UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10−Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **September 30, 2017**

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to _____________

Commission File Number: **001-32898**

CBAK ENERGY TECHNOLOGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada	**88-0442833**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

BAK Industrial Park, Meigui Street
Huayuankou Economic Zone
Dalian City, Liaoning Province,
China, 116422 People's Republic of China
(Address of principal executive offices, Zip Code)

(86)(411)-3918-5985
(Registrant's telephone number, including area code)

China BAK Battery, Inc.
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes[X] No[ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes[X] No[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]		Accelerated filer [ ]
Non-accelerated filer [ ]	(Do not check if a smaller reporting company)	Smaller reporting company [X]
		Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes[ ] No [X]

The number of shares outstanding of each of the issuer's classes of common stock, as of November 16, 2017 is as follows:

Class of Securities	Shares Outstanding
Common Stock, $0.001 par value	26,223,317

CBAK ENERGY TECHNOLOGY, INC.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

CBAK ENERGY TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2017

CBAK Energy Technology, Inc. and Subsidiaries
Condensed consolidated balance sheets
As of December 31, 2016 and September 30, 2017
(Unaudited)
(In US$)

	Note	December 31, 2016	September 30, 2017
Assets			
Current assets			
Cash and cash equivalents		$ 408,713	$ 126,367
Pledged deposits	2	4,278,144	1,959,274
Trade accounts and bills receivable, net	3	2,468,387	30,577,199
Inventories	4	17,094,922	18,247,271
Prepayments and other receivables	5	6,675,351	7,565,609
Prepaid land use rights, current portion	9	161,790	168,836
Total current assets		31,087,307	58,644,556
Property, plant and equipment, net	7	20,010,903	35,203,176
Construction in progress	8	33,457,043	22,052,947
Prepaid land use rights, non-current	9	7,536,733	7,738,307
Intangible assets, net	10	21,344	20,269
Total assets		$ 92,113,330	$ 123,659,255
Liabilities			
Current liabilities			
Trade accounts and bills payable	11	$ 15,580,655	$ 34,992,856
Short-term bank loans	12	1,439,947	-
Other short-term loans	12	10,524,778	13,303,217
Accrued expenses and other payables	13	19,382,593	15,166,374
Payables to former subsidiaries, net	6	2,488,859	16,088,086
Deferred government grants, current	14	142,400	148,602
Total current liabilities		49,559,232	79,699,135
Long-term bank loans	12	18,258,528	19,053,630
Deferred government grants, non-current	14	4,556,861	4,643,847
Long term tax payable	15	7,061,140	6,739,542
Total liabilities		79,435,761	110,136,154
Commitments and contingencies	19		
Shareholders' equity			
Common stock $0.001 par value; 500,000,000 authorized ; 19,744,675 issued and 19,600,469 outstanding as of December 31, 2016; 26,367,523 issued and 26,223,317 outstanding as of September 30, 2017		19,745	26,368
Donated shares		14,101,689	14,101,689
Additional paid-in capital		145,353,067	155,587,252
Statutory reserves		1,230,511	1,230,511
Accumulated deficit		(141,999,372)	(152,023,721)
Accumulated other comprehensive loss		(1,961,461)	(1,332,388)
		16,744,179	17,589,711
Less: Treasury shares		(4,066,610)	(4,066,610)
Total shareholders' equity		12,677,569	13,523,101
Total liabilities and shareholder's equity		$ 92,113,330	$ 123,659,255

See accompanying notes to the condensed consolidated financial statements.

CBAK Energy Technology, Inc. and Subsidiaries
Condensed consolidated statements of operations and comprehensive loss
For the three and nine months ended September 30, 2016 and 2017
(Unaudited)
(In US$ except for number of shares)

	Note	Three months ended September 30, 2016	Three months ended September 30, 2017	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net revenues	21	$ 307,647	$ 17,750,710	$ 4,868,855	$ 27,806,113
Cost of revenues		(1,226,648)	(19,111,425)	(6,440,745)	(31,075,142)
Gross loss		(919,001)	(1,360,715)	(1,571,890)	(3,269,029)
Operating expenses:					
Research and development expenses		(459,768)	(372,041)	(1,132,332)	(1,335,556)
Sales and marketing expenses		(320,094)	(1,135,992)	(824,832)	(1,820,629)
General and administrative expenses		(3,504,592)	(1,328,653)	(6,487,629)	(3,471,384)
Total operating expenses		(4,284,454)	(2,836,686)	(8,444,793)	(6,627,569)
Operating loss		(5,203,455)	(4,197,401)	(10,016,683)	(9,896,598)
Finance income (expenses), net		(91,124)	8,943	(143,674)	(86,820)
Other income (expenses), net		4,662	(14,295)	241,349	(40,931)
Loss before income tax		(5,289,917)	(4,202,753)	(9,919,008)	(10,024,349)
Income tax expenses	15	(657,805)	-	(600,513)	-
Net loss		(5,947,722)	(4,202,753)	(10,519,521)	(10,024,349)
Other comprehensive income (loss)					
– Foreign currency translation adjustment		15,495	291,029	(419,304)	629,073
Comprehensive loss		$ (5,932,227)	$ (3,911,724)	$ (10,938,825)	$ (9,395,276)
Loss per share	17				
– Basic and diluted		$ (0.34)	$ (0.16)	$ (0.61)	$ (0.45)
Weighted average number of shares of common stock:	17				
– Basic and diluted		17,339,426	26,334,918	17,284,632	22,174,315

See accompanying notes to the condensed consolidated financial statements.

CBAK Energy Technology, Inc. and Subsidiaries
Condensed consolidated statements of changes in shareholders' equity
For the nine months ended September 30, 2016 and 2017
(Unaudited)
(In US$ except for number of shares)

	Common stock issued						Accumulated other	Treasury shares		
	Number of shares	Amount	Donated shares	Additional paid-in capital	Statutory reserves	Accumulated deficit	comprehensive loss	Number of shares	Amount	Total shareholders' equity
Balance as of January 1, 2016	**17,289,699**	**$ 17,290**	**$14,101,689**	**$138,405,110**	**$1,230,511**	**$(129,285,454)**	**$ (979,048)**	**(144,206)**	**$(4,066,610)**	**$ 19,423,488**
Net loss	-	-	-	-	-	(10,519,521)	-	-	-	(10,519,521)
Share-based compensation for employee and director stock awards	-	-	-	1,088,733	-	-	-	-	-	1,088,733
Common stock issued to employees and directors for stock awards	193,335	193	-	(193)	-	-	-	-	-	-
Common stock issued to investors	2,206,640	2,207	-	5,514,393	-	-	-	-	-	5,516,600
Foreign currency translation adjustment	-	-	-	-	-	-	(419,304)	-	-	(419,304)
Balance as of September 30, 2016	**19,689,674**	**$ 19,690**	**$14,101,689**	**$145,008,043**	**$1,230,511**	**$(139,804,975)**	**$ (1,398,352)**	**(144,206)**	**$(4,066,610)**	**$ 15,089,996**
Balance as of January 1, 2017	**19,744,675**	**$ 19,745**	**$14,101,689**	**$145,353,067**	**$1,230,511**	**(141,999,372)**	**$ (1,961,461)**	**(144,206)**	**$(4,066,610)**	**$ 12,677,569**
Net loss	-	-	-	-	-	(10,024,349)	-	-	-	(10,024,349)
Common stock issued to investors	6,403,518	6,404	-	9,598,874	-	-	-	-	-	9,605,278
Share-based compensation for employee and director stock awards	-	-	-	635,530	-	-	-	-	-	635,530
Common stock issued to employees and directors for stock awards	219,330	219	-	(219)	-	-	-	-	-	-
Foreign currency										

translation adjustment	-	-	-	-	-	-	629,073	-	-	629,073
Balance as of September 30, 2017	**26,367,523**	**$ 26,368**	**$14,101,689**	**$155,587,252**	**$1,230,511**	**$(152,023,721)**	**$ (1,332,388)**	**(144,206)**	**$(4,066,610)**	**$ 13,523,101**

See accompanying notes to the condensed consolidated financial statements.

CBAK Energy Technology, Inc. and subsidiaries
Condensed consolidated statements of cash flows
For the nine months ended September 30, 2016 and 2017
(Unaudited)
(In US$)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Cash flows from operating activities		
Net loss	$ (10,519,521)	(10,024,349)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	831,868	1,006,122
Provision for doubtful debts	2,732,810	361,217
Write-down of inventories	296,943	1,359,182
Share-based compensation	1,088,733	635,530
Deferred tax liabilities	(168,860)	-
Exchange loss (gain)	105,856	(37,511)
Changes in operating assets and liabilities:		
Trade accounts and bills receivable	(445,081)	(27,736,858)
Inventories	(12,747,322)	(1,757,900)
Prepayments and other receivables	(3,566,182)	(583,517)
Trade accounts and bills payable	278,080	18,315,114
Accrued expenses and other payables	852,202	1,438,167
Income taxes payable	310,108	(615,031)
Trade receivable from and payables to former subsidiaries	8,396,737	11,163,618
Net cash used in operating activities	(12,553,629)	(6,476,216)
Cash flows from investing activities		
(Increase) Decrease in pledged deposits	(2,580,562)	2,449,193
Purchases of property, plant and equipment and construction in progress	(1,329,822)	(8,738,549)
Net cash used in investing activities	(3,910,384)	(6,289,356)
Cash flows from financing activities		
Advances from investors	-	2,056,706
Advances from former subsidiary	-	2,056,706
Proceeds from bank borrowings	19,410,639	-
Repayment of bank borrowings	(10,715,653)	(1,469,076)
Borrowings from unrelated parties	87,230	5,530,190
Repayment of borrowings from unrelated parties	(76,540)	(5,874,816)
Borrowings from related parties	4,289,084	2,083,150
Repayment of borrowings from related parties	-	(1,522,697)
Proceeds from issuance of common stock	5,516,600	9,605,277
Net cash provided by financing activities	18,511,360	12,465,440
Effect of exchange rate changes on cash and cash equivalents	**(174,763)**	**17,786**
Net increase (decrease) in cash and cash equivalents	**1,872,584**	**(282,346)**
Cash and cash equivalents at the beginning of period	**80,711**	**408,713**
Cash and cash equivalents at the end of period	**$ 1,953,295**	**126,367**
Non-cash transactions:		
Transfer of construction in progress to property, plant and equipment	$ 602,109	14,990,191
Cash paid during the period for:		
Income taxes	$ 459,265	615,031
Interest, net of amounts capitalized	$ -	-

See accompanying notes to the condensed consolidated financial statements.

1. Principal Activities, Basis of Presentation and Organization

Principal Activities

On January 10, 2017, China BAK Battery, Inc. ("China BAK" or the "Company") filed Articles of Merger with the Secretary of State of Nevada to effectuate a merger between the Company and the Company's newly formed, wholly owned subsidiary, CBAK Merger Sub, Inc. (the "Merger Sub"). According to the Articles of Merger, effective January 16, 2017, the Merger Sub merged with and into the Company with the Company being the surviving entity (the "Merger"). As permitted by Chapter 92A.180 of Nevada Revised Statutes, the sole purpose of the Merger was to effect a change of the Company's name.

Effective January 16, 2017, the name of the Company was changed to CBAK Energy Technology, Inc. The trading symbol of the Company's common stock remains as "CBAK".

On January 16, 2017, the Board of Directors of the Company approved a change in the Company's fiscal year end from September 30 to December 31. Accordingly, the Company's next Annual Report on Form 10-K will be for the fiscal year ending December 31, 2017. With this fiscal year end change, the Company files a transition report on Form 10-Q for the period from October 1, 2016 through December 31, 2016.

China BAK is a corporation formed in the State of Nevada on October 4, 1999 as Medina Copy, Inc. The Company changed its name to Medina Coffee, Inc. on October 6, 1999 and subsequently changed its name to China BAK Battery, Inc. on February 14, 2005. China BAK and its subsidiaries (hereinafter, collectively referred to as the "Company") are principally engaged in the manufacture, commercialization and distribution of a wide variety of standard and customized lithium ion (known as "Li-ion" or "Li-ion cell") high power rechargeable batteries. Prior to the disposal of BAK International Limited ("BAK International") and its subsidiaries (see below), the batteries produced by the Company were for use in cellular telephones, as well as various other portable electronic applications, including high-power handset telephones, laptop computers, power tools, digital cameras, video camcorders, MP3 players, electric bicycles, hybrid/electric vehicles, and general industrial applications. After the disposal of BAK International and its subsidiaries on June 30, 2014, the Company will focus on the manufacture, commercialization and distribution of high power lithium ion rechargeable batteries for use in cordless power tools, light electric vehicles, hybrid electric vehicles, electric cars, electric busses, uninterruptable power supplies and other high power applications.

The shares of the Company traded in the over-the-counter market through the Over-the-Counter Bulletin Board from 2005 until May 31, 2006, when the Company obtained approval to list its common stock on The NASDAQ Global Market, and trading commenced that same date under the symbol "CBAK".

Basis of Presentation and Organization

On November 6, 2004, BAK International, a non-operating holding company that had substantially the same shareholders as Shenzhen BAK Battery Co., Ltd ("Shenzhen BAK"), entered into a share swap transaction with the shareholders of Shenzhen BAK for the purpose of the subsequent reverse acquisition of the Company. The share swap transaction between BAK International and the shareholders of Shenzhen BAK was accounted for as a reverse acquisition of Shenzhen BAK with no adjustment to the historical basis of the assets and liabilities of Shenzhen BAK.

On January 20, 2005, the Company completed a share swap transaction with the shareholders of BAK International. The share swap transaction, also referred to as the "reverse acquisition" of the Company, was consummated under Nevada law pursuant to the terms of a Securities Exchange Agreement entered by and among China BAK, BAK International and the shareholders of BAK International on January 20, 2005. The share swap transaction has been accounted for as a capital-raising transaction of the Company whereby the historical financial statements and operations of Shenzhen BAK are consolidated using historical carrying amounts.

