



**GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED**

**SEMI-ANNUAL REPORT 2016**

2016-054

**August 2016**

## **Section I Important Statements, Contents and Terms**

The board of directors (the “Board”), the board of supervisors (the “Board of Supervisors”) as well as the directors, supervisors and senior management of Guangdong Jadiete Holdings Group Company Limited (the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of the Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in the Report.

All the directors attended the board meeting for the review of the Report.

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

Ding Lihong, head of the Company, Chen Jincai, accounting head for the Report, and Zheng Guangde, head of the accounting organ (head of accounting), hereby guarantee that the Financial Report carried in the Report is factual, accurate and complete.

The Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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## Terms

| Term                     | Meaning                                                |
|--------------------------|--------------------------------------------------------|
| Company, the Company     | Guangdong Jadiete Holdings Group Company Limited       |
| CSRC                     | China Securities Regulatory Commission                 |
| SZSE, the stock exchange | Shenzhen Stock Exchange                                |
| RMB                      | Renminbi                                               |
| Reporting Period         | 1 January 2016-30 June 2016                            |
| Shenghengchang Huifu     | Shenzhen Shenghengchang Huifu Industrial Co., Ltd.     |
| Risheng Chuangyuan       | Shenzhen Risheng Chuangyuan Asset Management Co., Ltd. |
| Chinese Gold Nobility    | Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.       |
| Taihengyuan              | Guangdong Taihengyuan Industrial Co., Ltd.             |

## Section II Corporate Profile

### I Corporate information

|                                  |                                                  |            |        |
|----------------------------------|--------------------------------------------------|------------|--------|
| Stock name                       | JHG-B                                            | Stock code | 200168 |
| Stock exchange                   | Shenzhen Stock Exchange                          |            |        |
| Company name in Chinese          | 广东舜喆（集团）股份有限公司                                   |            |        |
| Abbr. (if any)                   | 舜喆                                               |            |        |
| Company name in English (if any) | GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED |            |        |
| Abbr. (if any)                   | JHG                                              |            |        |
| Legal representative             | Ding Lihong                                      |            |        |

### II Contact information

|         | Board Secretary                                                                                              | Securities Representative |
|---------|--------------------------------------------------------------------------------------------------------------|---------------------------|
| Name    | Xu Wei                                                                                                       |                           |
| Address | Room 1201 of China Railway South Headquarters Building, No. 3333 of Zhongxin Rd., Nanshan District, Shenzhen |                           |
| Tel.    | 0755-82250045                                                                                                |                           |
| Fax     | 0755-82251182                                                                                                |                           |
| E-mail  | xw@200168.com                                                                                                |                           |

### III Other information

#### 1. Ways to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the Reporting Period?

☐ Applicable ☒ Not applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

#### 2. About information disclosure and the place where the Report is kept

Did any change occur to information disclosure media and the place where the Report is kept during the Reporting Period?

☐ Applicable ☒ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Report and the location where the Report is placed did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

### 3. Change of the registered information

Did any change occur to the registered information during the Reporting Period?

☒ Applicable ☐ Not applicable

|                                | Registration date | Registration place                                                             | Business license No. | Registration code of taxation | Organizational code |
|--------------------------------|-------------------|--------------------------------------------------------------------------------|----------------------|-------------------------------|---------------------|
| Opening registered information | 1997-11-17        | Meixin Industrial Park, Junbu Town, Puning City, Guangdong Province, P.R.China | 445200000034656      | 445281231131833               | 23113183-3          |
| Closing registered information | 2016-05-18        | Meixin Industrial Park, Junbu Town, Puning City, Guangdong Province, P.R.China | 914452002311318335   | 914452002311318335            | 914452002311318335  |

### 4. Other information

Changes in other information in the Reporting Period

☒ Applicable ☐ Not applicable

Upon the Shenzhen Stock Exchange approval for our stock name change application, since 23 May 2016, our stock name has been changed from “Rieys-B” (“雷伊B” in Chinese) to “JHG-B” (“舜喆B” in Chinese) and our stock code (200168) has remained unchanged. Please find the relevant announcement disclosed on 20 May 2016 on the designated website ([http://www.cninfo.com.cn/cninfo-new/disclosure/szse\\_main/bulletin\\_detail/true/1202333396?announceTime=2016-05-23](http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1202333396?announceTime=2016-05-23)).

## Section III Highlights of Accounting Data and Financial Indicators

### I Major accounting data and financial indicators

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

☐ Yes ☒ No

|                                                                                                    | Reporting Period                      | Same period of last year   | +/- (%)  |
|----------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------|----------|
| Operating revenues (RMB)                                                                           | 200,186,975.70                        | 84,853,785.15              | 135.92%  |
| Net profit attributable to shareholders of the Company (RMB)                                       | -4,308,101.71                         | 15,384,955.64              | -128.00% |
| Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB) | -4,157,073.90                         | 5,578,893.43               | -174.51% |
| Net cash flows from operating activities (RMB)                                                     | 3,793,814.95                          | 25,678,719.34              | -85.23%  |
| Basic earnings per share (RMB/share)                                                               | -0.01                                 | 0.05                       | -120.00% |
| Diluted earnings per share (RMB/share)                                                             | -0.01                                 | 0.05                       | -120.00% |
| Weighted average return on equity (%)                                                              | -1.19%                                | 1.47%                      | -2.66%   |
|                                                                                                    | As at the end of the Reporting Period | As at the end of last year | +/- (%)  |
| Total assets (RMB)                                                                                 | 475,470,217.52                        | 474,516,644.99             | 0.20%    |
| Net assets attributable to shareholders of the Company (RMB)                                       | 360,128,578.10                        | 364,436,679.81             | -1.18%   |

### II Differences in accounting data under domestic and overseas accounting standards

#### 1. Differences in the net profit and the net assets disclosed in the financial reports prepared under international and Chinese accounting standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

#### 2. Differences in the net profit and the net assets disclosed in the financial reports prepared under overseas and Chinese accounting standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

### III Exceptional profit and loss

√ Applicable □ Not applicable

Unit: RMB

| Item                                                                                                                                                                                                                                                                                                     | Reporting Period | Note                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------|
| Profit/loss on fair value changes of transactional financial assets and liabilities & investment income from disposal of transactional financial assets and liabilities as well as financial assets available for sale, except for effective hedges related to normal business operations of the Company | -1,522.94        | Recognized investment loss on disposal of transactional financial assets in the Reporting Period |
| Non-operating revenue and expense other than the above                                                                                                                                                                                                                                                   | -199,999.56      |                                                                                                  |
| Less: Corporate income tax                                                                                                                                                                                                                                                                               | -50,380.63       |                                                                                                  |
| Minority interests (after tax)                                                                                                                                                                                                                                                                           | -114.06          |                                                                                                  |
| Total                                                                                                                                                                                                                                                                                                    | -151,027.81      | --                                                                                               |

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

□ Applicable √ Not applicable

No such cases in the Reporting Period.

## Section IV Report by the Board of Directors

### I Overview

For the Reporting Period, we achieved operating revenues of RMB200.19 million, representing a surge of 136% from RMB84.85 million of the same period of last year, mainly due to a changed main business structure; net profit attributable to the Company of RMB-4.31 million, down -128% from RMB15.38 million from a year earlier, mainly because the return on investment decreased despite the fact that Chinese Gold Nobility saw growth in its profit.

#### (I) Main business:

As the rapid growth changed into medium speed growth of the China economy, the consequences of the extensive development in the previous year appeared. In addition, the changes of the consumption habits, the increase of the stores cost, etc. caused increasingly fierce competition in the industry, with the operating performances declined overall as well as the traditional operating structure and the products group mode were facing with great challenge. To put it simply, it was “the industry self-adjusting period just met with the economic downturn”, which definitely would led the industry step in the significant reformation and shuffle period. In 2016, the operating environment for the industry is not considered optimistic, but there are both challenges and opportunities. And facing with such fierce situation and widely opportunities, Chinese Gold Nobility on one hand promoted the product suites with the featured series “Super Diamond” adopted new type technique with competitiveness through the goods adjustment, positively developed and stabilized the sales of the current franchised outlet and on the other side, made great efforts in the “Internet +” mode and developed entire network marketing strategy with Tmall flagship stores, mobile stores and Wechat Business platform launched in succession, further enriching its business models, which perfectly carried out and committed the operating concept of “to put effort into the R&D design so as to conquer the product homogeneity predicament; to optimize the products structure so as to get rid of the predicament of the low value-added products; to adjust the goods structure so as to conquer the sales downward predicament; to adjust the commercial mode so as to conquer the market expansion predicament; to put effort into the creation of the customers’ requirements so as to conquer the weak passenger flow viscosity predicament” that enacted at the year-begin, which achieved some good results. And the objectives have been accomplished satisfactorily.

#### (II) Assets disposal:

The Company had signed the Assets Transfer Contract with Guangdong Taihengyuan Industrial Co., Ltd. (hereinafter referred to as “Taihengyuan” for short) on 5 January 2015. Taihengyuan paid the deposit and the second transfer amount of RMB40 million for the Company according to the contract. Owing to the influences of the subjective and objective factors such as the macro environment changes and the real estate fluctuation, the Company agreed Taihengyuan to postpone the transaction of the assest transfer work after multiple negotiations. Currently, both parties are to submit the assets transfer materials to relevant governmental departments.

#### (III) Development strategies:

During the share trading halt in the Reporting Period, the Company further improved the relevant procedures according to the actual progress and performed the duty of information disclosure in a timely manner. The Company, together with the relevant intermediary agencies, vigorously promoted the progress of the events and worked hard from the proposal design to proposal communication till the revision. Because the B-share-related significant events being executed without any examples, thorough discussion is needed for the relevant plans. The Company hopes to solve the left problems that are hindering its development once and for all through this significant event in planning, so as to promote sustained and rapid development.

