |   | (28,257 | ) |   |   | (68,302 | ) |
| Income tax payables |   |   | 144,944 |   |   |   | (181,386 | ) |   |   | 550,163 |   |
| Accrued expenses and other payables |   |   | 589,638 |   |   |   | 352,502 |   |   |   | 437,151 |   |
| **Net cash used in operating activities** |   |   | (3,189,701 | ) |   |   | (663,655 | ) |   |   | (2,958,430 | ) |
| **Cash flows from investing activities** |   |   |   |   |   |   |   |   |   |   |   |   |
| Purchase of land use rights |   |   | - |   |   |   | (2,261,745 | ) |   |   | - |   |
| Purchase of property, plant and equipment |   |   | (1,482,360 | ) |   |   | (66,641 | ) |   |   | (1,218,404 | ) |
| Proceeds from disposal of property, plant and equipment |   |   | - |   |   |   | - |   |   |   | 9,296 |   |
| Advances to third parties |   |   | (1,236,490 | ) |   |   | (301,019 | ) |   |   | (40,136 | ) |
| Repayments from third parties |   |   | 1,236,490 |   |   |   | 338,646 |   |   |   | - |   |
| Advances to related parties |   |   | - |   |   |   | (239,467 | ) |   |   | (353,767 | ) |
| Repayments from related parties |   |   | 2,960 |   |   |   | 473,320 |   |   |   | 20,871 |   |
| Net change in restricted cash |   |   | (5,712,407 | ) |   |   | (922,380 | ) |   |   | (621,567 | ) |
| Cash received in connection with disposal of subsidiary |   |   | - |   |   |   | (1,209 | ) |   |   | - |   |
| **Net cash used in investing activities** |   |   | (7,191,807 | ) |   |   | (2,980,495 | ) |   |   | (2,203,707 | ) |
| **Cash flows from financing activities** |   |   |   |   |   |   |   |   |   |   |   |   |
| Proceeds from issuances of common shares |   |   | 7,111,325 |   |   |   | 5,323,026 |   |   |   | - |   |
| Capital contribution from shareholders |   |   | - |   |   |   | 198,917 |   |   |   | 2,212,796 |   |
| Capital distribution in connection with acquisition of a subsidiary |   |   | - |   |   |   | (4,418,425 | ) |   |   | - |   |
| Borrowings from related parties |   |   | - |   |   |   | 2,558,661 |   |   |   | 478,969 |   |
| Repayment to related parties |   |   | (739,973 | ) |   |   | (1,982,733 | ) |   |   | (799,590 | ) |
| Proceeds from loans due within one year |   |   | 8,805,683 |   |   |   | 11,613,289 |   |   |   | 4,013,614 |   |
| Repayment of loans |   |   | (3,283,830 | ) |   |   | (8,142,563 | ) |   |   | (642,178 | ) |
| **Net cash provided by financing activities** |   |   | 11,893,205 |   |   |   | 5,150,172 |   |   |   | 5,263,611 |   |
| **Effect of foreign exchange rate changes on cash and cash equivalents** |   |   | 121,621 |   |   |   | (156,412 | ) |   |   | (3,080 | ) |
| **Net increase in cash and cash equivalents** |   |   | 1,633,318 |   |   |   | 1,349,610 |   |   |   | 98,394 |   |
| **Cash and cash equivalents, beginning of the year** |   |   | 1,484,762 |   |   |   | 135,152 |   |   |   | 36,758 |   |
| **Cash and cash equivalents, end of the year** |   | $ | 3,118,080 |   |   | $ | 1,484,762 |   |   | $ | 135,152 |   |
| **Supplemental cash flow information** |   |   |   |   |   |   |   |   |   |   |   |   |
| Cash paid for interest |   | $ | 244,753 |   |   | $ | 307,797 |   |   | $ | 8,354 |   |
| Cash paid for income taxes |   | $ | 656,602 |   |   | $ | 812,637 |   |   | $ | 9,088 |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Non-cash investing and financing activities:** |   |   |   |   |   |   |   |   |   |   |   |   |
| Stock issued for debt conversion |   | $ | - |   |   | $ | 3,847,000 |   |   | $ | - |   |
| Properties acquired with loans |   | $ | 206,000 |   |   | $ | - |   |   | $ | - |   |
| Liabilities assumed in connection with purchase of property, plant and equipment |   | $ | 7,445,478 |   |   | $ | - |   |   | $ | - |   |

6