Also on January 20, 2005, immediately prior to consummating the share swap transaction, BAK International executed a private placement of its common stock with unrelated investors whereby it issued an aggregate of 1,720,087 shares of common stock for gross proceeds of $17,000,000. In conjunction with this financing, Mr. Xiangqian Li, the Chairman and Chief Executive Officer of the Company ("Mr. Li"), agreed to place 435,910 shares of the Company's common stock owned by him into an escrow account pursuant to an Escrow Agreement dated January 20, 2005 (the "Escrow Agreement"). Pursuant to the Escrow Agreement, 50% of the escrowed shares were to be released to the investors in the private placement if audited net income of the Company for the fiscal year ended September 30, 2005 was not at least $12,000,000, and the remaining 50% was to be released to investors in the private placement if audited net income of the Company for the fiscal year ended September 30, 2006 was not at least $27,000,000. If the audited net income of the Company for the fiscal years ended September 30, 2005 and 2006 reached the above-mentioned targets, the 435,910 shares would be released to Mr. Li in the amount of 50% upon reaching the 2005 target and the remaining 50% upon reaching the 2006 target.

1. Principal Activities, Basis of Presentation and Organization (continued)

Basis of Presentation and Organization (continued)

Under accounting principles generally accepted in the United States of America ("US GAAP"), escrow agreements such as the one established by Mr. Li generally constitute compensation if, following attainment of a performance threshold, shares are returned to a company officer. The Company determined that without consideration of the compensation charge, the performance thresholds for the year ended September 30, 2005 would be achieved. However, after consideration of a related compensation charge, the Company determined that such thresholds would not have been achieved. The Company also determined that, even without consideration of a compensation charge, the performance thresholds for the year ended September 30, 2006 would not be achieved.

While the 217,955 escrow shares relating to the 2005 performance threshold were previously released to Mr. Li, Mr. Li executed a further undertaking on August 21, 2006 to return those shares to the escrow agent for the distribution to the relevant investors. However, such shares were not returned to the escrow agent, but, pursuant to a Delivery of Make Good Shares, Settlement and Release Agreement between the Company, BAK International and Mr. Li entered into on October 22, 2007 (the "Li Settlement Agreement"), such shares were ultimately delivered to the Company as described below. Because the Company failed to satisfy the performance threshold for the fiscal year ended September 30, 2006, the remaining 217,955 escrow shares relating to the fiscal year 2006 performance threshold were released to the relevant investors. As Mr. Li has not retained any of the shares placed into escrow, and as the investors party to the Escrow Agreement are only shareholders of the Company and do not have and are not expected to have any other relationship to the Company, the Company has not recorded a compensation charge for the years ended September 30, 2005 and 2006.

At the time the escrow shares relating to the 2006 performance threshold were transferred to the investors in fiscal year 2007, the Company should have recognized a credit to donated shares and a debit to additional paid-in capital, both of which are elements of shareholders' equity. This entry is not material because total ordinary shares issued and outstanding, total shareholders' equity and total assets do not change; nor is there any impact on income or earnings per share. Therefore, previously filed consolidated financial statements for the fiscal year ended September 30, 2007 will not be restated. This share transfer has been reflected in these financial statements by reclassifying the balances of certain items as of October 1, 2007. The balances of donated shares and additional paid-in capital as of October 1, 2007 were credited and debited by $7,955,358 respectively, as set out in the consolidated statements of changes in shareholders' equity.

In November 2007, Mr. Li delivered the 217,955 shares related to the 2005 performance threshold to BAK International pursuant to the Li Settlement Agreement; BAK International in turn delivered the shares to the Company. Such shares (other than those issued to investors pursuant to the 2008 Settlement Agreements, as described below) are now held by the Company. Upon receipt of these shares, the Company and BAK International released all claims and causes of action against Mr. Li regarding the shares, and Mr. Li released all claims and causes of action against the Company and BAK International regarding the shares. Under the terms of the Li Settlement Agreement, the Company commenced negotiations with the investors who participated in the Company's January 2005 private placement in order to achieve a complete settlement of BAK International's obligations (and the Company's obligations to the extent it has any) under the applicable agreements with such investors.

Beginning on March 13, 2008, the Company entered into settlement agreements (the "2008 Settlement Agreements") with certain investors in the January 2005 private placement. Since the other investors have never submitted any claims regarding this matter, the Company did not reach any settlement with them.

Pursuant to the 2008 Settlement Agreements, the Company and the settling investors have agreed, without any admission of liability, to a settlement and mutual release from all claims relating to the January 2005 private placement, including all claims relating to the escrow shares related to the 2005 performance threshold that had been placed into escrow by Mr. Li, as well as all claims, including claims for liquidated damages relating to registration rights granted in connection with the January 2005 private placement. Under the 2008 Settlement Agreement, the Company has made settlement payments to each of the settling investors of the number of shares of the Company's common stock equivalent to 50% of the number of the escrow shares related to the 2005 performance threshold these investors had claimed; aggregate settlement payments as of June 30, 2015amounted to 73,749 shares. Share payments to date have been made in reliance upon the exemptions from registration provided by Section 4(2) and/or other applicable provisions of the Securities Act of 1933, as amended. In accordance with the 2008 Settlement Agreements, the Company filed a registration statement covering the resale of such shares which was declared effective by the SEC on June 26, 2008.

Pursuant to the Li Settlement Agreement, the 2008 Settlement Agreements and upon the release of the 217,955 escrow shares relating to the fiscal year 2006 performance threshold to the relevant investors, neither Mr. Li or the Company have any obligations to the investors who participated in the Company's January 2005 private placement relating to the escrow shares.

1. Principal Activities, Basis of Presentation and Organization (continued)

Basis of Presentation and Organization (continued)

As of September 30, 2017, the Company had not received any claim from the other investors who have not been covered by the "2008 Settlement Agreements" in the January 2005 private placement.

As the Company has transferred the 217,955 shares related to the 2006 performance threshold to the relevant investors in fiscal year 2007 and the Company also have transferred 73,749 shares relating to the 2005 performance threshold to the investors who had entered the "2008 Settlement Agreements" with us in fiscal year 2008, pursuant to "Li Settlement Agreement" and "2008 Settlement Agreements", neither Mr. Li nor the Company had any remaining obligations to those related investors who participated in the Company's January 2005 private placement relating to the escrow shares.

On August 14, 2013, Dalian BAK Trading Co., Ltd ("Dalian BAK Trading") was established as a wholly owned subsidiary of China BAK Asia Holding Limited ("BAK Asia") with a registered capital of $500,000 (Note 19(i)). Pursuant to Dalian BAK Trading's articles of association and relevant PRC regulations, BAK Asia was required to contribute the capital to Dalian BAK Trading on or before August 14, 2015. On March 7, 2017, the Company changed the name of Dalian BAK Trading Co.,Ltd to Dalian CBAK Trading Co., Ltd("CBAK Trading"). Up to the date of this report, the Company has contributed $100,000 to CBAK Trading in cash.

On December 27, 2013, Dalian BAK Power Battery Co., Ltd ("Dalian BAK Power") was established as a wholly owned subsidiary of BAK Asiawith a registered capital of $30,000,000 (Note 19(i)). Pursuant to Dalian BAK Power's articles of association and relevant PRC regulations, BAK Asia was required to contribute the capital to Dalian BAK Power on or before December 27, 2015. On March 7, 2017, the Company changed the name of Dalian BAK Power Battery Co., Ltd to Dalian CBAK Power Battery Co., Ltd ("CBAK Power"). Up to the date of this report, the Company has contributed $29,999,978 to CBAK Power through injection of a series of patents and cash of $24,999,978.

The Company's condensed consolidated financial statements have been prepared under US GAAP.

These condensed consolidated financial statements are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these condensed consolidated financial statements, which are of a normal and recurring nature, have been included. The results reported in the condensed consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year. The following (a) condensed consolidated balance sheet as of September 30, 2016, which was derived from the Company's audited financial statements, and (b) the unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to those rules and regulations, though the Company believes that the disclosures made are adequate to make the information not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying footnotes of the Company for the year ended September 30, 2016.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. This basis of accounting differs in certain material respects from that used for the preparation of the books of account of the Company's principal subsidiaries, which are prepared in accordance with the accounting principles and the relevant financial regulations applicable to enterprises with limited liability established in the PRC or Hong Kong. The accompanying consolidated financial statements reflect necessary adjustments not recorded in the books of account of the Company's subsidiaries to present them in conformity with US GAAP.

After the disposal of BAK International Limited and its subsidiaries, namely Shenzhen BAK, Shenzhen BAK Power Battery Co., Ltd (formerly BAK Battery (Shenzhen) Co., Ltd.) ("BAK Battery"), BAK International (Tianjin) Ltd. ("BAK Tianjin"), Tianjin Chenhao Technological Development Limited (a subsidiary of BAK Tianjin established on May 8, 2014,"Tianjin Chenhao"), BAK Battery Canada Ltd. ("BAK Canada"), BAK Europe GmbH ("BAK Europe") and BAK Telecom India Private Limited ("BAK India"), effective on June 30, 2014, and as of December 31, 2016 and September 30, 2017, the Company's subsidiaries consisted of: i) China BAK Asia Holdings Limited ("BAK Asia"), a wholly owned limited liability company incorporated in Hong Kong on July 9, 2013; ii) Dalian CBAK Trading Co., Ltd. ("CBAK Trading"), a wholly owned limited company established on August 14, 2013 in the PRC; and iii) Dalian CBAK Power Battery Co., Ltd. ("CBAK Power"), a wholly owned limited liability company established on December 27, 2013 in the PRC.

1. Principal Activities, Basis of Presentation and Organization (continued)

Basis of Presentation and Organization (continued)

The Company continued its business and continued to generate revenues from sale of batteries via subcontracting the production to BAK Tianjin, a former subsidiary before the completion of construction and operation of its facility in Dalian. BAK Tianjin had become a supplier of the Company until September 2016 when BAK Tianjin ceased production, and the Company does not have any significant benefits or liability from the operating results of BAK Tianjin except the normal risk with any major supplier.

As of the date of this report, Mr. Xiangqian Li is no longer a director of BAK International and BAK Tianjin. He remained as a director of Shenzhen BAK and BAK Battery.

On and effective March 1, 2016, Mr. Xiangqian Li resigned as Chairman, director, Chief Executive Officer, President and Secretary of the Company. On the same date, the Board of Directors of the Company appointed Mr. Yunfei Li as Chairman, Chief Executive Officer, President and Secretary of the Company. On March 4, 2016, Mr. Xiangqian Li transferred 3,000,000 shares to Mr. Yunfei Li for a price of $2.4 per share. After the share transfer, Mr. Yunfei Li held 3,000,000 shares or 17.3% and Mr. Xiangqian Li held 760,557 shares at 4.4% of the Company's outstanding stock, respectively. As of September30, 2017, Mr. Yunfei Li held 3,806,018 shares or 14.5% of the Company's outstanding stock, and Mr. Xiangqian Li held none of the Company's outstanding stock.

The Company had a working capital deficiency, accumulated deficit from recurring net losses and short-term debt obligations As of December 31, 2016 and September30, 2017. These factors raise substantial doubts about the Company's ability to continue as a going concern.

In June and July 2015, the Company received advances of approximately $9.8 million from potential investors. On September 29, 2015, the Company entered into a Debt Conversion Agreement with these investors. Pursuant to the terms of the Debt Conversion Agreement, each of the creditors agreed to convert existing loan principal of $9,847,644 into an aggregate 4,376,731 shares of common stock of the Company ("the Shares") at a conversion price of $2.25 per share. Upon receipt of the Shares on October 16, 2015, the creditors released the Company from all claims, demands and other obligations relating to the Debts. As such, no interest was recognized by the Company on the advances from investors pursuant to the supplemental agreements with investors and the Debt Conversion Agreement.

In June 2016, the Company received further advances in the aggregate of $2.9 million from Mr. Jiping Zhou and Mr. Dawei Li. These advances were unsecured, non-interest bearing and repayable on demand. On July 8, 2018, the Company received further advances of $2.6 million from Mr. Jiping Zhou. On July 28, 2016, the Company entered into securities purchase agreements with Mr. Jiping Zhou and Mr. Dawei Li to issue and sell an aggregate of 2,206,640 shares of common stock of the Company, at $2.5 per share, for an aggregate consideration of approximately $5.52 million. On August 17, 2016, the Company issued these shares to the investors.

On February 17, 2017, the Company signed investment agreements with eight investors (including Mr. Yunfei Li, the Company's CEO, and seven of the Company's existing shareholders) whereby the investors agreed to subscribe new shares of the Company totaling $10 million. Pursuant to the investment agreements, in January 2017 the 8 investors paid the Company a total of $2.06 million as down payments. Mr. Yunfei Li agrees to subscribe new shares of the Company totaled $1,120,000 and made down payment of $225,784 in January 2017. On April 1, April 21, April 26 and May 10, 2017, the Company received $1,999,910, $3,499,888, $1,119,982 and $2,985,497 from these investors, respectively. On May 31, 2017, the Company entered into a securities purchase agreement with the eight investors, pursuant to which the Company agreed to issue an aggregate of 6,403,518 shares of common stock to these investors, at a purchase price of $1.50 per share, for an aggregate price of $9.6 million, among which 746,018 shares issued to Mr. Yunfei Li. On June 22, 2017, the Company issued the shares to the investors.