### II Analysis of main business

YoY movements in major financial data

Unit: RMB

|                                           | Reporting Period | Same period of last year | YoY +/-% | Main reason for movement                                                                |
|-------------------------------------------|------------------|--------------------------|----------|-----------------------------------------------------------------------------------------|
| Operating revenues                        | 200,186,975.70   | 84,853,785.15            | 135.92%  | Recognized income of the gold jewelry sales                                             |
| Operating costs                           | 190,594,842.57   | 73,218,005.25            | 160.31%  | Recognized income of the gold jewelry sales                                             |
| Selling expenses                          | 1,189,892.46     | 171,040.18               | 595.68%  | Sales cost increased                                                                    |
| Administrative expenses                   | 6,961,491.74     | 5,025,498.03             | 38.52%   | Rental increased                                                                        |
| Financial expenses                        | 739,933.86       | 692,150.31               | 6.90%    |                                                                                         |
| Income tax expenses                       | 1,848,553.62     | 1,981,720.91             | -6.72%   |                                                                                         |
| Net cash flows from operating activities  | 3,793,814.95     | 25,678,719.34            | -85.23%  | Cash received from the gold sales increased                                             |
| Net cash flows from investing activities  | -1,390,198.86    | 47,587,831.71            | -102.92% | Purchased the fixed assets                                                              |
| Net cash flows from financing activities  | 0.00             | 15,918,333.46            | -100.00% | No financing activities occurred during the Reporting Period                            |
| Net increase in cash and cash equivalents | 2,403,682.09     | 89,184,879.59            | -97.30%  | Due to the decrease of the net cash inflow from the financing and investment activities |

Major changes to the profit structure or sources of the Company in the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Reporting Period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Review the progress of the previously disclosed business plan in the Reporting Period:

During the Reporting Period, the Company developed the business work according to the established operating plan, with the specific details in "I Overview" of the Report by the Board of Directors.

### III Breakdown of main business

Unit: RMB

|  | Operating revenue | Operating cost | Gross profit margin | Operating revenue: YoY +/-% | Operating cost: YoY +/-% | Gross profit margin: YoY +/-% |
|--|-------------------|----------------|---------------------|-----------------------------|--------------------------|-------------------------------|
|--|-------------------|----------------|---------------------|-----------------------------|--------------------------|-------------------------------|

| By business segment                |                |                |       |          |          |         |
|------------------------------------|----------------|----------------|-------|----------|----------|---------|
| Real estate                        | 0.00           | 0.00           | 0.00% | -100.00% | -100.00% | -30.87% |
| Gold jewelry                       | 200,186,975.70 | 190,594,842.57 | 4.79% | -38.06%  | -39.17%  | 1.80%   |
| Classified by product:             |                |                |       |          |          |         |
| Gold jewelry                       | 200,186,975.70 | 190,594,842.57 | 4.79% | -38.06%  | -39.17%  | 1.80%   |
| Classified by region:              |                |                |       |          |          |         |
| Sales of the Puning real estate    | 0.00           | 0.00           | 0.00% | -100.00% | -100.00% | -30.87% |
| Sales of the Shenzhen gold jewelry | 200,186,975.70 | 190,594,842.57 | 4.79% | -38.06%  | -39.17%  | 1.80%   |

## IV Core competitiveness analysis

No significant changes occurred to our core competitiveness in the Reporting Period.

## V Investment analysis

### 1. Investments in equities of external parties

#### (1) Investments in external parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (2) Equity-holdings in financial enterprises

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (3) Securities investments

☒ Applicable ☐ Not applicable

| Variety of securities | Code of securities | Name of securities     | Initial investment cost (RMB) | Opening securities-holdings (share) | Opening securities-holdings (%) | Closing securities-holdings (share) | Closing securities-holdings (%) | Closing book value (RMB) | Profit/loss in the Reporting Period (RMB) | Accounting title          | Securities source     |
|-----------------------|--------------------|------------------------|-------------------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|--------------------------|-------------------------------------------|---------------------------|-----------------------|
| Stocks                | 000516             | International medicine | 4,466.00                      | 0                                   | 0.00%                           | 0                                   | 0.00%                           | 0.00                     | -1,532.94                                 | Tradable financial assets | Bought from secondary |

|                                                                                                                |  |  |          |   |    |   |    |      |           |    |          |
|----------------------------------------------------------------------------------------------------------------|--|--|----------|---|----|---|----|------|-----------|----|----------|
|                                                                                                                |  |  |          |   |    |   |    |      |           |    | y market |
| Total                                                                                                          |  |  | 4,466.00 | 0 | -- | 0 | -- | 0.00 | -1,532.94 | -- | --       |
| Disclosure date of the announcement about the board's consent for the securities investment                    |  |  |          |   |    |   |    |      |           |    |          |
| Disclosure date of the announcement about the general meeting's consent for the securities investment (if any) |  |  |          |   |    |   |    |      |           |    |          |

#### (4) Shareholdings in other listed companies

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 2. Cash management entrustment, derivative financial instrument investments and entrusted loans

#### (1) Cash management entrustment

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (2) Derivative financial instrument investments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (3) Entrusted loans

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 3. Use of raised funds

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 4. Main controlled and joint stock companies

☒ Applicable ☐ Not applicable

Main controlled and joint stock companies:

Unit: RMB

| Company name                                     | Relationship with the Company | Industry     | Main products/services | Registered capital | Total assets  | Net assets    | Operating revenues | Operating profit | Net profit   |
|--------------------------------------------------|-------------------------------|--------------|------------------------|--------------------|---------------|---------------|--------------------|------------------|--------------|
| Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. | Subsidiary                    | Gold jewelry | Gold jewelry           | 3333.33            | 61,402,948.33 | 65,441,349.09 | 200,186,975.70     | 7,394,214.04     | 5,545,660.86 |

## 5. Significant projects invested with non-raised funds

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## VI Performance forecast for January-September 2016

Warning of possible loss or considerable YoY movement in the accumulated net profit made during the period-beginning to the end of the next Reporting Period, as well as the reasons

☐ Applicable ☒ Not applicable

## VII Explanation of the Board of Directors and the Board of Supervisors on the “non-standard” auditor’s report issued by the CPAs firm for the Reporting Period

☐ Applicable ☒ Not applicable

## VIII Explanation of the Board of Directors on the issues mentioned in the “non-standard” auditor’s report issued by the CPAs firm for last year

☐ Applicable ☒ Not applicable

## IX Profit distribution in the Reporting Period

Profit distribution plan implemented in the Reporting Period, especially execution and adjustment of any cash dividend plan and any plan for converting capital reserve into share capital

☐ Applicable ☒ Not applicable

The Company planed not to distribute the cash bonus or bonus shares without any plan for converting capital reserve into share capital.

## X Preliminary plan for profit distribution and converting capital reserve into share capital for the Reporting Period

☐ Applicable ☒ Not applicable

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital for the first half of the year.

## XI Visits paid to the Company for purposes of research, communication, interview, etc.

☒ Applicable ☐ Not applicable

| Date of visit | Place of meeting | Way of visit | Type of visitor | Visitor  | Main discussion and materials provided by the Company                                                                                                                 |
|---------------|------------------|--------------|-----------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 Mar. 2016  | the Company      | By phone     | Individual      | Investor | Inquire of the reasons of the listing suspension of the Company                                                                                                       |
| 21 Mar. 2016  | the Company      | By phone     | Individual      | Investor | Inquire of the reasons of the listing suspension of the Company                                                                                                       |
| 12 Apr. 2016  | the Company      | By phone     | Individual      | Investor | Inquire of the reasons of the listing suspension of the Company and required the Company to disclose the detailed the announcement on the listing suspension progress |
| 28 Apr. 2016  | the Company      | By phone     | Individual      | Investor | The progress of the not detailed disclosed listing suspension announcement of the Company                                                                             |

## Section V Significant Events

### I Corporate governance

The actual situation of the Company's governance did not differ in principle from the Company Law and the relevant CSRC requirement.

### II. Lawsuits

Significant lawsuits or arbitrations

☐ Applicable ☒ Not applicable

There was no such situation of the Company.

Other lawsuits

☐ Applicable ☒ Not applicable

### III. Media criticism

☐ Applicable ☒ Not applicable

There was no such situation of the Company.

### V. Asset transactions

#### 1. Acquisition of assets

☐ Applicable ☒ Not applicable

There was no such situation of the Company.

#### 2. Sales of assets

☒ Applicable ☐ Not applicable

| Transaction party | Asset sold | Disposal date | Transaction price (RMB 0'000) | Net profit contributed to the Company from the period-begin to the | Impact to the company (Note 3) | Ratio of the net profit contributed by the asset to the Company to the total profit | Pricing principle | Related-party transaction or not | Relationship between the transaction party and the Company (applicable for | Whether or not the ownership of the asset involved has been fully transferred | Whether or not the creditor's right and liabilities involved have been | Disclosure date | Disclosure index |
|-------------------|------------|---------------|-------------------------------|--------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------|-------------------|----------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------|------------------|
|-------------------|------------|---------------|-------------------------------|--------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------|-------------------|----------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------|------------------|

|                                                            |                                                                                                                                                                                                                                       |                |       | disposal<br>date<br>(RMB<br>0'000) |                                                                                                                                                                                                                                                                                                                                                                                      |       |                                                                                                                                                                                                                                                                                                                                                                                                                     |    | related-<br>party<br>transacti<br>ons) |    | fully<br>transferr<br>ed |                 |                                                                                                                                                                                                                                      |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------|----|--------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Guangdong<br>Taiheng<br>yuan<br>Industrial<br>Co.,<br>Ltd. | Properti<br>es such<br>as the<br>industria<br>l estate<br>and<br>work<br>shops<br>located<br>in<br>Lianyun<br>Village,<br>Junbu<br>Town,<br>Puning<br>which<br>originall<br>y owing<br>to<br>Puning<br>Rieys<br>Paper<br>Co.,<br>Ltd. | 5 Jan.<br>2015 | 6,000 | 0                                  | 1. Benefit<br>for<br>increasi<br>ng the<br>cash<br>reserve<br>of the<br>Compan<br>y and<br>strengthening<br>the<br>anti-risk<br>and<br>future<br>transfor<br>mation<br>ability<br>of the<br>Compan<br>y. 2. Benefit<br>for the<br>Assets<br>allocatio<br>n<br>optimiza<br>tion of<br>the<br>Compan<br>y for<br>solving<br>the<br>subside<br>assets.<br>3. Benefit<br>for<br>reducing | 0.00% | 1. The<br>properti<br>es<br>originall<br>y were<br>the<br>dedicate<br>d<br>factory<br>of the<br>recycled<br>paper<br>producti<br>on with<br>the<br>factory<br>layout<br>as well<br>as the<br>height,<br>span and<br>spacing<br>of each<br>building<br>were<br>construc<br>ted<br>accordin<br>g to the<br>paper<br>producti<br>on<br>process<br>design<br>require<br>ments<br>without<br>any<br>universa<br>lity and | No | No<br>related<br>relations<br>hip      | No | No                       | 31 Oct.<br>2014 | Announ<br>cement<br>on<br>Assets<br>Sale<br>that<br>disclose<br>d on<br>Securiti<br>es<br>Times,<br>Ta<br>Kung<br>Pao<br>and <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a><br>(Annou<br>ncemen<br>t No.:<br>2014-0<br>22) |

|  |  |  |  |  |                                                               |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |  |  |  |  |  |  |
|--|--|--|--|--|---------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|
|  |  |  |  |  | the<br>future<br>operatin<br>g cost of<br>the<br>Compan<br>y. |  | alteratio<br>nability.<br>2. The<br>net book<br>value of<br>the<br>assets<br>was<br>RMB48.<br>68<br>million<br>that<br>there<br>were<br>certain<br>profits<br>gaining<br>space<br>over the<br>transacti<br>on price.<br>3.<br>Referred<br>to the<br>market<br>situation<br>of the<br>local<br>surroun<br>ding<br>industria<br>l<br>worksho<br>p rental,<br>transacti<br>ons. 4.<br>In view<br>of the<br>macro<br>situation<br>of the<br>current<br>real<br>estate |  |  |  |  |  |  |  |
|--|--|--|--|--|---------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|

|  |  |  |  |  |  |  |                                                                                                                                                                                                                  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|
|  |  |  |  |  |  |  | industry, the location of the real estate, and the rather plenty of the factors affecting as well as alternati ng the land status, it was not suitable for the develop ment and utilizati on of the real estate. |  |  |  |  |  |  |
|--|--|--|--|--|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|