On June 14, 2016, the Company renewed its banking facilities from Bank of Dandong for loans with a maximum amount of RMB130 million (approximately $19.5 million), including three-year long-term loans and three-year revolving bank acceptance and letters of credit bills for the period from June 13, 2016 to June 12, 2019. The banking facilities were guaranteed by Mr. Yunfei Li ("Mr. Li"), the Company's CEO, and Ms. Qinghui Yuan, Mr. Li's wife, Mr. Xianqian Li, the Company's former CEO, Ms. Xiaoqiu Yu, the wife of the Company's former CEO, Shenzhen BAK Battery Co., Ltd., the Company's former subsidiary ("Shenzhen BAK"). The facilities were also secured by part of the Company's Dalian site's prepaid land use rights, buildings, construction in progress, machinery and equipment and pledged deposits. Under the banking facilities, as of September 30, 2017, the Company borrowed various three-year term bank loans that totaled RMB126.8 million (approximately $19.1 million), bearing fixed interest at 7.2% per annum. The Company also borrowed a series of revolving bank acceptance totaled $0.8 million from Bank of Dandong under the credit facilities, and bank deposit of 50% was required to secure against these bank acceptance bills.

On July 6, 2016, the Company obtained banking facilities from Bank of Dalian for loans with a maximum amount of RMB10 million (approximately $1.5 million) and bank acceptance bills of RMB40 million (approximately $6.0 million) to July 2017. The banking facilities were guaranteed by Mr. Li, its CEO, and Ms. Qinghui Yuan, Mr. Li's wife, and Shenzhen BAK. Under the banking facilities, on July 6, 2016 the Company borrowed one year short-term loan of RMB10 million (approximately $1.5 million), bearing a fixed interest rate at 6.525% per annum. The Company also borrowed revolving bank acceptance totaled $6.0 million, and bank deposit of 50% was required to secure against these bank acceptance bills. The Company repaid the loan and bank acceptance bills in July and August 2017 and the Company is in process to renew the banking facilities.

On August 2, 2017, the Company obtained one-year term facilities from China Merchants Bank with a maximum amount of RMB100 million (approximately $15.0 million) including revolving loans, trade finance, notes discount, acceptance of commercial bills etc. Any amount drawn under the facilities requires security in the form of cash or banking acceptance bills receivable of at least the same amount. Under the facilities, as of September 30, 2017, the Company borrowed a series of bank acceptance bills totaled $4.8 million from China Merchants Bank and pledged $0.3 million of bank deposit and $5.4 million of its bills receivables and the remaining $0.9 million pledged bills was available for further borrowings.

During the third quarter of 2017, the Company also obtained banking facilities from Bank of Dandong with bank acceptance bills of RMB47.7 million (approximately $7.2 million) for a term until March 14, 2018. The banking facilities were pledged by its bills receivables totaled $7.2 million. Under the facilities, the Company borrowed bank acceptance bills totaled $7.2 million from Bank of Dandong.

As of September 30, 2017, the Company had also borrowed $1.2 million of bank acceptance bills outside any the credit facility from China Merchants Bank. The bank acceptance bills were pledged by $1.2 million of its bills receivable.

As of September 30, 2017, the Company had unutilized committed banking facilities of $10.3 million.

The Company is currently expanding its product lines and manufacturing capacity in its Dalian plant, which requires more funding to finance the expansion. The Company plans to raise additional funds through banks borrowings and equity financing in the future to meet its daily cash demands, if required.

However, there can be no assurance that the Company will be successful in obtaining further financing. The Company expects that it will be able to secure more potential orders from the new energy market, especially from the electric car market. The Company believes that with the booming future market demand in high power lithium ion products, they can continue as a going concern and return to profitability.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty related to the Company’s ability to continue as a going concern.

Recently Issued Accounting Standards

In July 2015, the FASB issued ASU 2015-11, “Inventory (Topic 330) – Simplifying the Measurement of Inventory,” which requires that inventory within the scope of the guidance be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company adopted ASU 2015-11 effective January 1, 2017 and it did not have a material effect on the Company’s consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of the effective date of the new revenue recognition standard. The amendments in ASU 2014-09 are effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The standard permits the use of either the retrospective or cumulative effect transition method. In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue versus Net). In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606), Identifying Performance Obligations and Licensing. In May 2016, the FASB issued ASU 2016-11, Revenue from Contracts with Customers (Topic 606) and Derivatives and Hedging (Topic 815) - Rescission of SEC Guidance Because of ASU 2014-09 and 2014-16, and ASU 2016-12, Revenue from Contracts with Customers (Topic 606) - Narrow Scope Improvements and Practical Expedients. These ASUs clarify the implementation guidance on a few narrow areas and adds some practical expedients to the guidance Topic 606. The Company is evaluating the effect the ASUs will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of these standards on its ongoing financial reporting.

1. Principal Activities, Basis of Presentation and Organization (continued)

Basis of Presentation and Organization (continued)

In June 2016, the FASB issued Accounting Standards Update *("ASU") 2016-13, Financial Instruments-Credit Losses (Topic 326),* which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early application will be permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the impact that the standard will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 clarifies the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. This ASU is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted. The Company is currently assessing the potential impact of ASU 2016-15 on its financial statements and related disclosures.

In October 2016, the FASB issued ASU No. 2016-16—Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory. This ASU improves the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2017. Early adoption is permitted. The Company does not anticipate that the adoption of this ASU to have a significant impact on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, Consolidation (Topic 810): Interests Held through Related Parties That Are Under Common Control. The amendments in this ASU change how a reporting entity that is the single decision maker of a variable interest entity should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that variable interest entity. The ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2016. The adoption of this ASU did not have a material impact on its consolidated financial statements.

In November 2016, the FASB issued Accounting Standards Update 2016-18 (ASU 2016-18), Statement of Cash Flows: Restricted Cash. This ASU provides guidance on the classification of restricted cash in the statement of cash flows. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted. The amendments in the ASU should be adopted on a retrospective basis. The Company does not expect that adoption of this ASU to have a material effect on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. The standard should be applied prospectively on or after the effective date. The Company will evaluate the impact of adopting this standard prospectively upon any transactions of acquisitions or disposals of assets or businesses.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment. The guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The guidance should be adopted on a prospective basis for the annual or any interim goodwill impairment tests beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. The amendments clarify that a financial asset is within the scope of Subtopic 610-20 if it meets the definition of an in substance nonfinancial asset. The amendments also define the term in substance nonfinancial asset. The amendments in this update are effective at the same time as the amendments in ASU 2014-09. The Company is evaluating the effect this ASU will have on its consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, "Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting," which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in ASC 718. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The new guidance is effective prospectively for us for the year ending March 31, 2019 and interim reporting periods during the year ending March 31, 2019. Early adoption is permitted. The Company is evaluating the effects, if any, of the adoption of this guidance on our financial position, results of operations and cash flows.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

2. Pledged deposits

Pledged deposits as of December 31, 2016 and September 30, 2017consisted of the following:

	December 31, *2016*	September 30, *2017*
Pledged deposits for:		
Bills payable	$ 3,064,155	$ 692,419
Others *	1,213,989	1,266,855
	$ 4,278,144	$ 1,959,274

*On July 7, 2016, Shenzhen Huijie Purification System Engineering Co., Ltd ("Shenzhen Huijie"), one of the Company's contractors, filed a lawsuit against Dalian BAK Power in the Peoples' Court of Zhuanghe City, Dalian for the failure to pay pursuant to the terms of the contract and entrusted part of the project of the contract to a third party without their prior consent. The plaintiff sought a total amount of $1,266,850 (RMB 8,430,792), including construction costs of $0.9 million (RMB6.3 million), interest of $30,766 (RMB0.2 million) and compensation of $0.3 million (RMB1.9 million). On September 7, 2016, upon the request of Shenzhen Huijie, the Court froze Dalian BAK Power's bank deposits totaling $1,266,855(RMB 8,430,792) for a period of one year. Further on September 1, 2017, upon the request of Shenzhen Huijie, the Court froze the bank deposits for another one year until August 31, 2018.

3. Trade Accounts and Bills Receivable, net

Trade accounts and bills receivable as of December 31, 2016 and September 30, 2017 consisted of the following:

	December 31, *2016*	September 30, *2017*
Trade accounts receivable	$ 5,169,593	$ 19,723,861
Less: Allowance for doubtful accounts	(2,761,144)	(3,250,856)
	2,408,449	16,473,005
Bills receivable (Note 1)	59,938	14,104,194
	$ 2,468,387	$ 30,577,199

An analysis of the allowance for doubtful accounts is as follows:

	September 30, *2016*	September 30, *2017*
Balance at January 1	$ 165,441	$ 2,761,144
Provision for the period	2,786,928	442,663
Reversal by cash for the period	(54,118)	(81,446)
Charged to consolidated statements of operations and comprehensive loss	2,732,810	361,217
Foreign exchange adjustment	(60,274)	128,495
Balance at September 30	$ 2,837,977	$ 3,250,856

4. Inventories

Inventories as of December 31, 2016 and September 30, 2017 consisted of the following:

	December 31, *2016*	September 30, *2017*
Raw materials	$ 2,570,942	$ 1,999,072
Work in progress	1,333,949	4,756,237
Finished goods	13,190,031	11,491,962
	$ 17,094,922	$ 18,247,271

During the three months ended September 30, 2016 and 2017, write-downs of obsolete inventories to lower of cost or net realizable value of $83,650 and $360,778, respectively, were charged to cost of revenues.

During the nine months ended September 30, 2016 and 2017, write-downs of obsolete inventories to lower of cost or net realizable value of $296,943 and $1,359,181, respectively, were charged to cost of revenues.

5. Prepayments and Other Receivables

Prepayments and other receivables as of December 31, 2016 and September 30, 2017 consisted of the following:

	December 31, *2016*	September 30, *2017*
Value added tax recoverable	$ 6,238,056	$ 6,390,365
Prepayments to suppliers	148,247	269,708
Deposits	28,763	77,019
Staff advances	46,572	121,195
Prepaid operating expenses	220,713	371,190
Advances to unrelated parties	-	343,132
	6,682,351	7,572,609
Less: Allowance for doubtful accounts	(7,000)	(7,000)
	$ 6,675,351	$ 7,565,609

Advances to unrelated parties were unsecured, non-interest bearing and repayable on demand.

6. Payables to Former Subsidiaries, net

Payable to former subsidiaries as of December 31, 2016 and September 30, 2017 consisted of the following:

	December 31, *2016*	September 30, *2017*
BAK Tianjin	$ 194,744	$ 168,581
Shenzhen BAK	2,294,085	15,919,505
	2,488,829	16,088,086

Balance as of December 31, 2016 and September 30, 2017primarily consisted of payables for purchase of inventories from BAK Tianjin and Shenzhen BAK. From time to time, the Company purchased products from these former subsidiaries that they did not produce to meet the needs of its customers.

As of December 31, 2016 and September 30, 2017, payables to Shenzhen BAK also consisted of advances from Shenzhen BAK of $nil and $2,104,000, respectively. The balance was unsecured, non-interest bearing and repayable by December 31, 2017.

7. Property, Plant and Equipment, net

Property, plant and equipment as of December 31, 2016 and September 30, 2017 consisted of the following:

	December 31, *2016*	September 30, *2017*
Buildings	$ 16,877,909	$ 24,419,965
Machinery and equipment	4,473,631	13,138,140
Office equipment	96,655	156,888
Motor vehicles	193,165	201,577
	21,641,360	37,916,570
Accumulated depreciation	(1,630,457)	(2,713,394)
Carrying amount	$ 20,010,903	$ 35,203,176

During the three months period ended September 30, 2016 and 2017, the Company incurred depreciation expense of $286,836 and $368,630, respectively.

During the nine months period ended September 30, 2016 and 2017, the Company incurred depreciation expense of $858,510 and $989,325, respectively.

The Company has not yet obtained the property ownership certificates of the buildings in its Dalian manufacturing facilities with a carrying amount of $16,178,549 and $23,310,165as of December 31, 2016 and September 30, 2017, respectively. The Company built its facilities on the land for which it had already obtained the related land use right. The Company has submitted applications to the Chinese government for the ownership certificates on the completed buildings located on these lands. However, the application process takes longer than the Company expected and it has not obtained the certificates as of the date of this report. However, since the Company has obtained the land use right in relation to the land, the management believe the Company has legal title to the buildings thereon albeit the lack of ownership certificates. As soon as the Chinese government completes its formalities, the Company will obtain the ownership certificates. As of September 30, 2017, the Company had the permission to obtain the ownership certificate of the completed buildings, however, as the Company is in the process to obtain additional loans from Bank of Dandong which requires the Company to pledge more buildings including the constructions in progress of Dalian site, if the Company obtained the ownership certificate of the completed buildings, the remaining buildings which are still under construction in progress will not be pledged until all of the buildings complete the construction. The Company and Bank of Dandong decided to delay the acquisition of the ownership certificate of the completed buildings.

During the course of the Company’s strategic review of its operations, the Company assessed the recoverability of the carrying value of the Company’s property, plant and equipment. The impairment charge, if any, represented the excess of carrying amounts of the Company’s property, plant and equipment over the estimated discounted cash flows expected to be generated by the Company’s production facilities. The Company believes that there was no impairment of its property, plant and equipment as of December 31, 2016 and September 30, 2017.

8. Construction in Progress

Construction in progress as of December 31, 2016 and September 30, 2017 consisted of the following:

	December 31, *2016*	September 30, *2017*
Construction in progress	$ 33,277,338	$ 21,617,201
Prepayment for acquisition of property, plant and equipment	179,705	435,746
Carrying amount	$ 33,457,043	$ 22,052,947

Construction in progress as of December 31, 2016 and September 30, 2017 was mainly comprised of capital expenditures for the construction of the facilities and production lines of Dalian BAK Power.

For the three months ended September 30, 2016 and 2017, the Company capitalized interest of $314,220 and $346,962 respectively, to the cost of construction in progress.

For the nine months ended September 30, 2016 and 2017, the Company capitalized interest of $798,210 and $1,050,474 ,respectively, to the cost of construction in progress.