### 3. Business mergers

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### VI Implementation of equity incentive and its influence

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## **VII Significant related transactions**

### **1. Related transactions arising from routine operation**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **2. Related-party transactions arising from acquisition and sale of assets**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **3. Related-party transactions arising from joint investment in external parties**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **4. Credits and liabilities with related parties**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **5. Other related transactions**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## **VIII Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## **IX Significant contracts and fulfillment thereof**

### **1. Trusteeship, contracting and leasing**

#### **(1) Trusteeship**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

**(2) Contracting**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

**(3) Leasing**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

**2. Guarantees provided by the Company**

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

| Guarantees provided by the Company for external parties (excluding those for subsidiaries) |                                                                  |                      |                                            |                                                                                     |                   |                                                                             |                 |                                      |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------------|--------------------------------------------|-------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------|-----------------|--------------------------------------|
| Guaranteed party                                                                           | Disclosure date of relevant announcement on the guarantee amount | Amount for guarantee | Actual occurrence date (date of agreement) | Actual guarantee amount                                                             | Type of guarantee | Period of guarantee                                                         | Executed or not | Guarantee for a related party or not |
| Puning Yanlilai Trade Co., Ltd.                                                            | 17 Apr. 2014                                                     | 2,400                | 14 Apr. 2014                               | 2,400                                                                               | Mortgage          | Five years from the independent contract (loan contract) coming into effect | No              | No                                   |
| Puning Huafengqiang Trade Co., Ltd.                                                        | 14 Nov. 2014                                                     | 1,800                | 11 Nov. 2014                               | 1,800                                                                               | Mortgage          | Five years from the independent contract (loan contract) coming into effect | No              | No                                   |
| Total external guarantee line approved during the Reporting Period (A1)                    |                                                                  | 4,200                |                                            | Total actual occurred amount of external guarantee during the Reporting Period (A2) |                   | 4,200                                                                       |                 |                                      |
| Total external guarantee line that has been approved at the end of the Reporting Period    |                                                                  | 4,200                |                                            | Total actual external guarantee balance at the end of the Reporting Period (A4)     |                   | 4,200                                                                       |                 |                                      |

|                                                                                                               |                                                                  |                      |                                            |                                                                                  |                   |                     |                 |                                      |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------------|--------------------------------------------|----------------------------------------------------------------------------------|-------------------|---------------------|-----------------|--------------------------------------|
| (A3)                                                                                                          |                                                                  |                      |                                            |                                                                                  |                   |                     |                 |                                      |
| Guarantees provided by the Company for its subsidiaries                                                       |                                                                  |                      |                                            |                                                                                  |                   |                     |                 |                                      |
| Guaranteed party                                                                                              | Disclosure date of relevant announcement on the guarantee amount | Amount for guarantee | Actual occurrence date (date of agreement) | Actual guarantee amount                                                          | Type of guarantee | Period of guarantee | Executed or not | Guarantee for a related party or not |
| Guarantees provided by the subsidiaries for its subsidiaries                                                  |                                                                  |                      |                                            |                                                                                  |                   |                     |                 |                                      |
| Guaranteed party                                                                                              | Disclosure date of relevant announcement on the guarantee amount | Amount for guarantee | Actual occurrence date (date of agreement) | Actual guarantee amount                                                          | Type of guarantee | Period of guarantee | Executed or not | Guarantee for a related party or not |
| Total guarantee amount provided by the Company (total of the above-mentioned three kinds of guarantees)       |                                                                  |                      |                                            |                                                                                  |                   |                     |                 |                                      |
| Total guarantee line approved during the Reporting Period (A1+B1+C1)                                          |                                                                  | 4,200                |                                            | Total actual occurred amount of guarantee during the Reporting Period (A2+B2+C2) |                   | 4,200               |                 |                                      |
| Total guarantee line that has been approved at the end of the Reporting Period (A3+B3+C3)                     |                                                                  | 4,200                |                                            | Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)     |                   | 4,200               |                 |                                      |
| Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company                              |                                                                  |                      |                                            | 11.66%                                                                           |                   |                     |                 |                                      |
| Of which:                                                                                                     |                                                                  |                      |                                            |                                                                                  |                   |                     |                 |                                      |
| Explanation on possible bearing joint responsibility of liquidation due to immature guarantee (if any)        |                                                                  |                      |                                            | Not applicable                                                                   |                   |                     |                 |                                      |
| Explanation on provision of guarantees for external parties in violation of the prescribed procedure (if any) |                                                                  |                      |                                            | Not applicable                                                                   |                   |                     |                 |                                      |

Explanation on guarantee that adopts complex method

### (1) Illegal provision of guarantees for external parties

☐ Applicable ☒ Not applicable

There was no such situation of the Company.

### 3. Other major contracts

☐ Applicable ☒ Not applicable

There was no such situation of the Company.

#### 4. Other major transactions

☐ Applicable ☒ Not applicable

There was no such situation of the Company.

### X Commitments made by the Company or any shareholder holding over 5% of the Company's shares in the Reporting Period or such commitments carried down into the Reporting Period

☒ Applicable ☐ Not applicable

| Commitment                                                                     | Commitment maker | Contents | Date of commitment making | Term of commitment | Fulfillment |
|--------------------------------------------------------------------------------|------------------|----------|---------------------------|--------------------|-------------|
| Commitments made in share reform                                               |                  |          |                           |                    |             |
| Commitments made in acquisition documents or shareholding alteration documents |                  |          |                           |                    |             |
| Commitments made in time of asset restructuring                                |                  |          |                           |                    |             |
| Commitments made in time of IPO or refinancing                                 |                  |          |                           |                    |             |
| Other commitments made to minority shareholders                                |                  |          |                           |                    |             |
| Executed in time                                                               | Yes              |          |                           |                    |             |

### XI Engagement and disengagement of the CPAs firm

Has the semi-annual financial report been audited?

☐ Yes ☒ No

This semi-annual report is not audited.

### XII Punishments and rectifications

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### XIII Delisting risk due to violation of any law or regulation

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

**XIV Other significant events**

√ Applicable ☐ Not applicable

**XV Corporate bonds**

Corporate bonds publicly offered and listed on the stock exchange which were undue before the approval date of the Report or were due but could not be redeemed in full

No

## Section VI Share Changes and Shareholders' Profile

### I Changes in shares

Unit: Share

|                                                  | Before      |            | Increase/decrease (+/-) |              |                               |       |          | After       |            |
|--------------------------------------------------|-------------|------------|-------------------------|--------------|-------------------------------|-------|----------|-------------|------------|
|                                                  | Number      | Percentage | New issues              | Bonus shares | Increase from capital reserve | Other | Subtotal | Number      | Percentage |
| I. Shares subject to trading moratorium          | 164,025,000 | 51.48%     | 0                       | 0            | 0                             | 0     | 0        | 164,025,000 | 51.48%     |
| 1. Shares held by the State                      | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| 2. Share held by state-owned corporation         | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| 3. Shares held by other domestic corporation     | 164,025,000 | 51.48%     | 0                       | 0            | 0                             | 0     | 0        | 164,025,000 | 51.48%     |
| Among which: shares held by domestic corporation | 164,025,000 | 51.48%     | 0                       | 0            | 0                             | 0     | 0        | 164,025,000 | 51.48%     |
| Shares held by domestic natural persons          | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| 4. Shares held by foreign investors              | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| Among which: Shares held by foreign corporation  | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| Shares held by foreign natural persons           | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| II. Shares not subject to trading moratorium     | 154,575,000 | 48.52%     | 0                       | 0            | 0                             | 0     | 0        | 154,575,000 | 48.52%     |
| 1. Renminbi ordinary shares                      | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| 2. Domestically listed foreign shares            | 154,575,000 | 48.52%     | 0                       | 0            | 0                             | 0     | 0        | 154,575,000 | 48.52%     |
| 3. Overseas listed foreign shares                | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| 4. Others                                        | 0           | 0.00%      | 0                       | 0            | 0                             | 0     | 0        | 0           | 0.00%      |
| III. Total shares                                | 318,600,000 | 100.00%    | 0                       | 0            | 0                             | 0     | 0        | 318,600,000 | 100.00%    |

|  |    |  |  |  |  |  |  |    |  |
|--|----|--|--|--|--|--|--|----|--|
|  | 00 |  |  |  |  |  |  | 00 |  |
|--|----|--|--|--|--|--|--|----|--|

Reasons for share changes

☒ Applicable ☐ Not applicable

Approval for share changes

☐ Applicable ☒ Not applicable

Transfer of share ownership

☐ Applicable ☒ Not applicable

Effects of share changes on the basic earnings per share, diluted earnings per share, net assets per share attributable to ordinary shareholders of the Company and other financial indicators over last year and the last Reporting Period

☐ Applicable ☒ Not applicable

Other information that the Company considers necessary or is required by the securities regulatory authorities to disclose

☐ Applicable ☒ Not applicable

Changes in the total shares, shareholder structure, asset structure and liability structure