9. Prepaid Land Use Rights, net

Prepaid land use rights as of December 31, 2016 and September 30, 2017 consisted of the followings:

	December 31, *2016*	September 30, *2017*
Prepaid land use rights	$ 8,089,516	$ 8,441,790
Accumulated amortization	(390,993)	(534,647)
	$ 7,698,523	$ 7,907,143
Less: Classified as current assets	(161,790)	(168,836)
	$ 7,536,733	$ 7,738,307

Pursuant to a land use rights acquisition agreement dated August 10, 2014, the Company acquired the rights to use a piece of land with an area of 153,832m^2 in Dalian Economic Zone for 50 years up to August 9, 2064, at a total consideration of $7,974,575 (RMB53.1 million). Other incidental costs incurred totaled $467,214 (RMB3.1 million).

Amortization expenses of the prepaid land use rights were $42,111 and $42,085 for the three months ended September 30, 2016 and 2017 and $128,044 and $123,797 for the nine months ended September 30, 2016 and 2017, respectively.

10. Intangible Assets, net

Intangible assets as of December 31, 2016 and September 30, 2017 consisted of the followings:

	December 31, *2016*	September 30, *2017*
Computer software at cost	$ 25,613	$ 26,728
Accumulated amortization	(4,269)	(6,459)
	$ 21,344	$ 20,269

Amortization expenses were $667 and $666 for the three months ended September 30, 2016 and 2017 and $2,026 and $1,959 for the nine months ended September 30, 2016 and 2017, respectively.

11. Trade Accounts and Bills Payable

Trade accounts and bills payable as of December 31, 2016 and September 30, 2017 consisted of the followings:

	December 31, *2016*	September 30, *2017*
Trade accounts payable	$ 8,308,753	$ 19,606,214
Bills payable		
- Bank acceptance bills (Note 1)	6,128,310	13,947,484
- Commercial acceptance bills	1,143,592	1,439,158
	$ 15,580,655	$ 34,992,856

All the bills payable are of trading nature and will mature within six months from the issue date.

12. Loans

Bank loans:

Bank borrowings as of December 31, 2016 and September 30, 2017 consisted of the followings

		December 31, *2016*		September 30, *2017*
Short-term bank borrowings	$	1,439,947	$	-
Long-term bank borrowings		18,258,528		19,053,630
	$	19,698,475	$	19,053,630

On June 10 and 15, 2016, the Company repaid Bank of Dandong the one-year short term loans of RMB30 million and RMB50 million, respectively, obtained under its banking facilities in June 2015. On June 14, 2016, the Company renewed its banking facilities from Bank of Dandong to provide a maximum amount of RMB130 million (approximately $19.5 million), including three-year long-term loans and three-year revolving bank acceptance and letters of credit bills for the period from June 13, 2016 to June 12, 2019. Under the banking facilities, from June to September 2016, the Company borrowed various three-year bank loans that totaled RMB126.8 million (approximately $19.1 million), bearing fixed interest at 7.2% per annum. The banking facilities were guaranteed by Mr. Xianqian Li, our former CEO, Ms. Xiaoqiu Yu, the wife of the Company's former CEO, Shenzhen BAK, Mr. Yunfei Li, the Company's CEO, and Ms. Qinghui Yuan, Mr. Yunfei Li's wife.

On July 6, 2016, the Company obtained new banking facilities from Bank of Dalian to provide a maximum loan amount of RMB10 million (approximately $1.5 million) and bank acceptance of RMB40 million (approximately $6.0 million) to July 2017. The banking facilities were guaranteed by Shenzhen BAK, Mr. Yunfei Li, our CEO, and Ms. Qinghui Yuan, Mr. Yunfei Li's wife. On July 6, 2016, the Company borrowed a one-year term bank loan of RMB10 million (approximately $1.5 million), bearing fixed interest at 6.525% per annum. On July 5, 2017, the Company repaid the loan of RMB10 million (approximately $1.5 million) and the Company was still in progress to renew the bank facilities.

The bank loans were also secured by the Company's assets with the following carrying amounts:

		December 31, *2016*		September 30, *2017*
Pledged deposits (note 2)	$	3,064,155	$	692,419
Prepaid land use rights (note 9)		7,698,523		7,907,143
Buildings		11,729,172		18,252,861
Machinery and equipment		2,598,882		2,754,734
Construction in progress		6,156,488		94,231
	$	31,247,220	$	29,701,388

As of September 30, 2017, the Company had unutilized committed banking facilities of $10.3 million (Note 1).

During the three months ended September 30, 2016 and 2017, interest of $314,220 and $346,962, respectively, was incurred on the Company's bank borrowings.

During the nine months ended September 30, 2016 and 2017, interest of $798,210 and $1,050,474, respectively, was incurred on the Company's bank borrowings.

Other Short-term Loans

Other short-term loans as of December 31, 2016 and September 30, 2017 consisted of the following:

	Note	December 31, *2016*	September 30, *2017*
Advance from related parties			
– Tianjin BAK New Energy Research Institute Co., Ltd (“Tianjin New Energy”)	(a)	$ 9,252,127	$ 10,228,290
– Mr. Xiangqian Li, the Company’s Former CEO	(b)	100,000	100,000
– Shareholders	(c)	-	2,103,714
		9,352,127	12,432,004
Advances from unrelated third party			
– Mr. Guozhu Liang	(d)	$ 14,399	-
– Mr. Wenwu Yu	(d)	145,410	151,742
– Mr. Mingzhe Li	(d)	796,850	43,278
– Ms. Longqian Peng	(d)	215,992	676,193
		1,172,651	871,213
		$ 10,524,778	$ 13,303,217

(a) The Company received advances from Tianjin New Energy, a related company under the control of Mr. Xiangqian Li, the Company’s former CEO, which was unsecured, non-interest bearing and repayable on demand. On November 1, 2016, Mr. Xiangqian Li ceased to be a shareholder but remained as a general manager of Tianjin New Energy. As of December 31, 2016 and September 30, 2017, the payable to Tianjin New Energy of $20,384 and nil, respectively, was included in trade accounts and bills payable.

(b) Advances from Mr. Xiangqian Li, the Company’s former CEO, was unsecured, non-interest bearing and repayable on demand.

(c) The refundable deposits paid by certain shareholders in relation to share purchase (note 1) were unsecured, non-interest bearing and repayable on demand.

(d) Advances from unrelated third parties were unsecured, non-interest bearing and repayable on demand.

13. Accrued Expenses and Other Payables

Accrued expenses and other payables as of December 31, 2016 and September 30, 2017 consisted of the following:

	December 31, *2016*	September 30, *2017*
Construction costs payable	$ 7,322,941	$ 1,601,697
Equipment purchase payable	8,229,828	8,161,826
Liquidated damages (note a)	1,210,119	1,210,119
Accrued staff costs	1,532,802	1,818,990
Compensation costs (note 19(ii))	309,974	114,372
Product warranty (note b)	205,404	1,339,637
Customer deposits	62,231	24,412
Other payables and accruals	509,294	895,321
	$ 19,382,593	$ 15,166,374

(a) On August 15, 2006, the SEC declared effective a post-effective amendment that the Company had filed on August 4, 2006, terminating the effectiveness of a resale registration statement on Form SB-2 that had been filed pursuant to a registration rights agreement with certain shareholders to register the resale of shares held by those shareholders. The Company subsequently filed Form S-1 for these shareholders. On December 8, 2006, the Company filed its Annual Report on Form 10-K for the year ended September 30, 2006 (the "2006 Form 10-K"). After the filing of the 2006 Form 10-K, the Company's previously filed registration statement on Form S-1 was no longer available for resale by the selling shareholders whose shares were included in such Form S-1. Under the registration rights agreement, those selling shareholders became eligible for liquidated damages from the Company relating to the above two events totaling approximately $1,051,000. As of December 31, 2016 and September 30, 2017, no liquidated damages relating to both events have been paid.

On November 9, 2007, the Company completed a private placement for the gross proceeds to the Company of $13,650,000 by selling 3,500,000 shares of common stock at the price of $3.90 per share. Roth Capital Partners, LLC acted as the Company's exclusive financial advisor and placement agent in connection with the private placement and received a cash fee of $819,000. The Company may have become liable for liquidated damages to certain shareholders whose shares were included in a resale registration statement on Form S-3 that the Company filed pursuant to a registration rights agreement that the Company entered into with such shareholders in November 2007. Under the registration rights agreement, among other things, if a registration statement filed pursuant thereto was not declared effective by the SEC by the 100th calendar day after the closing of the Company's private placement on November 9, 2007, or the "Effectiveness Deadline", then the Company would be liable to pay partial liquidated damages to each such investor of (a) 1.5% of the aggregate purchase price paid by such investor for the shares it purchased on the one month anniversary of the Effectiveness Deadline; (b) an additional 1.5% of the aggregate purchase price paid by such investor every thirtieth day thereafter (pro rated for periods totaling less than thirty days) until the earliest of the effectiveness of the registration statement, the ten-month anniversary of the Effectiveness Deadline and the time that the Company is no longer required to keep such resale registration statement effective because either such shareholders have sold all of their shares or such shareholders may sell their shares pursuant to Rule 144 without volume limitations; and (c) 0.5% of the aggregate purchase price paid by such investor for the shares it purchased in the Company's November 2007 private placement on each of the following dates: the ten-month anniversary of the Effectiveness Deadline and every thirtieth day thereafter (prorated for periods totaling less than thirty days), until the earlier of the effectiveness of the registration statement and the time that the Company no longer is required to keep such resale registration statement effective because either such shareholders have sold all of their shares or such shareholders may sell their shares pursuant to Rule 144 without volume limitations. Such liquidated damages would bear interest at the rate of 1% per month (prorated for partial months) until paid in full.

On December 21, 2007, pursuant to the registration rights agreement, the Company filed a registration statement on Form S-3, which was declared effective by the SEC on May 7, 2008. As a result, the Company estimated liquidated damages amounting to $561,174 for the November 2007 registration rights agreement. As of December 31, 2016 and September 30, 2017, the Company had settled the liquidated damages with all the investors and the remaining provision of approximately $159,000 was included in other payables and accruals.

13. Accrued Expenses and Other Payables (continued)

(b) The Company maintains a policy of providing after sales support for certain of its new EV and LEV battery products introduced since October 1, 2015 by way of a warranty program. The Company accrues an estimate of its exposure to warranty claims based on both current and historical product sales data and warranty costs incurred. The Company assesses the adequacy of its recorded warranty liability at least annually and adjusts the amounts as necessary. The Company recognized warranty expenses amounting to $(16,799) and $725,471 for the quarters ended September 30, 2016 and 2017 and $178,144 and $1,111,217 for the nine months ended September 30, 2016 and 2017, respectively, which are included in its sales and marketing expenses.

14. Deferred Government Grants

Deferred government grants as of December 31, 2016 and September 30, 2017 consist of the following:

	December 31, *2016*	September 30, *2017*
Total government grants	$ 4,699,261	$ 4,792,449
Less: Current portion	(142,400)	(148,602)
Non-current portion	$ 4,556,861	$ 4,643,847

In September 2013, the Management Committee of Dalian Economic Zone Management Committee (the “Management Committee”) provided a subsidy of RMB150 million to finance the costs incurred in moving our facilities to Dalian, including the loss of sales while the new facilities were being constructed. For the year ended September 30, 2015, the Company recognized $23,103,427 as income after offset of the related removal expenditures of $1,004,027. No such income or offset was recognized in fiscal 2016 and 2017.

On October 17, 2014, the Company received a subsidy of RMB46.2 million pursuant to an agreement with the Management Committee dated July 2, 2013 for costs of land use rights and to be used to construct the new manufacturing site in Dalian. Part of the facilities had been completed and was operated in July 2015 and the Company has initiated amortization on a straight-line basis over the estimated useful lives of the depreciable facilities constructed thereon.

The Company offset government grants of $40,352 and $36,029 for the three months ended September 30, 2016 and 2017 and $156,712 and $108,959 for the nine months ended September 30, 2016 and 2017, respectively, against depreciation expenses of the Dalian facilities.

15. Income Taxes, Deferred Tax Assets and Deferred Tax Liabilities

(a) Income taxes in the condensed consolidated statements of comprehensive loss (income)

The Company’s provision for income taxes credit consisted of:

	Three months ended September 30,		Nine months ended September 30,	
	2016	*2017*	*2016*	*2017*
PRC income tax:				
Current	$ 769,373	$ -	$ 769,373	$ -
Deferred	(111,568)	-	(168,860)	-
	$ 657,805	$ -	$ 600,513	$ -

United States Tax
China BAK is subject to a statutory tax rate of 35% under United States of America tax law. No provision for income taxes in the United States or elsewhere has been made as China BAK had no taxable income for the three and nine months ended September 30, 2016 and 2017.

Hong Kong Tax
BAK Asia is subject to Hong Kong profits tax rate of 16.5% and did not have any assessable profits arising in or derived from Hong Kong for the three and nine months ended September 30, 2016 and 2017 and accordingly no provision for Hong Kong profits tax was made in these periods.

PRC Tax
The Company’s subsidiaries in China are subject to enterprise income tax at 25% for the three and nine months ended September 30, 2016 and 2017.