☐ Applicable ☒ Not applicable

## II Total number of shareholders and their shareholdings

Unit: share

| Total number of ordinary shareholders at the end of the Reporting Period                    |                                      | 11,543                      | Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any) (see note 8)) | 0                                                       |                                           |                                               |                          |             |
|---------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------|-----------------------------------------------|--------------------------|-------------|
| Shareholdings of ordinary shareholders with a stake over 5% or top 10 ordinary shareholders |                                      |                             |                                                                                                                                      |                                                         |                                           |                                               |                          |             |
| Name of shareholder                                                                         | Nature of shareholder                | Shareholding percentage (%) | Number of ordinary shares held at the end of the Reporting Period                                                                    | Increase/decrease of shares during the Reporting Period | Number of restricted ordinary shares held | Number of non-restricted ordinary shares held | Pledged or frozen shares |             |
|                                                                                             |                                      |                             |                                                                                                                                      |                                                         |                                           |                                               | Status                   | Number      |
| Shenzhen Shenghengchang Huifu Industrial Co., Ltd.                                          | Domestic non-state-owned corporation | 36.99%                      | 117,855,000                                                                                                                          | 0                                                       | 117,855,000                               | 0                                             | Pledged                  | 117,855,000 |
| Shenzhen Risheng                                                                            | Domestic non-state-owned             | 10.68%                      | 34,020,000                                                                                                                           | 0                                                       | 34,020,000                                | 0                                             | Pledged                  | 34,020,000  |

|                                                                                                                                    |                                      |                                                                                                                                                                                                                                                                                                                                                                                                          |            |            |            |            |         |            |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|---------|------------|
| Chuangyuan Asset Management Co., Ltd.                                                                                              | corporation                          |                                                                                                                                                                                                                                                                                                                                                                                                          |            |            |            |            |         |            |
| Guotai Junan Securities (Hongkong) Limited                                                                                         | Foreign corporation                  | 8.49%                                                                                                                                                                                                                                                                                                                                                                                                    | 27,063,103 | 0          | 0          | 27,063,103 |         |            |
| Shenzhen Lianhua Huiren Industrial Co., Ltd.                                                                                       | Domestic non-state-owned corporation | 3.81%                                                                                                                                                                                                                                                                                                                                                                                                    | 12,150,000 | 0          | 12,150,000 | 0          | Pledged | 12,150,000 |
| Su Youhe                                                                                                                           | Domestic individual                  | 2.27%                                                                                                                                                                                                                                                                                                                                                                                                    | 7,234,469  | 23,400     |            | 7,234,469  |         |            |
| Shanghai Wanguo Securities (HK) Limited                                                                                            | Foreign corporation                  | 2.15%                                                                                                                                                                                                                                                                                                                                                                                                    | 6,840,046  | 1,762,960  |            | 6,840,046  |         |            |
| China Everbright Securities (HK) Limited                                                                                           | Foreign corporation                  | 1.46%                                                                                                                                                                                                                                                                                                                                                                                                    | 4,665,860  | -2,299,250 |            | 4,665,860  |         |            |
| Fan Jiongyang                                                                                                                      | Domestic individual                  | 0.46%                                                                                                                                                                                                                                                                                                                                                                                                    | 1,451,300  | -922,120   |            | 1,451,300  |         |            |
| Ngai Kwok Pan                                                                                                                      | Foreign individual                   | 0.36%                                                                                                                                                                                                                                                                                                                                                                                                    | 1,145,816  |            |            | 1,145,816  |         |            |
| Chen Jinming                                                                                                                       | Domestic individual                  | 0.24%                                                                                                                                                                                                                                                                                                                                                                                                    | 765,500    | 765,500    |            | 765,500    |         |            |
| Strategic investor or general corporation becoming a top ten common shareholder due to placing of new shares (if any) (see note 3) |                                      | Not applicable                                                                                                                                                                                                                                                                                                                                                                                           |            |            |            |            |         |            |
| Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:                    |                                      | Shenzhen Shenghengchang Huifu Industrial Co., Ltd., Shenzhen Risheng Chuangyuan Asset Management Co., Ltd. and Shenzhen Lianhua Huiren Industrial Co., Ltd. are related parties and act-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies. Apart from that, it is unknown whether there are any other related parties or act-in-concert parties. |            |            |            |            |         |            |

| Particulars about shares held by the top ten common shareholders holding shares not subject to trading moratorium                                                                                               |                                                |                           |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------|------------|
| Name of shareholder                                                                                                                                                                                             | Number of tradable shares held at the year-end | Type of shares            |            |
|                                                                                                                                                                                                                 |                                                | Type                      | Number     |
| Guotai Junan Securities (Hong Kong) Limited                                                                                                                                                                     | 27,063,103                                     | Domestically listed share | 27,063,103 |
| Su Youhe                                                                                                                                                                                                        | 7,234,469                                      | Domestically listed share | 7,234,469  |
| Shanghai Wanguo Securities (HK) Limited                                                                                                                                                                         | 6,840,046                                      | Domestically listed share | 6,840,046  |
| China Everbright Securities (HK) Limited                                                                                                                                                                        | 4,665,860                                      | Domestically listed share | 4,665,860  |
| Fan Jiongyang                                                                                                                                                                                                   | 1,451,300                                      | Domestically listed share | 1,451,300  |
| Ngai Kwok Pan                                                                                                                                                                                                   | 1,145,816                                      | Domestically listed share | 1,145,816  |
| Chen Jinming                                                                                                                                                                                                    | 765,500                                        | Domestically listed share | 765,500    |
| Chen Jianxing                                                                                                                                                                                                   | 732,344                                        | Domestically listed share | 732,344    |
| Han Liang                                                                                                                                                                                                       | 711,458                                        | Domestically listed share | 711,458    |
| Chen Zhenqi                                                                                                                                                                                                     | 701,800                                        | Domestically listed share | 701,800    |
| Explanation on associated relationship or/and persons acting in concert among the top ten tradable common shareholders and between the top ten tradable common shareholders and the top ten common shareholders | Unknown                                        |                           |            |

|                                                                                                           |        |
|-----------------------------------------------------------------------------------------------------------|--------|
| Explanation on the top 10 shareholders participating in the margin trading business (if any) (see note 4) | Naught |
|-----------------------------------------------------------------------------------------------------------|--------|

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory repo during the Reporting Period?

☐ Yea ☒ No

No such cases in the Reporting Period.

### III Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### IV Any shareholding increase plan proposed or implemented by any shareholder or its act-in-concert parties during the Reporting Period

☐ Applicable ☒ Not applicable

To the best knowledge of the Company, no shareholder or its act-in-concert party proposed or implemented any shareholding increase plan during the Reporting Period.

## **Section VII Preference Shares**

☐ Applicable ☒ Not applicable

No preference shares in the Reporting Period.

## Section VIII Directors, Supervisors and Senior Management

### I Shareholding changes of Directors, Supervisors and Senior Management

☐ Applicable ☒ Not applicable

There was no change in shareholding of Directors, Supervisors and Senior Management Staffs, for the specific information please refer to the 2015 Annual Report.

### II Changes in directors, supervisors and senior management

☒ Applicable ☐ Not applicable

| Name           | Office title                       | Type of change               | Date         | Reason                       |
|----------------|------------------------------------|------------------------------|--------------|------------------------------|
| Ding Lihong    | President                          | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Chen Hongcheng | Vice President                     | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Chen Honghai   | Director                           | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Chen Dongwei   | Director                           | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Pan Xiaochun   | Independent Director               | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Zhuang Weidong | Independent Director               | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Liu Yong       | Independent Director               | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Yan Mingfei    | Supervisory Board Chairman         | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Huang Yanfan   | Supervisor                         | Elected                      | 22 Jan. 2016 | Qualitative and quantitative |
| Li Ning        | Employee supervisor                | Appointment                  | 22 Jan. 2016 | Qualitative and quantitative |
| Ding Lihong    | President                          | Engagement                   | 22 Jan. 2016 | Qualitative and quantitative |
| Chen Jincai    | Vice President and CFO             | Engagement                   | 22 Jan. 2016 | Qualitative and quantitative |
| Xu Wei         | Vice President and Board Secretary | Engagement                   | 22 Jan. 2016 | Qualitative and quantitative |
| Chen Xuewen    | Director                           | Left as service term expired | 22 Jan. 2016 | Service term expired         |
| Cai Shaohe     | Independent Director               | Left as service term expired | 22 Jan. 2016 | Service term expired         |

|                |                     |                              |              |                      |
|----------------|---------------------|------------------------------|--------------|----------------------|
| Chen Hongcheng | President           | Left as service term expired | 22 Jan. 2016 | Service term expired |
| Chen Hongcheng | Board Chairman      | Left as service term expired | 22 Jan. 2016 | Service term expired |
| Ding Lihong    | Vice Board Chairman | Left as service term expired | 22 Jan. 2016 | Service term expired |

## Section IX Financial Report

### I Auditor's report

Has this semi-annual report been audited?

☐ Yes ☒ No

This semi-annual financial report has not been audited.

### II Financial statements

Currency unit for the statements in the notes to these financial statements: RMB

#### 1. Consolidated balance sheet

Prepared by Guangdong Rieys Group Company Ltd.

30 June 2016

Unit: RMB

| Item                                                                                                | Closing balance | Opening balance |
|-----------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Current assets:                                                                                     |                 |                 |
| Monetary funds                                                                                      | 303,874,987.30  | 301,471,305.21  |
| Settlement reserves                                                                                 |                 |                 |
| Intra-group lendings                                                                                |                 |                 |
| Financial assets measured at fair value of which changes are recorded in current profits and losses |                 | 4,400.00        |
| Derivative financial assets                                                                         |                 |                 |
| Notes receivable                                                                                    |                 |                 |
| Accounts receivable                                                                                 | 3,843,748.39    | 4,656,499.20    |
| Accounts paid in advance                                                                            | 295,564.41      | 855,041.60      |
| Premiums receivable                                                                                 |                 |                 |
| Reinsurance premiums receivable                                                                     |                 |                 |
| Receivable reinsurance contract reserves                                                            |                 |                 |
| Interest receivable                                                                                 |                 |                 |
| Dividend receivable                                                                                 |                 |                 |
| Other accounts receivable                                                                           | 1,404,400.60    | 7,618,577.72    |

|                                                                          |                |                |
|--------------------------------------------------------------------------|----------------|----------------|
| Financial assets purchased under agreements to resell                    |                |                |
| Inventories                                                              | 60,435,676.32  | 53,232,535.68  |
| Assets held for sale                                                     |                |                |
| Non-current assets due within 1 year                                     |                |                |
| Other current assets                                                     |                |                |
| Total current assets                                                     | 369,854,377.02 | 367,838,359.41 |
| Non-current assets:                                                      |                |                |
| Loans by mandate and advances granted                                    |                |                |
| Available-for-sale financial assets                                      |                |                |
| Held-to-maturity investments                                             |                |                |
| Long-term accounts receivable                                            |                |                |
| Long-term equity investment                                              |                |                |
| Investing real estate                                                    |                |                |
| Fixed assets                                                             | 74,392,180.93  | 75,118,031.89  |
| Construction in progress                                                 |                |                |
| Engineering materials                                                    |                |                |
| Disposal of fixed assets                                                 |                |                |
| Production biological assets                                             |                |                |
| Oil-gas assets                                                           |                |                |
| Intangible assets                                                        | 25,364,018.49  | 25,700,612.61  |
| R&D expense                                                              |                |                |
| Goodwill                                                                 | 2,395,820.87   | 2,395,820.87   |
| Long-term deferred expenses                                              |                |                |
| Deferred income tax assets                                               | 3,463,820.21   | 3,463,820.21   |
| Other non-current assets                                                 |                |                |
| Total of non-current assets                                              | 105,615,840.50 | 106,678,285.58 |
| Total assets                                                             | 475,470,217.52 | 474,516,644.99 |
| Current liabilities:                                                     |                |                |
| Short-term borrowings                                                    |                |                |
| Borrowings from the Central Bank                                         |                |                |
| Customer bank deposits and due to banks and other financial institutions |                |                |
| Intra-group borrowings                                                   |                |                |

|                                                                                                          |               |               |
|----------------------------------------------------------------------------------------------------------|---------------|---------------|
| Financial liabilities measured at fair value of which changes are recorded in current profits and losses |               |               |
| Derivative financial liabilities                                                                         |               |               |
| Notes payable                                                                                            |               |               |
| Accounts payable                                                                                         | 1,431,229.29  | 1,594,036.50  |
| Accounts received in advance                                                                             | 15,393,117.11 | 14,718,891.99 |
| Financial assets sold and repurchased                                                                    |               |               |
| Handling charges and commissions payable                                                                 |               |               |
| Payroll payable                                                                                          | 447,395.43    | 449,772.90    |
| Tax payable                                                                                              | 13,027,964.51 | 12,796,779.45 |
| Interest payable                                                                                         |               |               |
| Dividend payable                                                                                         |               |               |
| Other accounts payable                                                                                   | 49,015,704.53 | 47,162,773.39 |
| Reinsurance premiums payable                                                                             |               |               |
| Insurance contract reserves                                                                              |               |               |
| Payables for acting trading of securities                                                                |               |               |
| Payables for acting underwriting of securities                                                           |               |               |
| Liabilities held for sale                                                                                |               |               |
| Non-current liabilities due within 1 year                                                                |               |               |
| Other current liabilities                                                                                |               |               |
| Total current liabilities                                                                                | 79,315,410.87 | 76,722,254.23 |
| Non-current liabilities:                                                                                 |               |               |
| Long-term borrowings                                                                                     |               |               |
| Bonds payable                                                                                            |               |               |
| Of which: preference shares                                                                              |               |               |
| Perpetual bonds                                                                                          |               |               |
| Long-term payables                                                                                       |               |               |
| Long-term payroll payables                                                                               |               |               |
| Specific payables                                                                                        |               |               |
| Estimated liabilities                                                                                    |               |               |
| Deferred income                                                                                          |               |               |

|                                                    |                |                |
|----------------------------------------------------|----------------|----------------|
| Deferred income tax liabilities                    |                |                |
| Other non-current liabilities                      |                |                |
| Total non-current liabilities                      |                |                |
| Total liabilities                                  | 79,315,410.87  | 76,722,254.23  |
| Owners' equity:                                    |                |                |
| Share capital                                      | 318,600,000.00 | 318,600,000.00 |
| Other equity instruments                           |                |                |
| Of which: preference shares                        |                |                |
| Perpetual bonds                                    |                |                |
| Capital reserves                                   | 52,129,496.58  | 52,129,496.58  |
| Less: Treasury stock                               |                |                |
| Other comprehensive income                         |                |                |
| Specific reserves                                  |                |                |
| Surplus reserves                                   | 86,036,260.20  | 86,036,260.20  |
| Provisions for general risks                       |                |                |
| Retained profits                                   | -96,637,178.68 | -92,329,076.97 |
| Total equity attributable to owners of the Company | 360,128,578.10 | 364,436,679.81 |
| Minority interests                                 | 36,026,228.55  | 33,357,710.95  |
| Total owners' equity                               | 396,154,806.65 | 397,794,390.76 |
| Total liabilities and owners' equity               | 475,470,217.52 | 474,516,644.99 |

Legal representative: Ding Lihong      Chief of the accounting work: Chen Jincai      Chief of the accounting organ: Zheng Guangde

## 2. Balance sheet of the Company

Unit: RMB

| Item                                                                                                | Closing balance | Opening balance |
|-----------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Current assets:                                                                                     |                 |                 |
| Monetary funds                                                                                      | 3,379,929.17    | 250,310,105.45  |
| Financial assets measured at fair value of which changes are recorded in current profits and losses |                 |                 |
| Derivative financial assets                                                                         |                 |                 |
| Notes receivable                                                                                    |                 |                 |
| Accounts receivable                                                                                 | 0.00            | 0.00            |

|                                                                                                          |                |                |
|----------------------------------------------------------------------------------------------------------|----------------|----------------|
| Accounts paid in advance                                                                                 | 63,422.00      | 620,547.00     |
| Interest receivable                                                                                      |                |                |
| Dividend receivable                                                                                      |                |                |
| Other accounts receivable                                                                                | 111,715,460.68 | 67,107,566.05  |
| Inventories                                                                                              |                |                |
| Assets held for sale                                                                                     |                |                |
| Non-current assets due within 1 year                                                                     |                |                |
| Other current assets                                                                                     |                |                |
| Total current assets                                                                                     | 115,158,811.85 | 318,038,218.50 |
| Non-current assets:                                                                                      |                |                |
| Available-for-sale financial assets                                                                      |                |                |
| Held-to-maturity investments                                                                             |                |                |
| Long-term accounts receivable                                                                            |                |                |
| Long-term equity investment                                                                              | 126,712,508.68 | 126,712,508.68 |
| Investing real estate                                                                                    |                |                |
| Fixed assets                                                                                             | 73,233,100.04  | 73,702,221.24  |
| Construction in progress                                                                                 |                |                |
| Engineering materials                                                                                    |                |                |
| Disposal of fixed assets                                                                                 |                |                |
| Production biological assets                                                                             |                |                |
| Oil-gas assets                                                                                           |                |                |
| Intangible assets                                                                                        | 25,364,018.49  | 25,700,612.61  |
| R&D expense                                                                                              |                |                |
| Goodwill                                                                                                 |                |                |
| Long-term deferred expenses                                                                              |                |                |
| Deferred income tax assets                                                                               | 2,635,189.74   | 2,635,189.74   |
| Other non-current assets                                                                                 |                |                |
| Total of non-current assets                                                                              | 227,944,816.95 | 228,750,532.27 |
| Total assets                                                                                             | 343,103,628.80 | 546,788,750.77 |
| Current liabilities:                                                                                     |                |                |
| Short-term borrowings                                                                                    |                |                |
| Financial liabilities measured at fair value of which changes are recorded in current profits and losses |                |                |
| Derivative financial liabilities                                                                         |                |                |

|                                           |                |                |
|-------------------------------------------|----------------|----------------|
| Notes payable                             |                |                |
| Accounts payable                          | 19,442.64      | 19,442.64      |
| Accounts received in advance              | 553,533.00     | 158,333.00     |
| Payroll payable                           | 201,085.64     | 185,146.56     |
| Tax payable                               | 15,782,361.77  | 15,782,337.43  |
| Interest payable                          |                |                |
| Dividend payable                          |                |                |
| Other accounts payable                    | 48,155,373.82  | 246,824,498.89 |
| Liabilities held for sale                 |                |                |
| Non-current liabilities due within 1 year |                |                |
| Other current liabilities                 |                |                |
| Total current liabilities                 | 64,711,796.87  | 262,969,758.52 |
| Non-current liabilities:                  |                |                |
| Long-term borrowings                      |                |                |
| Bonds payable                             |                |                |
| Of which: preference shares               |                |                |
| Perpetual bonds                           |                |                |
| Long-term payables                        |                |                |
| Long-term payroll payables                |                |                |
| Specific payables                         |                |                |
| Estimated liabilities                     |                |                |
| Deferred income                           |                |                |
| Deferred income tax liabilities           |                |                |
| Other non-current liabilities             |                |                |
| Total non-current liabilities             |                |                |
| Total liabilities                         | 64,711,796.87  | 262,969,758.52 |
| Owners' equity:                           |                |                |
| Share capital                             | 318,600,000.00 | 318,600,000.00 |
| Other equity instruments                  |                |                |
| Of which: preference shares               |                |                |
| Perpetual bonds                           |                |                |
| Capital reserves                          | 52,129,496.58  | 52,129,496.58  |
| Less: Treasury stock                      |                |                |

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| Other comprehensive income           |                 |                 |
| Specific reserves                    |                 |                 |
| Surplus reserves                     | 86,036,260.20   | 86,036,260.20   |
| Retained profits                     | -178,373,924.85 | -172,946,764.53 |
| Total owners' equity                 | 278,391,831.93  | 283,818,992.25  |
| Total liabilities and owners' equity | 343,103,628.80  | 546,788,750.77  |