15. Income Taxes, Deferred Tax Assets and Deferred Tax Liabilities (continued)

A reconciliation of the provision for income taxes determined at the statutory income tax rate to the Company's income taxes is as follows:

	Three months ended September30,		Nine months ended September30,	
	2016	*2017*	*2016*	*2017*
Loss before income taxes	$ (5,289,917)	$ (4,202,753)	$ (9,919,008)	$ (10,024,349)
United States federal corporate income tax rate	35%	35%	35%	35%
Income tax credit computed at United States statutory corporate income tax rate	(1,851,472)	(1,470,963)	(3,471,653)	(3,508,522)
Reconciling items:				
Rate differential for PRC earnings	486,224	391,875	852,047	897,639
Non-deductible expenses	5,685	48,901	111,212	144,669
Share based payments	136,722	50,500	381,057	222,436
ASC 740-10 uncertain tax position	769,373	-	769,373	-
Valuation allowance on deferred tax assets	1,213,025	979,687	2,039,655	2,243,778
Over provision of deferred taxation in prior year	(96,793)	-	(96,793)	-
Others	(4,959)	-	15,615	-
Income tax expenses	$ 657,805	$ -	$ 600,513	$ -

(a) Deferred tax assets and deferred tax liabilities

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2016 and September 30, 2017 are presented below:

	December 31, 2016	*September 30, 2017*
Deferred tax assets		
Trade accounts receivable	$ 748,949	$ 978,942
Inventories	254,852	613,512
Property, plant and equipment	373,287	389,542
Provision for product warranty	51,351	334,909
Net operating loss carried forward	38,055,264	39,303,013
Valuation allowance	(39,483,703)	(41,619,918)
Deferred tax assets, non-current	$ -	$ -
Deferred tax liabilities, non-current	$ -	$ -

As of December 31, 2016 and September 30, 2017, the Company's U.S. entity had net operating loss carry forwards of $103,580,741, of which $102,293 available to reduce future taxable income which will expire in various years through 2035 and $103,478,448 available to offset capital gains recognized in the succeeding 5 tax years and the Company's PRC subsidiaries had net operating loss carry forwards of $7,213,329 and $12,199,014, respectively, which will expire in various years through 2021. Management believes it is more likely than not that the Company will not realize these potential tax benefits as these operations will not generate any operating profits in the foreseeable future. As a result, a valuation allowance was provided against the full amount of the potential tax benefits.

The Company did not provide for deferred income taxes and foreign withholding taxes on the cumulative undistributed earnings of foreign subsidiaries as of December 31, 2016 and September 30, 2017 of approximately of $2.0 million and $0 million, respectively. The cumulative distributed earnings of foreign subsidiaries were included in accumulated deficit and will continue to be indefinitely reinvested in international operations. Accordingly, no provision has been made for U.S. deferred taxes or applicable withholding taxes, related to future repatriation of these earnings, nor is it practicable to estimate the amount of income taxes that would have to be provided if management concluded that such earnings will be remitted in the future.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or its withholding agent. The statute of limitations extends to five years under special circumstances, which are not clearly defined. In the case of a related party transaction, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

The impact of an uncertain income tax positions on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes.

15. Income Taxes, Deferred Tax Assets and Deferred Tax Liabilities (continued)

The significant uncertain tax position arose from the subsidies granted by the local government for the Company's PRC subsidiary, which may be modified or challenged by the central government or the tax authority. A reconciliation of January 1, 2017 through September 30, 2017 amount of unrecognized tax benefits excluding interest and penalties ("Gross UTB") is as follows:

	Gross UTB	Surcharge	Net UTB
Balance as of January 1, 2017	$ 7,061,140	$ -	$ 7,061,140
Decrease in unrecognized tax benefits taken in current period	(321,598)	-	(321,598)
Balance as of September 30, 2017	$ 6,739,542	$ -	$ 6,739,542

As of December 31, 2016 and September 30, 2017, the Company had not accrued any interest and penalties related to unrecognized tax benefits.

16. Share-based Compensation

Restricted Shares

Restricted shares granted on June 30, 2015

On June 12, 2015, the Board of Director approved the China BAK Battery, Inc. 2015 Equity Incentive Plan (the "2015 Plan") for Employees, Directors and Consultants of the Company and its Affiliates. The maximum aggregate number of Shares that may be issued under the Plan is ten million (10,000,000) Shares.

On June 30, 2015, pursuant to the 2015 Plan, the Compensation Committee of the Company's Board of Directors granted an aggregate of 690,000 restricted shares of the Company's common stock, par value $0.001, to certain employees, officers and directors of the Company with a fair value of $3.24 per share on June 30, 2015. In accordance with the vesting schedule of the grant, the restricted shares will vest in twelve equal quarterly installments on the last day of each fiscal quarter beginning on June 30, 2015 (i.e. last vesting period: quarter ended March 31, 2018). The Company recognizes the share-based compensation expenses on a graded-vesting method.

The Company recorded non-cash share-based compensation expense of $167,538 and $699,022 for the three and nine months ended September 30, 2016, in respect of the restricted shares granted on June 30, 2015, respectively.

The Company recorded non-cash share-based compensation expense of $54,320 and $230,305 for three and nine months ended September 30, 2017, in respect of the restricted shares granted on June 30, 2015, respectively.

As of September 30, 2017, non-vested restricted shares granted on June 30, 2015 are as follows:

Non-vested shares as of January 1, 2017	275,000
Granted	-
Vested	(165,000)
Forfeited	-
Non-vested shares as of September 30, 2017	110,000

As of September 30, 2017, there was unrecognized stock-based compensation of $50,960 associated with the above restricted shares. As of September 30, 2017, 165,000 vested shares were to be issued.

16. Share-based Compensation (continued)

Restricted shares granted on April 19, 2016

On April 19, 2016, pursuant to the Company's 2015 Equity Incentive Plan, the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") granted an aggregate of 500,000 restricted shares of the Company's common stock, par value $0.001 (the "Restricted Shares"), to certain employees, officers and directors of the Company, of which 220,000 restricted shares were granted to the Company's executive officers and directors. There are three types of vesting schedules. First, if the number of restricted shares granted is below 3,000, the shares will vest annually in 2 equal installments over a two year period with the first vesting on June 30, 2017. Second, if the number of restricted shares granted is larger than or equal to 3,000 and is below 10,000, the shares will vest annually in 3 equal installments over a three year period with the first vesting on June 30, 2017. Third, if the number of restricted shares granted is above or equal to 10,000, the shares will vest semi-annually in 6 equal installments over a three year period with the first vesting on December 31, 2016. The fair value of these restricted shares was $2.68 per share on April 19, 2016. The Company recognizes the share-based compensation expenses over the vesting period (or the requisite service period) on a graded-vesting method.

The Company recorded non-cash share-based compensation expense of $223,095 and $389,711 for the three and nine months ended September 30, 2016, in respect of the restricted shares granted on April 19, 2016, respectively.

The Company recorded non-cash share-based compensation expense of $89,963 and $405,225 for the three and nine months ended September 30, 2017, in respect of the restricted shares granted on April 19, 2016, respectively.

As of September 30, 2017, non-vested restricted shares granted on April 19, 2016 are as follows:

Non-vested shares as of January 1, 2017	433,500
Granted	-
Vested	(108,834)
Forfeited	(10,000)
Non-vested shares as of September 30, 2017	314,666

As of September 30, 2017, there was unrecognized stock-based compensation of $330,623 associated with the above restricted shares. As of September 30, 2017, 1,003 vested shares were to be issued.

As the Company itself is an investment holding company which is not expected to generate operating profits to realize the tax benefits arising from its net operating loss carried forward, no income tax benefits were recognized for such stock-based compensation cost under the stock option plan for the three and nine months ended September 30, 2016 and 2017.

17. Loss Per Share

The following is the calculation of loss per share:

	Three months ended September 30,		*Nine months ended September 30,*	
	2016	*2017*	*2016*	*2017*
Net loss	$ (5,947,722)	$ (4,202,753)	$ (10,519,521)	$ (10,024,349)
Weighted average shares used in basic and diluted computation (note)	17,339,426	26,334,918	17,284,632	22,174,315
Loss per share	$ (0.34)	$ (0.16)	$ (0.61)	$ (0.45)

Note: Including 5,5000 vested restricted shares granted pursuant to the 2015 Plan that were not yet issued for the three and nine months ended September 30, 2016 and [166,003] vested restricted shares granted pursuant to the 2015 plan that were not yet issued for the three and nine months ended September 30, 2017.

For the three and nine months ended September 30, 2016 and 2017, 822,000 and 424,666 unvested restricted shares were anti-dilutive and excluded from shares used in the diluted computation.

18. Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurement and Disclosures,* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy, which requires classification based on observable and unobservable inputs when measuring fair value. Certain current assets and current liabilities are financial instruments. Management believes their carrying amounts are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and, if applicable, their current interest rates are equivalent to interest rates currently available. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amounts of financial assets and liabilities, such as cash and cash equivalents, pledged deposits, trade accounts and bills receivable and payable, other receivables, balances with former subsidiaries, other short-term loans, short-term and long-term bank loans and other payables approximate their fair values because of the short maturity of these instruments or the rate of interest of these instruments approximate the market rate of interest.

19. Commitments and Contingencies

(i) Capital Commitments

As of December 31, 2016 and September 30, 2017, the Company had the following contracted capital commitments:

	December 31, *2016*	September 30, *2017*
For construction of buildings	$ 2,225,978	$ 2,461,807
For purchases of equipment	451,063	169,875
Capital injection to Dalian BAK Power and Dalian BAK Trading[Note]	9,895,996	400,000
	$ 12,573,037	$ 3,031,682

Note: Initially, BAK Asia was required to pay the remaining capital within two years, of the date of issuance of the subsidiary's business license according to PRC registration capital management rules. According to the revised PRC Companies Law which became effective on March 2014, the time requirement of the registered capital contribution has been abolished. As such, BAK Asia has its discretion to consider the timing of the registered capital contributions. On April and May 2017, Dalian BAK Power received $9,495,974 injected from BAK Asia.

(ii) Litigation

On July 7, 2016, Shenzhen Huijie Purification System Engineering Co., Ltd ("Shenzhen Huijie"), one of the Company's contractors, filed a lawsuit against Dalian BAK Power in the Peoples' Court of Zhuanghe City, Dalian for the failure to pay pursuant to the terms of the contract and entrusted part of the project of the contract to a third party without their prior consent. The plaintiff sought a total amount of $1,266,855 (RMB 8,430,792), including construction costs of $0.9 million (RMB6.3 million), interest of $30,972(RMB0.2 million) and compensation of $0.3 million (RMB1.9 million), which the Company already accrued for as of September 30, 2016. On September 7, 2016, upon the request of Shenzhen Huijie, the Court froze Dalian BAK's bank deposits totaling $1,266,855 (RMB 8,430,792) for a period of one year. Further on September 1, 2017, upon the request of Shenzhen Huijie, the Court froze the bank deposits for another one year until August 31, 2018. On June 30, 2017, according to the first instance, the court ruled that CBAK Power should pay the remaining contract amount of RMB6,135,860 (approximately $0.9 million) claimed by Shenzhen Huijie as well as other expenses incurred including deferred interest, discounted charge on bills payable, litigation fee and property preservation fee totaled $0.1 million. On July 24, 2017, Dalian CBAK Power filed an appellate petition to the Peoples' Court of Dalian to defend the adjudication dated on June 30, 2017.

20. Concentrations and Credit Risk

(a) Concentrations

The Company had the following customers that individually comprised 10% or more of net revenue for the three months ended September 30, 2016 and 2017 as follows:

	Three months ended September 30,	
	2016	*2017*
Customer A	34.09%	*
Customer B	21.64%	53.39%
Customer C (Shenzhen BAK)	16.39%	*
Customer D	*	41.51%

* Comprised less than 10% of net revenue for the respective period.

The Company had the following customers that individually comprised 10% or more of net revenue for the nine months ended September 30, 2016 and 2017 as follows:

	Nine months ended September 30,	
	2016	*2017*
Customer B	*	65.21%
Customer D	*	26.99%
Customer E	21.88%	*
Customer F	20.56%	*

* Comprised less than 10% of net revenue for the respective period.

The Company had the following customers that individually comprised 10% or more of accounts receivable as of December 31, 2016 and September 30, 2017 as follows:

	December 31, 2016		*September 30, 2017*	
Customer B	$ 857,180	35.59%	$ 10,471,824	63.57%
Customer D	*	*	5,095,410	30.93%
Customer F	1,286,206	53.40%	*	*

* Comprised less than 10% of account receivable for the respective period.

For the three months and nine months ended September 30, 2016 and 2017, the Company recorded the following transactions:

	Three months ended September 30,		Nine months ended September 30,	
	2016	*2017*	*2016*	*2017*
Purchase of inventories from				
BAK Tianjin	$ (490,783)	$ -	$ (301,287)	$ -
Shenzhen BAK	2,870,445	9,248,609	5,560,117	13,527,981
Zhengzhou BAK Battery Co., Ltd*	-	-	-	
Sales of finished goods to				
BAK Tianjin	31,496	55,533	295,101	98,233
Shenzhen BAK	102,322	728	102,322	61,525
Zhengzhou BAK Battery Co., Ltd*	576	163	$ 576	13,811
Sales of raw materials to Shenzhen BAK	238,106	-	11,752	-

*Mr. Xiangqian Li, the former CEO, is a director of this company.

(b) Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and pledged deposits. As of December 31, 2016 and September 30, 2017, substantially all of the Company's cash and cash equivalents were held by major financial institutions located in the PRC, which management believes are of high credit quality.

For the credit risk related to trade accounts receivable, the Company performs ongoing credit evaluations of its customers and, if necessary, maintains reserves for potential credit losses. Historically, such losses have been within management's expectations.

21. Segment Information

The Company used to engage in one business segment, the manufacture, commercialization and distribution of a wide variety of standard and customized lithium ion rechargeable batteries for use in a wide array of applications. The Company manufactured five types of Li-ion rechargeable batteries: aluminum-case cell, battery pack, cylindrical cell, lithium polymer cell and high-power lithium battery cell. The Company's products are sold to packing plants operated by third parties primarily for use in mobile phones and other electronic devices.