### 3. Consolidated income statement

Unit: RMB

| Item                                                        | Reporting Period | Same period of last year |
|-------------------------------------------------------------|------------------|--------------------------|
| I. Operating revenues                                       | 200,186,975.70   | 84,853,785.15            |
| Including: Sales income                                     | 200,186,975.70   | 84,853,785.15            |
| Interest income                                             |                  |                          |
| Premium income                                              |                  |                          |
| Handling charge and commission income                       |                  |                          |
| II. Operating costs                                         | 199,776,483.69   | 81,450,675.97            |
| Including: Cost of sales                                    | 190,594,842.57   | 73,218,005.25            |
| Interest expenses                                           |                  |                          |
| Handling charge and commission expenses                     |                  |                          |
| Surrenders                                                  |                  |                          |
| Net claims paid                                             |                  |                          |
| Net amount withdrawn for the insurance contract reserve     |                  |                          |
| Expenditure on policy dividends                             |                  |                          |
| Reinsurance premium                                         |                  |                          |
| Taxes and associate charges                                 | 122,989.29       | 3,001,673.60             |
| Selling and distribution expenses                           | 1,189,892.46     | 171,040.18               |
| Administrative expenses                                     | 6,961,491.74     | 5,025,498.03             |
| Financial expenses                                          | 739,933.86       | 692,150.31               |
| Asset impairment loss                                       | 167,333.77       | -657,691.40              |
| Add: Gain/(loss) from change in fair value ("-" means loss) |                  | -148.00                  |
| Gain/(loss) from investment ("-"                            | -1,522.94        | 14,284,601.42            |

|                                                                                                                                           |               |               |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| means loss)                                                                                                                               |               |               |
| Including: share of profits in associates and joint ventures                                                                              |               |               |
| Foreign exchange gains (“-” means loss)                                                                                                   |               |               |
| III. Business profit (“-” means loss)                                                                                                     | 408,969.07    | 17,687,562.60 |
| Add: non-operating income                                                                                                                 | 0.44          | 200,000.28    |
| Including: Gains on disposal of non-current assets                                                                                        |               |               |
| Less: non-operating expense                                                                                                               | 200,000.00    | 107,893.41    |
| Including: Losses on disposal of non-current assets                                                                                       |               |               |
| IV. Total profit (“-” means loss)                                                                                                         | 208,969.51    | 17,779,669.47 |
| Less: Income tax expense                                                                                                                  | 1,848,553.62  | 1,981,720.91  |
| V. Net profit (“-” means loss)                                                                                                            | -1,639,584.11 | 15,797,948.56 |
| Net profit attributable to owners of the Company                                                                                          | -4,308,101.71 | 15,384,955.64 |
| Minority shareholders’ income                                                                                                             | 2,668,517.60  | 412,992.92    |
| VI. After-tax net amount of other comprehensive incomes                                                                                   |               |               |
| After-tax net amount of other comprehensive incomes attributable to owners of the Company                                                 |               |               |
| (I) Other comprehensive incomes that will not be reclassified into gains and losses                                                       |               |               |
| 1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement                                                   |               |               |
| 2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method |               |               |
| (II) Other comprehensive incomes that will be reclassified into gains and losses                                                          |               |               |
| 1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses                           |               |               |

|                                                                                                            |               |               |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|
| under the equity method                                                                                    |               |               |
| 2. Gains and losses on fair value changes of available-for-sale financial assets                           |               |               |
| 3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets |               |               |
| 4. Effective hedging gains and losses on cash flows                                                        |               |               |
| 5. Foreign-currency financial statement translation difference                                             |               |               |
| 6. Other                                                                                                   |               |               |
| After-tax net amount of other comprehensive incomes attributable to minority shareholders                  |               |               |
| VII. Total comprehensive incomes                                                                           | -1,639,584.11 | 15,797,948.56 |
| Attributable to owners of the Company                                                                      | -4,308,101.71 | 15,384,955.64 |
| Attributable to minority shareholders                                                                      | 2,668,517.60  | 412,992.92    |
| VIII. Earnings per share                                                                                   |               |               |
| (I) Basic earnings per share                                                                               | -0.01         | 0.05          |
| (II) Diluted earnings per share                                                                            | -0.01         | 0.05          |

Where business mergers under the same control occurred in this Reporting Period, the net profit achieved by the merged parties before the business mergers was RMB0.00, with the corresponding amount for the last period being RMB0.00.

Legal representative: Ding Lihong      Chief of the accounting work: Chen Jincai      Chief of the accounting organ: Zheng Guangde

#### 4. Income statement of the Company

Unit: RMB

| Item                          | Reporting Period | Same period of last year |
|-------------------------------|------------------|--------------------------|
| I. Total sales                | 0.00             | 0.00                     |
| Less: cost of sales           | 0.00             | 0.00                     |
| Business taxes and surcharges |                  |                          |
| Distribution expenses         |                  |                          |
| Administrative expenses       | 4,584,885.65     | 2,979,715.52             |

|                                                                                                                                           |               |               |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Financial costs                                                                                                                           | 642,274.67    | 679,570.20    |
| Impairment loss                                                                                                                           |               |               |
| Add: gain/(loss) from change in fair value (“-” means loss)                                                                               |               |               |
| Gain/(loss) from investment (“-” means loss)                                                                                              |               | 97,229,923.57 |
| Including: income from investment on associates and joint ventures                                                                        |               |               |
| II. Business profit (“-” means loss)                                                                                                      | -5,227,160.32 | 93,570,637.85 |
| Add: non-operating income                                                                                                                 |               |               |
| Including: Gains on disposal of non-current assets                                                                                        |               |               |
| Less: non-operating expense                                                                                                               | 200,000.00    | 35,611.68     |
| Including: Losses on disposal of non-current assets                                                                                       |               |               |
| III. Total profit (“-” means loss)                                                                                                        | -5,427,160.32 | 93,535,026.17 |
| Less: Income tax expense                                                                                                                  |               |               |
| IV. Net profit (“-” means loss)                                                                                                           | -5,427,160.32 | 93,535,026.17 |
| V. After-tax net amount of other comprehensive incomes                                                                                    |               |               |
| (I) Other comprehensive incomes that will not be reclassified into gains and losses                                                       |               |               |
| 1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement                                                   |               |               |
| 2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method |               |               |
| (II) Other comprehensive incomes that will be reclassified into gains and losses                                                          |               |               |
| 1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method   |               |               |
| 2. Gains and losses on fair value changes of available-for-sale financial                                                                 |               |               |

|                                                                                                            |               |               |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|
| assets                                                                                                     |               |               |
| 3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets |               |               |
| 4. Effective hedging gains and losses on cash flows                                                        |               |               |
| 5. Foreign-currency financial statement translation difference                                             |               |               |
| 6. Other                                                                                                   |               |               |
| VI. Total comprehensive incomes                                                                            | -5,427,160.32 | 93,535,026.17 |
| VII. Earnings per share                                                                                    |               |               |
| (I) Basic earnings per share                                                                               | -0.02         | 0.29          |
| (II) Diluted earnings per share                                                                            | -0.02         | 0.29          |

## 5. Consolidated cash flow statement

Unit: RMB

| Item                                                                                                                            | Reporting Period | Same period of last year |
|---------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------|
| I. Cash flows from operating activities:                                                                                        |                  |                          |
| Cash received from sale of commodities and rendering of service                                                                 | 235,472,158.88   | 72,108,208.88            |
| Net increase of deposits from customers and dues from banks                                                                     |                  |                          |
| Net increase of loans from the central bank                                                                                     |                  |                          |
| Net increase of funds borrowed from other financial institutions                                                                |                  |                          |
| Cash received from premium of original insurance contracts                                                                      |                  |                          |
| Net cash received from reinsurance business                                                                                     |                  |                          |
| Net increase of deposits of policy holders and investment fund                                                                  |                  |                          |
| Net increase of disposal of financial assets measured at fair value of which changes are recorded into current gains and losses |                  |                          |

|                                                                                               |                |                |
|-----------------------------------------------------------------------------------------------|----------------|----------------|
| Cash received from interest, handling charges and commissions                                 |                |                |
| Net increase of intra-group borrowings                                                        |                |                |
| Net increase of funds in repurchase business                                                  |                |                |
| Tax refunds received                                                                          |                |                |
| Other cash received relating to operating activities                                          | 612,905,230.54 | 267,628,740.64 |
| Subtotal of cash inflows from operating activities                                            | 848,377,389.42 | 339,736,949.52 |
| Cash paid for goods and services                                                              | 231,558,558.05 | 70,222,633.65  |
| Net increase of customer lendings and advances                                                |                |                |
| Net increase of funds deposited in the central bank and amount due from banks                 |                |                |
| Cash for paying claims of the original insurance contracts                                    |                |                |
| Cash for paying interest, handling charges and commissions                                    |                |                |
| Cash for paying policy dividends                                                              |                |                |
| Cash paid to and for employees                                                                | 2,327,459.34   | 7,108,580.70   |
| Various taxes paid                                                                            | 2,120,127.84   | 3,646,359.29   |
| Other cash payment relating to operating activities                                           | 608,577,429.24 | 233,080,656.54 |
| Subtotal of cash outflows from operating activities                                           | 844,583,574.47 | 314,058,230.18 |
| Net cash flows from operating activities                                                      | 3,793,814.95   | 25,678,719.34  |
| II. Cash flows from investing activities:                                                     |                |                |
| Cash received from withdrawal of investments                                                  | 2,867.06       | 125,919,434.13 |
| Cash received from return on investments                                                      | 10.00          | 38,176,407.74  |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |                |                |
| Net cash received from disposal of                                                            |                |                |

|                                                                                 |               |                |
|---------------------------------------------------------------------------------|---------------|----------------|
| subsidiaries or other business units                                            |               |                |
| Other cash received relating to investing activities                            |               |                |
| Subtotal of cash inflows from investing activities                              | 2,877.06      | 164,095,841.87 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 1,393,075.92  |                |
| Cash paid for investment                                                        |               | 116,508,010.16 |
| Net increase of pledged loans                                                   |               |                |
| Net cash paid to acquire subsidiaries and other business units                  |               |                |
| Other cash payments relating to investing activities                            |               |                |
| Subtotal of cash outflows from investing activities                             | 1,393,075.92  | 116,508,010.16 |
| Net cash flows from investing activities                                        | -1,390,198.86 | 47,587,831.71  |
| III. Cash Flows from Financing Activities:                                      |               |                |
| Cash received from capital contributions                                        |               | 15,918,333.46  |
| Including: Cash received from minority shareholder investments by subsidiaries  |               | 20,000,000.00  |
| Cash received from borrowings                                                   |               |                |
| Cash received from issuance of bonds                                            |               |                |
| Other cash received relating to financing activities                            |               |                |
| Subtotal of cash inflows from financing activities                              |               | 15,918,333.46  |
| Repayment of borrowings                                                         |               |                |
| Cash paid for interest expenses and distribution of dividends or profit         |               |                |
| Including: dividends or profit paid by subsidiaries to minority shareholders    |               |                |
| Other cash payments relating to financing activities                            |               |                |

|                                                                          |                |                |
|--------------------------------------------------------------------------|----------------|----------------|
| Sub-total of cash outflows from financing activities                     |                |                |
| Net cash flows from financing activities                                 | 0.00           | 15,918,333.46  |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | 66.00          | -4.92          |
| V. Net increase in cash and cash equivalents                             | 2,403,682.09   | 89,184,879.59  |
| Add: Opening balance of cash and cash equivalents                        | 301,471,305.21 | 16,669,591.58  |
| VI. Closing balance of cash and cash equivalents                         | 303,874,987.30 | 105,854,471.17 |

## 6. Cash flow statement of the Company

Unit: RMB

| Item                                                            | Reporting Period | Same period of last year |
|-----------------------------------------------------------------|------------------|--------------------------|
| I. Cash flows from operating activities:                        |                  |                          |
| Cash received from sale of commodities and rendering of service | 395,200.00       |                          |
| Tax refunds received                                            |                  |                          |
| Other cash received relating to operating activities            | 8,443,529.07     | 241,547,677.48           |
| Subtotal of cash inflows from operating activities              | 8,838,729.07     | 241,547,677.48           |
| Cash paid for goods and services                                |                  |                          |
| Cash paid to and for employees                                  | 638,288.55       | 538,492.65               |
| Various taxes paid                                              | 9,663.86         | 873,863.69               |
| Other cash payment relating to operating activities             | 253,940,952.94   | 224,870,973.10           |
| Subtotal of cash outflows from operating activities             | 254,588,905.35   | 226,283,329.44           |
| Net cash flows from operating activities                        | -245,750,176.28  | 15,264,348.04            |
| II. Cash flows from investing activities:                       |                  |                          |
| Cash received from withdrawal of investments                    |                  | 105,566,978.42           |
| Cash received from return on investments                        |                  | 38,143,343.42            |
| Net cash received from disposal of                              |                  |                          |

|                                                                                 |               |                |
|---------------------------------------------------------------------------------|---------------|----------------|
| fixed assets, intangible assets and other long-term assets                      |               |                |
| Net cash received from disposal of subsidiaries or other business units         |               |                |
| Other cash received relating to investing activities                            |               |                |
| Subtotal of cash inflows from investing activities                              |               | 143,710,321.84 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 1,180,000.00  |                |
| Cash paid for investment                                                        |               | 94,604,198.27  |
| Net cash paid to acquire subsidiaries and other business units                  |               | 30,000,000.00  |
| Other cash payments relating to investing activities                            |               |                |
| Subtotal of cash outflows from investing activities                             | 1,180,000.00  | 124,604,198.27 |
| Net cash flows from investing activities                                        | -1,180,000.00 | 19,106,123.57  |
| III. Cash Flows from Financing Activities:                                      |               |                |
| Cash received from capital contributions                                        |               |                |
| Cash received from borrowings                                                   |               |                |
| Cash received from issuance of bonds                                            |               |                |
| Other cash received relating to financing activities                            |               |                |
| Subtotal of cash inflows from financing activities                              |               |                |
| Repayment of borrowings                                                         |               |                |
| Cash paid for interest expenses and distribution of dividends or profit         |               |                |
| Other cash payments relating to financing activities                            |               |                |
| Sub-total of cash outflows from financing activities                            |               |                |
| Net cash flows from financing activities                                        |               |                |

|                                                                          |                 |               |
|--------------------------------------------------------------------------|-----------------|---------------|
| IV. Effect of foreign exchange rate changes on cash and cash equivalents |                 |               |
| V. Net increase in cash and cash equivalents                             | -246,930,176.28 | 34,370,471.61 |
| Add: Opening balance of cash and cash equivalents                        | 250,310,105.45  | 16,198,906.48 |
| VI. Closing balance of cash and cash equivalents                         | 3,379,929.17    | 50,569,378.09 |

## 7. Consolidated statement of changes in owners' equity

Reporting Period

Unit: RMB

| Item                                                              | Reporting Period                             |                             |                        |       |                    |                              |                                      |                    |                    |                            |                              |                           |                            |
|-------------------------------------------------------------------|----------------------------------------------|-----------------------------|------------------------|-------|--------------------|------------------------------|--------------------------------------|--------------------|--------------------|----------------------------|------------------------------|---------------------------|----------------------------|
|                                                                   | Equity attributable to owners of the Company |                             |                        |       |                    |                              |                                      |                    |                    |                            |                              | Minorit<br>y<br>interests | Total<br>owners'<br>equity |
|                                                                   | Share<br>capital                             | Other equity<br>instruments |                        |       | Capital<br>reserve | Less:<br>Treasur<br>y shares | Other<br>compre<br>hensive<br>income | Special<br>reserve | Surplus<br>reserve | General<br>risk<br>reserve | Retaine<br>d<br>earning<br>s |                           |                            |
|                                                                   |                                              | Prefer<br>ence<br>shares    | Perpet<br>ual<br>bonds | Other |                    |                              |                                      |                    |                    |                            |                              |                           |                            |
| 1. Balance at the<br>end of the prior<br>year                     | 318,60<br>0,000.<br>00                       |                             |                        |       | 52,129,<br>496.58  |                              |                                      |                    | 86,036,<br>260.20  |                            | -92,329,<br>076.97           | 33,357,<br>710.95         | 397,794<br>,390.76         |
| Add: Changes<br>in accounting<br>policies                         |                                              |                             |                        |       |                    |                              |                                      |                    |                    |                            |                              |                           |                            |
| Correction of<br>errors in prior<br>periods                       |                                              |                             |                        |       |                    |                              |                                      |                    |                    |                            |                              |                           |                            |
| Business<br>mergers under the<br>same control                     |                                              |                             |                        |       |                    |                              |                                      |                    |                    |                            |                              |                           |                            |
| Other                                                             |                                              |                             |                        |       |                    |                              |                                      |                    |                    |                            |                              |                           |                            |
| 2. Balance at the<br>beginning of the<br>year                     | 318,60<br>0,000.<br>00                       |                             |                        |       | 52,129,<br>496.58  |                              |                                      |                    | 86,036,<br>260.20  |                            | -92,329,<br>076.97           | 33,357,<br>710.95         | 397,794<br>,390.76         |
| 3. Increase/<br>decrease in the<br>period (“-” means<br>decrease) |                                              |                             |                        |       |                    |                              |                                      |                    |                    |                            | -4,308,1<br>01.71            | 2,668,5<br>17.60          | -1,639,5<br>84.11          |
| 3.1 Total                                                         |                                              |                             |                        |       |                    |                              |                                      |                    |                    |                            | -4,308,1                     | 2,668,5                   | -1,639,5                   |

|                                                                       |  |  |  |  |  |  |  |  |  |  |       |       |       |
|-----------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|--|-------|-------|-------|
| comprehensive income                                                  |  |  |  |  |  |  |  |  |  |  | 01.71 | 17.60 | 84.11 |
| 3.2 Capital increased and reduced by owners                           |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.2.1 Ordinary shares increased by shareholders                       |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.2.2 Capital increased by holders of other equity instruments        |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.2.3 Amounts of share-based payments charged to owners' equity       |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.2.4 Other                                                           |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.3 Profit distribution                                               |  |  |  |  |  |  |  |  |  |  | 0.00  | 0.00  | 0.00  |
| 3.3.1 Appropriation to surplus reserve                                |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.3.2 Appropriation to general risk provisions                        |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.3.3 Appropriation to owners (or shareholders)                       |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.3.4 Other                                                           |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.4 Internal carry-forward of owners' equity                          |  |  |  |  |  |  |  |  |  |  | 0.00  | 0.00  |       |
| 3.4.1 New increase of capital (or share capital) from capital reserve |  |  |  |  |  |  |  |  |  |  |       |       |       |
| 3.4.2 New increase of capital                                         |  |  |  |  |  |  |  |  |  |  |       |       |       |

|                                          |                |  |  |  |               |  |  |  |               |      |                |               |                |
|------------------------------------------|----------------|--|--|--|---------------|--|--|--|---------------|------|----------------|---------------|----------------|
| (or share capital) from surplus reserve  |                |  |  |  |               |  |  |  |               |      |                |               |                |
| 3.4.3 Surplus reserve for making up loss |                |  |  |  |               |  |  |  |               |      |                |               |                |
| 3.4.4 Other                              |                |  |  |  |               |  |  |  |               |      |                |               |                |
| 3.5 Special reserve                      |                |  |  |  |               |  |  |  |               | 0.00 | 0.00           |               |                |
| 3.5.1 Withdrawn for the period           |                |  |  |  |               |  |  |  |               |      |                |               |                |
| 3.5.2 Used in the period                 |                |  |  |  |               |  |  |  |               |      |                |               |                |
| 3.6 Other                                |                |  |  |  |               |  |  |  |               |      |                |               |                |
| 4. Closing balance                       | 318,600,000.00 |  |  |  | 52,129,496.58 |  |  |  | 86,036,260.20 |      | -96,637,178.68 | 36,026,228.55 | 396,154,806.65 |

Same period of last year

Unit: RMB

| Item                                    | Same period of last year                     |                          |                 |       |                 |                       |                            |                  |                 |                      |                   |                    |                      |
|-----------------------------------------|----------------------------------------------|--------------------------|-----------------|-------|-----------------|-----------------------|----------------------------|------------------|-----------------|----------------------|-------------------|--------------------|----------------------|
|                                         | Equity attributable to owners of the Company |                          |                 |       |                 |                       |                            |                  |                 |                      |                   |                    | Total owners' equity |
|                                         | Share capital                                | Other equity instruments |                 |       | Capital reserve | Less: Treasury shares | Other comprehensive income | Specific reserve | Surplus reserve | General risk reserve | Retained earnings | Minority interests |                      |
|                                         |                                              | Preference shares        | Perpetual bonds | Other |                 |                       |                            |                  |                 |                      |                   |                    |                      |
| 1. Balance at the end of the prior year | 318,600,000.00                               |                          |                 |       | 52,129,496.58   |                       |                            |                  | 86,036,260.20   |                      | -84,077,977.39    | 4,263,300.71       | 376,951,080.10       |
| Add: Changes in accounting policies     |                                              |                          |                 |       |                 |                       |                            |                  |                 |                      |                   |                    |                      |
| Correction of errors in prior periods   |                                              |                          |                 |       |                 |                       |                            |                  |                 |                      |                   |                    |                      |
| Business mergers under the same control |                                              |                          |                 |       |                 |                       |                            |                  |                 |                      |                   |                    |                      |
| Other                                   |                                              |                          |                 |       |                 |                       |                            |                  |                 |                      |                   |                    |                      |
| 2. Balance at the beginning of the      | 318,600,000.00                               |                          |                 |       | 52,129,496.58   |                       |                            |                  | 86,036,260.20   |                      | -84,077,977.39    | 4,263,300.71       | 376,951,080.10       |