After the disposal of BAK International and its subsidiaries (see Note 1), the Company focused on producing high-power lithium battery cells. Net revenues for the three months and nine months ended September 30, 2016 and 2017 were as follows:

Net revenues by product:

	Three months ended September 30,		*Nine months ended September 30,*	
	2016	*2017*	*2016*	*2017*
High power lithium batteries used in:				
Electric vehicles	$ -	$ 16,934,181	$ 2,831,977	$ 25,998,924
Light electric vehicles	-	281,978	465,479	485,001
Uninterruptable supplies	307,647	534,551	1,571,399	1,322,188
	$ 307,647	$ 17,750,710	$ 4,868,855	$ 27,806,113

Net revenues by geographic area:

	Three months ended September 30,		*Nine months ended September 30,*	
	2016	*2017*	*2016*	*2017*
PRC Mainland	$ -	$ 17,529,058	$ 3,639,270	$ 26,976,060
PRC Taiwan	23,391	2,201	302,299	221,574
Israel	-	26,763	225,754	244,122
Europe	195,591	123,601	446,797	294,322
South Korea	88,665	-	253,716	
Others	-	69,087	1,019	70,035
	$ 307,647	$ 17,750,710	$ 4,868,855	$ 27,806,113

Substantially all of the Company's long-lived assets are located in the PRC.

22. Subsequent events

On October 20, 2017, the Company obtained banking facilities from China Everbright Bank with a maximum amount of RMB100 million (approximately $15.0 million) for a period from November 9, 2017 to November 7, 2018. The facilities were secured by 100% equity interest in CBAK Power held by BAK Asia. The facilities also required 50% bank deposit to secure against each borrowings. Under the facilities, on November 10, 2017, the Company borrowed RMB100 million ($15.0 million) from China Everbright Bank at a rate of 4.505% per annum with a period from November 10, 2017 to November 5, 2018.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management's discussion and analysis should be read in conjunction with our financial statements and the notes thereto and the other financial information appearing elsewhere in this report. Our financial statements are prepared in U.S. dollars and in accordance with U.S. GAAP.

Special Note Regarding Forward Looking Statements

In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We use words such as "believe," "expect," "anticipate," "project," "target," "plan," "optimistic," "intend," "aim," "will" or similar expressions which are intended to identify forward-looking statements. Such statements include, among others, those concerning market and industry segment growth and demand and acceptance of new and existing products; any projections of sales, earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including those identified in Item 1A, "Risk Factors" described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, as well as assumptions, which, if they were to ever materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and our other filings with the SEC. These reports attempt to advise interested parties of the risks and factors that may affect our business, financial condition and results of operations and prospects. The forward-looking statements made in this report speak only as of the date hereof and we disclaim any obligation, except as required by law, to provide updates, revisions or amendments to any forward-looking statements to reflect changes in our expectations or future events.

Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to:

- "Company", "we", "us" and "our" are to the combined business of CBAK Energy Technology, Inc., a Nevada corporation, and its consolidated subsidiaries;
- "BAK Asia" are to our Hong Kong subsidiary, China BAK Asia Holdings Limited;
- "CBAK Trading" are to our PRC subsidiary, Dalian CBAK Trading Co., Ltd.;
- "CBAK Power" are to our PRC subsidiary, Dalian CBAK Power Battery Co., Ltd;
- "China" and "PRC" are to the People's Republic of China;
- "RMB" are to Renminbi, the legal currency of China;
- "U.S. dollar", "$" and "US$" are to the legal currency of the United States;
- "SEC" are to the United States Securities and Exchange Commission;
- "Securities Act" are to the Securities Act of 1933, as amended; and
- "Exchange Act" are to the Securities Exchange Act of 1934, as amended.

On January 10, 2017, we filed Articles of Merger with the Secretary of State of Nevada to effectuate a merger between the Company and the Company's newly formed, wholly owned subsidiary, CBAK Merger Sub, Inc. (the "Merger Sub"). According to the Articles of Merger, effective January 16, 2017, the Merger Sub merged with and into the Company with the Company being the surviving entity (the "Merger").

As permitted by Chapter 92A.180 of Nevada Revised Statutes, the sole purpose of the Merger was to effect a change of the Company's name. Upon the effectiveness of the filing of Articles of Merger with the Secretary of State of Nevada, which is January 16, 2017, the Company's Articles of Incorporation were deemed amended to reflect the change in the Company's corporate name.

On March 7, 2017, the names of our subsidiaries CBAK Power Battery Co., Ltd and Dalian BAK Trading Co., Ltd., were changed to Dalian CBAK Power Battery Co., Ltd and Dalian CBAK Trading Co., Ltd, respectively.

Overview

Our Dalian manufacturing facilities began its partial commercial operations in July 2015. We are now engaged in the business of developing, manufacturing and selling new energy high power lithium batteries, which are mainly used in the following applications:

- Electric vehicles ("EV"), such as electric cars, electric buses, hybrid electric cars and buses;
- Light electric vehicles ("LEV"), such as electric bicycles, electric motors, sight-seeing cars; and
- Electric tools, energy storage, uninterruptible power supply, and other high power applications.

We have received most of the operating assets, including customers, employees, patents and technologies of our former subsidiary, BAK International (Tianjin) Ltd. Such assets were acquired in exchange for a reduction in receivables from our former subsidiaries that were disposed in June 2014. We have outsourced and will continue to outsource our production to other manufacturers until our Dalian manufacturing facility can fulfill our customers' needs, if necessary.

We generated revenues of $0.3 million and $17.8 million for the three months ended September 30, 2016 and 2017, respectively. We had a net loss of $5.9 million and $4.2 million in the three months ended September 30, 2016 and 2017 respectively. As of September 30, 2017, we had an accumulated deficit of $152.0 million and net assets of $13.5 million. We had a working capital deficiency and accumulated deficit from recurring net losses and short-term debt obligations maturing in less than one year as of September 30, 2017.

On June 14, 2016, we renewed our banking facilities from Bank of Dandong for loans with a maximum amount of RMB130 million (approximately $19.5 million), including three-year long-term loans and three-year revolving bank acceptance and letters of credit bills for the period from June 13, 2016 to June 12, 2019. The banking facilities were guaranteed by Mr. Yunfei Li ("Mr. Li"), our CEO, and Ms. Qinghui Yuan, Mr. Li's wife, Mr. Xianqian Li, our former CEO, Ms. Xiaoqiu Yu, the wife of our former CEO, Shenzhen BAK Battery Co., Ltd., our former subsidiary ("Shenzhen BAK"). The facilities were also secured by part of our Dalian site's prepaid land use rights, buildings, construction in progress, machinery and equipment and pledged deposits. Under the banking facilities, as of September 30, 2017, we borrowed various three-year term bank loans that totaled RMB126.8 million (approximately $19.1 million), bearing fixed interest at 7.2% per annum. We also borrowed a series of revolving bank acceptance totaled $0.8 million from Bank of Dandong under the credit facilities, and bank deposit of 50% was required to secure against these bank acceptance bills.

On July 6, 2016, we obtained banking facilities from Bank of Dalian for loans with a maximum amount of RMB10 million (approximately $1.5 million) and bank acceptance bills of RMB40 million (approximately $6.0 million) to July 2017. The banking facilities were guaranteed by Mr. Li, our CEO, and Ms. Qinghui Yuan, Mr. Li's wife, and Shenzhen BAK. Under the banking facilities, on July 6, 2016 we borrowed one year short-term loan of RMB10 million (approximately $1.5 million), bearing a fixed interest rate at 6.525% per annum. We also borrowed revolving bank acceptance totaled $6.0 million, and bank deposit of 50% was required to secure against these bank acceptance bills. We repaid the loan and bank acceptance bills in July and August 2017 and we are in process to renew the banking facilities.

On August 2, 2017, we obtained one-year term facilities from China Merchants Bank with a maximum amount of RMB100 million (approximately $15.0 million) including revolving loans, trade finance, notes discount, acceptance of commercial bills etc. Any amount drawn under the facilities requires security in the form of cash or banking acceptance bills receivable of at least the same amount. Under the facilities, as of September 30, 2017, we borrowed a series of bank acceptance bills totaled $4.8 million from China Merchants Bank and pledged $0.3 million of our bank deposit and $5.4 million of our bills receivables.

During the third quarter of 2017, we also obtained banking facilities from Bank of Dandong with bank acceptance bills of RMB47.7 million (approximately $7.2 million) for a term until March 14, 2018. The banking facilities were pledged by our bills receivables totaled $7.2 million. Under the facilities, on September 26 and 27, 2017, we borrowed bank acceptance bills totaled $7.2 million from Bank of Dandong.

As of September 30, 2017, we had also borrowed $1.2 million of bank acceptance bills outside any the credit facility from China Merchants Bank. The bank acceptance bills were pledged by $1.2 million of its bills receivable.

As of September 30, 2017, we had unutilized committed banking facilities of $10.3 million. We plan to renew these loans upon maturity, and intend to raise additional funds through bank borrowings and equity financing in the future to meet our daily cash demands, if required.

On October 20, 2017, we obtained banking facilities from China Everbright Bank with a maximum amount of RMB100 million (approximately $15.0 million) for a period from November 9, 2017 to November 7, 2018. The facilities were secured by 100% equity interest in CBAK Power held by BAK Asia. The facilities also required 50% bank deposit to secure against each borrowing. Under the facilities, on November 10, 2017, we borrowed RMB100 million ($15.0 million) from China Everbright Bank at a rate of 4.505% per annum with a period from November 10, 2017 to November 5, 2018.

In June 2016, we received advances in the aggregate of $2.9 million from Mr. Jiping Zhou and Mr. Dawei Li. These advances were unsecured, non-interest bearing and repayable on demand. On July 8, 2016, we received further advances of $2.6 million from Mr. Jiping Zhou. On July 28, 2016, to convert these advances into equity interests in our Company, we entered into securities purchase agreements with Mr. Jiping Zhou and Mr. Dawei Li to issue and sell an aggregate of 2,206,640 shares of our common stock, at $2.5 per share, for an aggregate consideration of approximately $5.52 million. On August 17, 2016, we issued these shares to the investors.

On February 17, 2017, we signed a letter of understanding with each of eight individual investors, who are also our current shareholders, including our CEO, Mr. Yunfei Li, whereby these shareholders agreed in principle to subscribe for new shares of our common stock totaling $10 million. In January 2017, the shareholders paid us a total of $2.1 million as refundable deposits, among which, Mr. Yunfei Li agreed to subscribe new shares totaling $1.12 million and pay a refundable deposit of $0.2 million. In April and May 2017, we received cash of $9.6 million from these shareholders. On May 31, 2017, we entered into a securities purchase agreement with these investors, pursuant to which we agreed to issue an aggregate of 6,403,518 shares of common stock to these investors, at a purchase price of $1.50 per share, for an aggregate price of $9.6 million, among which 764,018 shares were issued to Mr. Yunfei Li. On June 22, 2017, we issued the shares to the investors. The issuance of the shares to the investors was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended, for the offer and sale of securities not involving a public offering, and Regulation S promulgated thereunder.

In the meanwhile, due to the growing environmental pollution problem, the Chinese government is currently providing vigorous support to the new energy facilities and vehicles. It is expected that we will be able to secure more potential orders from the new energy market, especially from the electric car market. We believe with that the booming market demand in high power lithium ion products, we can continue as a going concern and return to profitability.

Financial Performance Highlights for the Quarter Ended September 30, 2017

The following are some financial highlights for the quarter ended September 30, 2017:

- ***Net revenues***: Net revenues increased by $17.44 million, or 5,663.3%, to $17.75 million for the three months ended September 30, 2017, from $0.31 million for the same period in 2016.

- ***Gross loss***: Gross loss was $1.36 million, representing an increase of $0.44 million, for the three months ended September 30, 2017, from gross loss of $0.92 million for the same period in 2016.

- ***Operating loss***: Operating loss was $4.2 million for the three months ended September 30, 2017, reflecting a decrease of $1.0 million from an operating loss of $5.2 million for the same period in 2016.

- ***Net loss:*** Net loss was $4.2 million for the three months ended September 30, 2017, representing a decrease of $1.7 million from net loss of $5.9 million for the same period in 2016.

- ***Fully diluted loss per share***: Fully diluted loss per share was $0.16 for the three months ended September 30, 2017, as compared to fully diluted loss per share of $0.34 for the same period in 2016.

Financial Statement Presentation

Net revenues. Our net revenues represent the invoiced value of our products sold, net of value added taxes, or VAT, sales returns, trade discounts and allowances. We are subject to VAT, which is levied on most of our products at the rate of 17% on the invoiced value of our products. Provision for sales returns are recorded as a reduction of revenue in the same period that revenue is recognized. The provision for sales returns represents our best estimate of the amount of goods that will be returned from our customers based on historical sales return data.

Pursuant to the Provisional Regulation of China on Value Added Tax and its implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay VAT at a rate of 17% of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayer. Further, when exporting goods, the exporter is entitled to some or all of the refund of VAT that it has already paid or borne. Our imported raw materials that are used for manufacturing exported products and deposited in bonded warehouses are exempt from import VAT.

Cost of revenues. Cost of revenues consists primarily of material costs, employee remuneration for staff engaged in production activity, share-based compensation, depreciation and related expenses that are directly attributable to the production of products. Cost of revenues also includes write-downs of inventory to lower of cost and net realizable value.

Research and development expenses. Research and development expenses primarily consist of remuneration for R&D staff, share-based compensation, depreciation and maintenance expenses relating to R&D equipment, and R&D material costs.

Sales and marketing expenses. Sales and marketing expenses consist primarily of remuneration for staff involved in selling and marketing efforts, including staff engaged in the packaging of goods for shipment, advertising cost, depreciation, share-based compensation, travel and entertainment expenses and product warranty expense. We do not pay slotting fees to retail companies for displaying our products, engage in cooperative advertising programs, participate in buy-down programs or similar arrangements.

General and administrative expenses. General and administrative expenses consist primarily of employee remuneration, share-based compensation, professional fees, insurance, staff benefits, general office expenses, depreciation and liquidated damage charges.

Finance costs, net. Finance costs consist primarily of interest income and interest on bank loans, net of capitalized interest.

Income tax expenses. Our subsidiaries in PRC are subject to income tax at a rate of 25%. Our Hong Kong subsidiary BAK Asia is subject to a profits tax at a rate of 16.5% . However, because we did not have any assessable income derived from or arising in the region, the entity had not paid any such tax.

Results of Operations

Comparison of Three Months Ended September 30, 2016 and 2017

The following tables set forth key components of our results of operations for the periods indicated, both in dollars and as a percentage of net revenues.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Three months ended September 30,		Change	
	2016	2017	$	%
Net revenues	$ 308	$ 17,751	17,443	5,663.31
Cost of revenues	(1,227)	(19,111)	(17,884)	(1,457.54)
Gross loss	(919)	(1,360)	(441)	(47.99)
Operating expenses:				
Research and development expenses	460	372	(88)	(19.13)
Sales and marketing expenses	320	1,136	816	255.00
General and administrative expenses	3,505	1,329	(2,176)	(62.08)
Total operating expenses	4,285	2,837	(1,448)	(33.79)
Operating loss	(5,204)	(4,197)	1,007	19.35
Finance income (expense), net	(91)	9	100	109.89
Other income (expense), net	5	(14)	(19)	(380)
Loss before income tax	(5,290)	(4,202)	1,088	20.57
Income tax expenses	(658)	-	658	100
Net loss	(5,948)	(4,202)	1,746	29.35

Net revenues. Net revenues were $17.75 million for the three months ended September 30, 2017, as compared to $0.31 million for the same period in 2016, representing an increase of $17.44 million, or 5,663.3% .

The following table sets forth the breakdown of our net revenues by end-product applications derived from high-power lithium batteries.

(All amounts in thousands of U.S. dollars other than percentages)

	Three months ended September 30,		Change	
	2016	**2017**	**$**	**%**
High power lithium batteries used in:				
Electric vehicles	$ -	$ 16,934	16,934	
Light electric vehicles	-	282	282	
Uninterruptable supplies	308	535	227	73.70
	$ 308	$ 17,751	17,443	5,663.31

Net revenues from sales of batteries for electric vehicles were $16.9 million for the three months ended September 30, 2017 as compared to nil in the same period of 2016, representing an increase of $16.9 million. Since the announcement of government subsidy policy for electric vehicle manufactures at the end of calendar year 2016, we received more orders from electric vehicle manufacturers in year 2017. In year 2017, we reached strategic cooperation agreements with certain automakers to provide them substantial battery module used in electric vehicles.

Net revenues from sales of batteries for light electric vehicles was $0.3 million for the three months ended September 30, 2017, compared to nil in the same period of 2016, representing an increase of $0.3 million.

Net revenues from sales of batteries for uninterruptable power supplies was $0.5 million in the three months ended September 30, 2017, as compared with $0.3 million in the same period in 2016, representing an increase of $0.2 million, or 73.7% .

Cost of revenues. Cost of revenues increased to $19.1 million for the three months ended September 30, 2017, as compared to $1.2 million for the same period in 2016, an increase of $17.9 million, or 1,457.5% . The increase was primarily driven by the increase in sales. Included in cost of revenues were write down of obsolete inventories of $360,778 for three months ended September 30, 2017, while it was $83,650 for the same period in 2016. We write down the inventory value whenever there is an indication that it is impaired. The increase in provision of inventory is mainly due to the increase of inventory with ageing over 1 year. However, further write-down may be necessary if market conditions continue to deteriorate.

Gross loss. Gross loss for the three months ended September 30, 2017 was $1.36 million, or 7.7% of net revenues as compared to gross loss of $0.92 million, or 298.4% of net revenues, for the same period in 2016. Our new Dalian facilities commenced manufacturing activities in July 2015. Inefficiency was inevitably caused by the operation of the newly installed machinery and newly hired production staff. In particular, we need to maintain a high level of skilled production staff, in anticipation of the increased demand for our products following the release of the government subsidy policy of new energy vehicles in 2017. As a result, we incurred a gross loss in the quarters ended September 30, 2017 and 2016.

Research and development expenses. Research and development expenses decreased to approximately $0.4 million for the three months ended September 30, 2017, as compared to approximately $0.5 million for the same period in 2016, a decrease of $0.1 million, or 19.13% . The decrease was primarily resulted from the materials and consumable expenses decreased by approximately $73,000.

Sales and marketing expenses. Sales and marketing expenses increased to approximately $1.1 million for the three months ended September 30, 2017, as compared to approximately $0.3 million for the same period in 2016, an increase of approximately $0.8 million, or 255.0% . The increase was mainly resulted from an increase of $0.7 million of provision for our product warranty and an increase of $0.2 million of travelling and transportation expenses, both resulting from the increase in sales in 2017.

General and administrative expenses. General and administrative expenses decreased to $1.3 million, or 7.5% of revenues, for the three months ended September 30, 2017, as compared to $3.5 million, or 1,138.0% of revenues, for the same period in 2016, a decrease of $2.2 million, or 62.1% . The decrease was mainly resulted from a decrease of $2.2 million in provision for doubtful accounts. We determine the allowance based on historical write-off experience, customer specific facts and economic conditions.

Operating loss. As a result of the above, our operating loss totaled $4.2 million for the three months ended September 30, 2017, as compared to $5.2 million for the same period in 2016, representing a decrease of $1.0 million, or 19.4% .

Income tax expense. Income tax expense was nil for the three months ended September 30, 2017, as compared to $0.7 million for the same period 2016. Income tax for the three months ended September 30, 2016 primarily due to the significant uncertain tax position arising from the subsidies granted by the local government to the Company's PRC subsidiary.

Net loss. As a result of the foregoing, we had a net loss of $4.2 million for the three months ended September 30, 2017, compared to a net loss of $5.9 million for the same period in 2016.

Comparison of Nine Months Ended September 30, 2016 and 2017

The following tables set forth key components of our results of operations for the periods indicated, both in dollars and as a percentage of net revenues.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Nine months ended September 30,		Change	
	2016	2017	$	%
Net revenues	$ 4,869	$ 27,806	22,937	471.08
Cost of revenues	(6,441)	(31,075)	(24,634)	(382.46)
Gross loss	(1,572)	(3,269)	(1,697)	(107.95)
Operating expenses:				
Research and development expenses	1,132	1,336	204	18.02
Sales and marketing expenses	825	1,821	996	120.73
General and administrative expenses	6,488	3,471	(3,017)	(46.50)
Total operating expenses	8,445	6,628	(1,817)	(21.52)
Operating loss	(10,017)	(9,897)	120	1.20
Finance expense, net	(143)	(87)	56	39.16
Other income (expense), net	241	(40)	(281)	(116.60)
Loss before income tax	(9,919)	(10,024)	(105)	(1.06)
Income tax expenses	(601)	-	601	100.00
Net loss	(10,520)	(10,024)	496	4.71

Net revenues. Net revenues were $27.8 million for the nine months ended September 30, 2017, as compared to $4.9 million for the same period in 2016, representing an increase of $22.9 million, or 471.1% .

The following table sets forth the breakdown of our net revenues by end-product applications derived from high-power lithium batteries.

(All amounts in thousands of U.S. dollars other than percentages)

	Nine months ended September 30,		Change	
	2016	2017	$	%
High power lithium batteries used in:				
Electric vehicles	$ 2,832	$ 25,999	23,167	818.04
Light electric vehicles	465	485	20	4.30
Uninterruptable supplies	1,572	1,322	(250)	(15.90)
	$ 4,869	$ 27,806	22,937	471.08

Net revenues from sales of batteries for electric vehicles were $26.0 million for the nine months ended September 30, 2017 as compared to $2.8 million in the same period of 2016, an increase of $23.2 million, or 818.0% . Since the announcement of government subsidy policy for electric vehicle manufactures at the end of calendar year 2016, we received more orders from electric vehicle manufacturers in year 2017. In year 2017, we reached strategic cooperation agreements with certain automakers to provide them substantial battery module used in electric vehicles.

Net revenues from sales of batteries for light electric vehicles was $0.5 million for the nine months ended September 30, 2017, compared to $0.5 million in the same period of 2016.

Net revenues from sales of batteries for uninterruptable power supplies was $1.3 million in the nine months ended September 30, 2017, as compared with $1.6 million in the same period in 2016, representing a decrease of $0.3 million, or 15.9% . As we focused more on electric vehicle market in 2017, sale of batteries for uninterruptable power supplies decreased.

Cost of revenues. Cost of revenues increased to $31.1 million for the nine months ended September 30, 2017, as compared to $6.4 million for the same period in 2016, an increase of $24.6 million, or 382.5% . The increase was primarily driven by the increase in sales. Included in cost of revenues were write down of obsolete inventories of $1,359,181 for the nine months ended September 30, 2017, while it was $296,943 for the same period in 2016. We write down the inventory value whenever there is an indication that it is impaired. The increase in provision of inventory is mainly due to the increase of inventory with ageing over 1 year. However, further write-down may be necessary if market conditions continue to deteriorate.

Gross loss. Gross loss for the nine months ended September 30, 2017 was $3.3 million, or 11.8% of net revenues as compared to gross loss of $1.6 million, or 32.3% of net revenues, for the same period in 2016. Our new Dalian facilities commenced manufacturing activities in July 2015. Inefficiency was inevitably caused by the operation of the newly installed machinery and newly hired production staff. In particular, we need to maintain a high level of skilled production staff, in anticipation of the increased demand for our products following the release of the government subsidy policy of new energy vehicles in 2017. As a result, we incurred a gross loss in the nine months ended September 30, 2017 and 2016.

Research and development expenses. Research and development expenses increased to approximately $1.3 million for the nine months ended September 30, 2017, as compared to approximately $1.1 million for the same period in 2016, an increase of $0.2 million, or 18.0% . The increase was primarily resulted from the increase in the salary and wages and materials and consumable expenses by $0.1 million and $0.1 million, respectively. We expanded our research and development team to improve our product to fulfill our customers' requirements and expand our market shares. We have a monthly average 86 research and development employees for the nine months ended September 30, 2017 as compared to a monthly average of 76 for the same period last year.

Sales and marketing expenses. Sales and marketing expenses increased to $1.8 million for the nine months ended September 30, 2017, as compared to $0.8 million for the same period in 2016, an increase of $1.0 million, or 120.7% . The increase was mainly resulted from an increase of $0.9 million in provision for product warranty expenses as well as an increase of $0.2 million in travelling and transportation expenses, both resulting from the increase in sales in 2017.

General and administrative expenses. General and administrative expenses decreased to $3.5 million, or 12.5% of revenues, for the nine months ended September 30, 2017, as compared to $6.5 million, or 133.3% of revenues, for the same period in 2016, a decrease of $3.0 million, or 46.5% . The decrease in general and administrative expenses was mainly resulted from a decrease of $2.4 million provision for doubtful debts, a decrease of $0.5 million of salary and wages including share based compensation, and $0.2 million reversal of compensation costs in relation to a litigation with Shenzhen Huijie. As disclosed further below, according to the judgement rendered on June 30, 2017, the court ruled that CBAK Power should pay the remaining contract amount of RMB6,135,860 (approximately $0.9 million) claimed by Shenzhen Huijie as well as other expenses incurred including deferred interest, discounted charge on bills payable, litigation fee and property preservation fee totaled $0.1 million.

Operating loss. As a result of the above, our operating loss totaled $9.9 million for the nine months ended September 30, 2017, as compared to $10.0 million for the same period in 2016, representing a decrease of $0.1 million, or 1.2% .

Income tax expense. Income tax expense was nil for the nine months ended September 30, 2017, as compared to $0.6 million for the same period 2016. Income tax for the nine months ended September 30, 2016 primarily due to the significant uncertain tax position arising from the subsidies granted by the local government to the Company's PRC subsidiary.

Net loss. As a result of the foregoing, we had a net loss of $10.0 million for the nine months ended September 30, 2017, compared to net loss of $10.5 million for the same period in 2016.

Liquidity and Capital Resources

We have financed our liquidity requirements from short-term bank loans and bills payable under bank credit agreements, issuance of capital stock, and advances from related and unrelated parties.

We incurred a net loss of $4.2 million for the three months ended September 30, 2017. As of September 30, 2017, we had cash and cash equivalents of $0.1 million. Our total current assets were $58.6 million and our total current liabilities were $79.7 million, resulting in a net working capital deficiency of $21.1 million. These factors raise substantial doubts about our ability to continue as a going concern.

In June 2016, we received advances in the aggregate of $2.9 million from Mr. Jiping Zhou and Mr. Dawei Li. These advances were unsecured, non-interest bearing and repayable on demand. On July 8, 2016, we received further advances of $2.6 million from Mr. Jiping Zhou. On July 28, 2016, to convert these advances into equity interests in our Company, we entered into securities purchase agreements with Mr. Jiping Zhou and Mr. Dawei Li to issue and sell an aggregate of 2,206,640 shares of our common stock, at $2.5 per share, for an aggregate consideration of approximately $5.52 million. On August 17, 2016, we issued these shares to the investors.

On February 17, 2017, we signed a letter of understanding with each of eight individual investors, who are also our current shareholders, including our CEO, Mr. Yunfei Li, whereby these shareholders agreed in principle to subscribe for new shares of our common stock totaling $10 million. In January 2017, the shareholders paid us a total of $2.06 million as refundable deposits, among which, Mr. Yunfei Li agreed to subscribe new shares totaling $1.12 million and pay a deposit of approximately $225,784. In April and May 2017, we received cash of $9.6 million from these shareholders. On May 31, 2017, we entered into a securities purchase agreement with these investors, pursuant to which, we agreed to issue an aggregate of 6,403,518 shares of common stock to these investors, at a purchase price of $1.50 per share, for an aggregate price of $9.6 million, among which 764,018 shares were issued to Mr. Yunfei Li. On June 22, 2017, we issued the shares to the investors relying on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended, for the offer and sale of securities not involving a public offering, and Regulation S promulgated thereunder.

On June 14, 2016, we renewed our banking facilities from Bank of Dandong for loans with a maximum amount of RMB130 million (approximately $19.5 million), including three-year long-term loans and three-year revolving bank acceptance and letters of credit bills for the period from June 13, 2016 to June 12, 2019. The banking facilities were guaranteed by Mr. Yunfei Li ("Mr. Li"), our CEO, and Ms. Qinghui Yuan, Mr. Li's wife, Mr. Xianqian Li, our former CEO, Ms. Xiaoqiu Yu, the wife of our former CEO, Shenzhen BAK Battery Co., Ltd., our former subsidiary ("Shenzhen BAK"). The facilities were also secured by part of our Dalian site's prepaid land use rights, buildings, construction in progress, machinery and equipment and pledged deposits. Under the banking facilities, as of September 30, 2017, we borrowed various three-year term bank loans that totaled RMB126.8 million (approximately $19.1 million), bearing fixed interest at 7.2% per annum. We also borrowed a series of revolving bank acceptance totaled $0.8 million from Bank of Dandong under the credit facilities, and bank deposit of 50% was required to secure against these bank acceptance bills.

On July 6, 2016, we obtained banking facilities from Bank of Dalian for loans with a maximum amount of RMB10 million (approximately $1.5 million) and bank acceptance bills of RMB40 million (approximately $6.0 million) to July 2017. The banking facilities were guaranteed by Mr. Li, our CEO, and Ms. Qinghui Yuan, Mr. Li's wife, and Shenzhen BAK. Under the banking facilities, on July 6, 2016 we borrowed one year short-term loan of RMB10 million (approximately $1.5 million), bearing a fixed interest rate at 6.525% per annum. We also borrowed revolving bank acceptance totaled $6.0 million, and bank deposit of 50% was required to secure against these bank acceptance bills. We repaid the loan and bank acceptance bills in July and August 2017 and we are in process to renew the banking facilities.

On August 2, 2017, we obtained one-year term facilities from China Merchants Bank with a maximum amount of RMB100 million (approximately $15.0 million) including revolving loans, trade finance, notes discount, acceptance of commercial bills etc. Any amount drawn under the facilities requires security in the form of cash or banking acceptance bills receivable of at least the same amount. Under the facilities, as of September 30, 2017, we borrowed a series of bank acceptance bills from China Merchants Bank totaled $4.8 million and pledged $0.3 million of our bank deposit and $5.4 million of our bills receivables.

During the third quarter of 2017, we also obtained banking facilities from Bank of Dandong with bank acceptance bills of RMB47.7 million (approximately $7.2 million) for a term until March 14, 2018. The banking facilities were pledged by our bills receivables totaled $7.2 million. Under the facilities, on September 26 and 27, 2017, we borrowed bank acceptance totaled $7.2 million.

As of September 30, 2017, we had also borrowed $1.2 million of bank acceptance bills outside any the credit facility from China Merchants Bank. The bank acceptance bills were pledged by $1.2 million of its bills receivable.

As of September 30, 2017, we had unutilized committed banking facilities of $10.3 million.

On October 20, 2017, we obtained banking facilities from China Everbright Bank with a maximum amount of RMB100 million (approximately $15.0 million) for a period from November 9, 2017 to November 7, 2018. The facilities were secured by 100% equity interest in CBAK Power held by BAK Asia. The facilities also required 50% bank deposit to secure against each borrowing. Under the facilities, on November 10, 2017, we borrowed RMB100 million ($15.0 million) from China Everbright Bank at a rate of 4.505% per annum with a period from November 10, 2017 to November 5, 2018.

We are currently expanding our product lines and manufacturing capacity in our Dalian plant, which require more funding to finance the expansion. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. We plan to renew these loans upon maturity, if required, and plan to raise additional funds through bank borrowings and equity financing in the future to meet our daily cash demands, if required. However, there can be no assurance that we will be successful in obtaining this financing. If our existing cash and bank borrowing are insufficient to meet our requirements, we may seek to sell equity securities, debt securities or borrow from lending institutions. We can make no assurance that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of equity securities, including convertible debt securities, would dilute the interests of our current shareholders. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

In the meanwhile, due to the growing environmental pollution problem, the Chinese government is currently providing vigorous support to the new energy facilities and vehicle. It is expected that we will be able to secure more potential orders from the new energy market, especially from the electric car market. We believe with that the booming future market demand in high power lithium ion products, we can continue as a going concern and return to profitability.

The accompanying condensed consolidated financial statements have been prepared assuming we will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty related to our ability to continue as a going concern.

The following table sets forth a summary of our cash flows for the periods indicated: (All amounts in thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2016	2017
Net cash used in operating activities	$ (12,554)	$ (6,476)
Net cash used in investing activities	(3,910)	(6,289)
Net cash provided by financing activities	18,511	12,465
Effect of exchange rate changes on cash and cash equivalents	(174)	18
Net increase (decrease) in cash and cash equivalents	1,873	(282)
Cash and cash equivalents at the beginning of period	80	408
Cash and cash equivalents at the end of period	$ 1,953	$ 126

Operating Activities

Net cash used in operating activities was $6.5 million in the nine months ended September 30, 2017, as compared to net cash used in operating activities of $12.6 million in the same period in 2016. The decrease in operating cash outflow of approximately $6.1 million was mainly attributable to an increasing cash inflow of $ 18.0 million on trade accounts and bills payable and $2.8 million on trade balances with our former subsidiaries, decreasing cash outflow of $11.0 million on inventories and $3.0 million on prepayments and other receivables and, offset by the increasing cash outflows of $27.3 million on trade accounts and bills receivable, and a decrease in provision for doubtful debts of $2.4 million.

Investing Activities

Net cash used in investing activities was $6.3 million for the nine months ended September 30, 2017, as compared to $3.9 million in the same period of 2016. The net cash used in investing activities in the nine months ended September 30, 2017 mainly comprised cash payment of $8.7 million on acquisition of property, plant and equipment and construction in progress, offset by the decrease in pledged deposits of $2.4 million.

Financing Activities

Net cash provided by financing activities was $12.5 million in the nine months ended September 30, 2017, compared to $18.5 million during the same period in 2016. The net cash provided by financing activities in the nine months ended September 30, 2017 was mainly from issuance of common stock of $9.6 million, advances from investors of $2.1 million and advances from former subsidiary of $2.1 million in the nine months ended September 30, 2017, offset by repayment of bank borrowings of $1.5 million.

As of September 30, 2017, the principal amounts outstanding under our credit facilities and lines of credit were as follows:

(All amounts in thousands of U.S. dollars)

	Maximum amount available	Amount borrowed
Long-term credit facilities:		
Bank of Dandong	$ 19,534	$ 19,534
Short-term credit facilities:		
China Merchants Bank	$ 15,027	$ 4,752
Other lines of credit:		
Bank acceptance bills:		
Bank of Dandong	$ 7,166	$ 7,166
China Merchants Bank	1,202	1,202
	8,368	8,368
Commercial acceptance bills:		
Industrial and Commercial Bank of China	$ 1,439	$ 1,439
Subtotal of other lines of credit	$ 9,807	$ 9,807
Total	$ 44,368	$ 34,093

Capital Expenditures

We incurred capital expenditures of $8.7 million and $1.3 million in the nine months ended September 30, 2017 and 2016, respectively. Our capital expenditures were used primarily to construct our manufacturing facilities in Dalian.

We estimate that our total capital expenditures for the year ending December 31, 2017 will reach approximately $9.2 million. Such funds will be used to construct new plants and expand new automatic manufacturing lines to fulfill our customer demands.

Contractual Obligations and Commercial Commitments

The following table sets forth our contractual obligations and commercial commitments as of September 30, 2017:

(All amounts in thousands of U.S. dollars)

	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Contractual Obligations					
Short-term bank loans	$ -	$ -	$ -	$ -	$ -
Long-term bank loans	19,054	-	19,054	-	-
Bills payables	15,387	15,387	-	-	-
Payable to former subsidiaries	16,088	16,088	-	-	-
Other short-term loans	13,303	13,303	-	-	-
Capital injection to Dalian Trading	400	400	-	-	-
Capital commitments for construction of buildings	2,462	2,462	-	-	-
Capital commitments for purchase of equipment	170	170	-	-	-
Future interest payment on bank loans	2,363	1,372	991	-	-
Total	$ 69,227	$ 49,182	$ 20,045	$ -	$ -

Other than the contractual obligations and commercial commitments set forth above, we did not have any other long-term debt obligations, operating lease obligations, capital commitments, purchase obligations or other long-term liabilities as of September 30, 2017.

Off-Balance Sheet Transactions

We have not entered into any transactions, agreements or other contractual arrangements to which an entity unconsolidated with us is a party and under which we have (i) any obligation under a guarantee, (ii) any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity, (iii) any obligation under derivative instruments that are indexed to our shares and classified as shareholders' equity in our consolidated balance sheets, or (iv) any obligation arising out of a variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Critical Accounting Policies

Our condensed consolidated financial information has been prepared in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (1) the reported amounts of our assets and liabilities, (2) the disclosure of our contingent assets and liabilities at the end of each fiscal period and (3) the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application. There have been no material changes to the critical accounting policies previously disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

Changes in Accounting Standards

Please refer to note 1 to our condensed consolidated financial statements, "Principal Activities, Basis of Presentation and Organization –Recently Issued Accounting Standards," for a discussion of relevant pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, our management has carried out an evaluation, with the participation and under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2017. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Management conducted its evaluation of disclosure controls and procedures under the supervision of our Chief Executive Officer and our Chief Financial Officer. Based upon, and as of the date of this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of September 30, 2017.

As we disclosed in our Annual Report on Form 10-K filed with the SEC on January 13, 2017, during our assessment of the effectiveness of internal control over financial reporting as of September 30, 2016, management identified the following material weakness in our internal control over financial reporting:

- We did not have appropriate policies and procedures in place to evaluate the proper accounting and disclosures of key documents and agreements.

- We do not have sufficient and skilled accounting personnel with an appropriate level of technical accounting knowledge and experience in the application of accounting principles generally accepted in the United States commensurate with our financial reporting requirements.

In order to cure the foregoing material weakness, we have taken or are taking the following remediation measures:

- Mr. Wenwu Wang was appointed by the Board of Directors of the Company as the Interim Chief Financial Officer on August 28, 2014 and as the Chief Financial Officer on August 21, 2017.

- We plan to make necessary changes by providing training to our financial team and our other relevant personnel on the U.S. GAAP accounting guidelines applicable to our financial reporting requirements. In September 2016, we implemented training on internal control and enterprise risk management. In November 2016, we implemented training on U.S. GAAP accounting guidelines.

We intend to complete the remediation of the material weaknesses discussed above as soon as practicable but we can give no assurance that we will be able to do so. Designing and implementing an effective disclosure controls and procedures is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to devote significant resources to maintain a financial reporting system that adequately satisfies our reporting obligations. The remedial measures that we have taken and intend to take may not fully address the material weakness that we have identified, and material weaknesses in our disclosure controls and procedures may be identified in the future. Should we discover such conditions, we intend to remediate them as soon as practicable. We are committed to taking appropriate steps for remediation, as needed.

Changes in Internal Control over Financial Reporting

Except for the matters described above, there were no changes in our internal controls over financial reporting during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On July 7, 2016, Shenzhen Huijie Purification System Engineering Co., Ltd ("Shenzhen Huijie"), one of our contractors, filed a lawsuit against CBAK Power in the Peoples' Court of Zhuanghe City, Dalian for the failure to pay pursuant to the terms of the contract and entrusted part of the project of the contract to a third party without their prior consent. The plaintiff sought a total amount of $1,266,893 (RMB8,430,792), including construction costs of $0.9 million (RMB6.3 million), interest of $0.03 million (RMB0.2 million) and compensation of $0.3 million (RMB1.9 million), which we already accrued for as of September 30, 2017. On September 7, 2016, upon the request of Shenzhen Huijie, the Court froze Dalian BAK's bank deposits totaling $1,266,893 (RMB 8,430,792) for a period of one year. Further on September 1, 2017, upon the request of Shenzhen Huijie, the Court froze the bank deposits for another one year until August 31, 2018. On September 30, 2017, according to the first instance, the court ruled that CBAK Power should pay the remaining contract amount of RMB6,135,860 (approximately $0.9 million) claimed by Shenzhen Huijie as well as other expenses incurred including deferred interest, discounted charge on bills payable, litigation fee and property preservation fee totaled $0.1 million. On July 24, 2017, Dalian CBAK Power filed an appeal to Dalian Intermediate Peoples' Court challenging the lower court's judgment rendered on June 30, 2017. We intend to continue to vigorously defend ourselves in this lawsuit.

ITEM 1A. RISK FACTORS.

There are no material changes from the risk factors previously disclosed in Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The following exhibits are filed as part of this report or incorporated by reference:

Exhibit No.	Description
31.1	Certifications of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Principal Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certifications of Principal Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T.

SIGNATURES

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

Date: November 20, 2017

CBAK ENERGY TECHNOLOGY, INC.

By: /s/ Yunfei Li
Yunfei Li
Chief Executive Officer

By: /s/ Wenwu Wang
Wenwu Wang
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
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32.2	Certifications of Principal Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T

EXHIBIT 31.1

CERTIFICATIONS

I, Yunfei Li, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CBAK Energy Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 20, 2017

/s/ Yunfei Li
Yunfei Li
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Wenwu Wang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CBAK Energy Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 20, 2017

/s/ Wenwu Wang
Wenwu Wang
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Yunfei Li, the Chief Executive Officer of CBAK ENERGY TECHNOLOGY, INC. (the “Company”), DOES HEREBY CERTIFY that:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2017 (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement this 20th day of November, 2017.

/s/ Yunfei Li
Yunfei Li
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to CBAK Energy Technology, Inc. and will be retained by CBAK Energy Technology, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Wenwu Wang, the Chief Financial Officer of CBAK ENERGY TECHNOLOGY, INC. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2017 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement this 20th day of November, 2017.

/s/ Wenwu Wang
Wenwu Wang
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to CBAK Energy Technology, Inc. and will be retained by CBAK Energy Technology, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.