|                                                                             |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
|-----------------------------------------------------------------------------|----|--|--|--|--|--|--|--|--|--|-------------------|-------------------|-------------------|
| year                                                                        | 00 |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3. Increase/<br>decrease in the<br>period (“-” means<br>decrease)           |    |  |  |  |  |  |  |  |  |  | -8,251,0<br>99.58 | 29,094,<br>410.24 | 20,843,<br>310.66 |
| 3.1 Total<br>comprehensive<br>income                                        |    |  |  |  |  |  |  |  |  |  | -8,251,0<br>99.58 | 2,572,7<br>47.94  | -5,678,3<br>51.64 |
| 3.2 Capital<br>increased and<br>reduced by owners                           |    |  |  |  |  |  |  |  |  |  |                   | 26,521,<br>662.30 | 26,521,<br>662.30 |
| 3.2.1<br>Ordinary shares<br>increased by<br>shareholders                    |    |  |  |  |  |  |  |  |  |  |                   | 26,521,<br>662.30 | 26,521,<br>662.30 |
| 3.2.2 Capital<br>increased by<br>holders of other<br>equity instruments     |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3.2.3<br>Amounts of<br>share-based<br>payments charged<br>to owners’ equity |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3.2.4 Other                                                                 |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3.3 Profit<br>distribution                                                  |    |  |  |  |  |  |  |  |  |  | 0.00              | 0.00              |                   |
| 3.3.1<br>Appropriation to<br>surplus reserve                                |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3.3.2<br>Appropriation to<br>general risk<br>provisions                     |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3.3.3<br>Appropriation to<br>owners (or<br>shareholders)                    |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3.3.4 Other                                                                 |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |
| 3.4 Internal<br>carry-forward of<br>owners’ equity                          |    |  |  |  |  |  |  |  |  |  | 0.00              | 0.00              |                   |
| 3.4.1 New                                                                   |    |  |  |  |  |  |  |  |  |  |                   |                   |                   |

|                                                                       |                |  |  |  |               |  |  |               |  |                |               |                |  |
|-----------------------------------------------------------------------|----------------|--|--|--|---------------|--|--|---------------|--|----------------|---------------|----------------|--|
| increase of capital (or share capital) from capital reserve           |                |  |  |  |               |  |  |               |  |                |               |                |  |
| 3.4.2 New increase of capital (or share capital) from surplus reserve |                |  |  |  |               |  |  |               |  |                |               |                |  |
| 3.4.3 Surplus reserve for making up loss                              |                |  |  |  |               |  |  |               |  |                |               |                |  |
| 3.4.4 Other                                                           |                |  |  |  |               |  |  |               |  |                |               |                |  |
| 3.5 Special reserve                                                   |                |  |  |  |               |  |  |               |  | 0.00           | 0.00          |                |  |
| 3.5.1 Withdrawn for the period                                        |                |  |  |  |               |  |  |               |  |                |               |                |  |
| 3.5.2 Used in the period                                              |                |  |  |  |               |  |  |               |  |                |               |                |  |
| 3.6 Other                                                             |                |  |  |  |               |  |  |               |  |                |               |                |  |
| 4. Closing balance                                                    | 318,600,000.00 |  |  |  | 52,129,496.58 |  |  | 86,036,260.20 |  | -92,329,076.97 | 33,357,710.95 | 397,794,390.76 |  |

## 8. Statement of changes in owners' equity of the Company

Reporting Period

Unit: RMB

| Item                                    | Reporting Period |                          |                 |       |                 |                       |                            |                 |                 |                   |                      |
|-----------------------------------------|------------------|--------------------------|-----------------|-------|-----------------|-----------------------|----------------------------|-----------------|-----------------|-------------------|----------------------|
|                                         | Share capital    | Other equity instruments |                 |       | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total owners' equity |
|                                         |                  | Preference shares        | Perpetual bonds | Other |                 |                       |                            |                 |                 |                   |                      |
| 1. Balance at the end of the prior year | 318,600,000.00   |                          |                 |       | 52,129,496.58   |                       |                            |                 | 86,036,260.20   | -172,946,764.53   | 283,818,992.25       |
| Add: Changes in accounting policies     |                  |                          |                 |       |                 |                       |                            |                 |                 |                   |                      |
| Correction of errors in prior           |                  |                          |                 |       |                 |                       |                            |                 |                 |                   |                      |

|                                                                 |                |  |  |  |               |  |  |  |               |                 |                |
|-----------------------------------------------------------------|----------------|--|--|--|---------------|--|--|--|---------------|-----------------|----------------|
| periods                                                         |                |  |  |  |               |  |  |  |               |                 |                |
| Other                                                           |                |  |  |  |               |  |  |  |               |                 |                |
| 2. Balance at the beginning of the year                         | 318,600,000.00 |  |  |  | 52,129,496.58 |  |  |  | 86,036,260.20 | -172,946,764.53 | 283,818,992.25 |
| 3. Increase/decrease in the period (“-” means decrease)         |                |  |  |  |               |  |  |  |               | -5,427,160.32   | -5,427,160.32  |
| 3.1 Total comprehensive income                                  |                |  |  |  |               |  |  |  |               | -5,427,160.32   | -5,427,160.32  |
| 3.2 Capital increased and reduced by owners                     |                |  |  |  |               |  |  |  |               | 0.00            |                |
| 3.2.1 Ordinary shares increased by shareholders                 |                |  |  |  |               |  |  |  |               |                 |                |
| 3.2.2 Capital increased by holders of other equity instruments  |                |  |  |  |               |  |  |  |               |                 |                |
| 3.2.3 Amounts of share-based payments charged to owners’ equity |                |  |  |  |               |  |  |  |               |                 |                |
| 3.2.4 Other                                                     |                |  |  |  |               |  |  |  |               |                 |                |
| 3.3 Profit distribution                                         |                |  |  |  |               |  |  |  |               | 0.00            |                |
| 3.3.1 Appropriation to surplus reserve                          |                |  |  |  |               |  |  |  |               |                 |                |
| 3.3.2 Appropriation to owners (or shareholders)                 |                |  |  |  |               |  |  |  |               |                 |                |
| 3.3.3 Other                                                     |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4 Internal carry-forward of owners’ equity                    |                |  |  |  |               |  |  |  |               | 0.00            |                |

|                                                                       |                |  |  |  |               |  |  |  |               |                 |                |
|-----------------------------------------------------------------------|----------------|--|--|--|---------------|--|--|--|---------------|-----------------|----------------|
| 3.4.1 New increase of capital (or share capital) from capital reserve |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4.2 New increase of capital (or share capital) from surplus reserve |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4.3 Surplus reserve for making up loss                              |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4.4 Other                                                           |                |  |  |  |               |  |  |  |               |                 |                |
| 3.5 Special reserve                                                   |                |  |  |  |               |  |  |  |               | 0.00            |                |
| 3.5.1 Withdrawn for the period                                        |                |  |  |  |               |  |  |  |               |                 |                |
| 3.5.2 Used in the period                                              |                |  |  |  |               |  |  |  |               |                 |                |
| 3.6 Other                                                             |                |  |  |  |               |  |  |  |               |                 |                |
| 4. Closing balance                                                    | 318,600,000.00 |  |  |  | 52,129,496.58 |  |  |  | 86,036,260.20 | -178,373,924.85 | 278,391,831.93 |

Same period of last year

Unit: RMB

| Item                                    | Same period of last year |                          |                 |       |                 |                       |                            |                 |                 |                   |                      |
|-----------------------------------------|--------------------------|--------------------------|-----------------|-------|-----------------|-----------------------|----------------------------|-----------------|-----------------|-------------------|----------------------|
|                                         | Share capital            | Other equity instruments |                 |       | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total owners' equity |
|                                         |                          | Preference shares        | Perpetual bonds | Other |                 |                       |                            |                 |                 |                   |                      |
| 1. Balance at the end of the prior year | 318,600,000.00           |                          |                 |       | 52,129,496.58   |                       |                            |                 | 86,036,260.20   | -243,979,836.27   | 212,785,920.51       |
| Add: Changes in accounting policies     |                          |                          |                 |       |                 |                       |                            |                 |                 |                   |                      |
| Correction of errors in prior periods   |                          |                          |                 |       |                 |                       |                            |                 |                 |                   |                      |
| Other                                   |                          |                          |                 |       |                 |                       |                            |                 |                 |                   |                      |

|                                                                 |                |  |  |  |               |  |  |  |               |                 |                |
|-----------------------------------------------------------------|----------------|--|--|--|---------------|--|--|--|---------------|-----------------|----------------|
| 2. Balance at the beginning of the year                         | 318,600,000.00 |  |  |  | 52,129,496.58 |  |  |  | 86,036,260.20 | -243,979,836.27 | 212,785,920.51 |
| 3. Increase/decrease in the period (“-” means decrease)         |                |  |  |  |               |  |  |  |               | 71,033,071.74   | 71,033,071.74  |
| 3.1 Total comprehensive income                                  |                |  |  |  |               |  |  |  |               | 71,033,071.74   | 71,033,071.74  |
| 3.2 Capital increased and reduced by owners                     |                |  |  |  |               |  |  |  |               | 0.00            | 0.00           |
| 3.2.1 Ordinary shares increased by shareholders                 |                |  |  |  |               |  |  |  |               |                 |                |
| 3.2.2 Capital increased by holders of other equity instruments  |                |  |  |  |               |  |  |  |               |                 |                |
| 3.2.3 Amounts of share-based payments charged to owners’ equity |                |  |  |  |               |  |  |  |               |                 |                |
| 3.2.4 Other                                                     |                |  |  |  |               |  |  |  |               |                 |                |
| 3.3 Profit distribution                                         |                |  |  |  |               |  |  |  |               | 0.00            |                |
| 3.3.1 Appropriation to surplus reserve                          |                |  |  |  |               |  |  |  |               | 0.00            |                |
| 3.3.2 Appropriation to owners (or shareholders)                 |                |  |  |  |               |  |  |  |               | 0.00            |                |
| 3.3.3 Other                                                     |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4 Internal carry-forward of owners’ equity                    |                |  |  |  |               |  |  |  |               | 0.00            |                |
| 3.4.1 New increase of capital (or share capital)                |                |  |  |  |               |  |  |  |               |                 |                |

|                                                                       |                |  |  |  |               |  |  |  |               |                 |                |
|-----------------------------------------------------------------------|----------------|--|--|--|---------------|--|--|--|---------------|-----------------|----------------|
| from capital reserve                                                  |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4.2 New increase of capital (or share capital) from surplus reserve |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4.3 Surplus reserve for making up loss                              |                |  |  |  |               |  |  |  |               |                 |                |
| 3.4.4 Other                                                           |                |  |  |  |               |  |  |  |               |                 |                |
| 3.5 Special reserve                                                   |                |  |  |  |               |  |  |  |               |                 |                |
| 3.5.1 Withdrawn for the period                                        |                |  |  |  |               |  |  |  |               |                 |                |
| 3.5.2 Used in the period                                              |                |  |  |  |               |  |  |  |               |                 |                |
| 3.6 Other                                                             |                |  |  |  |               |  |  |  |               |                 |                |
| 4. Closing balance                                                    | 318,600,000.00 |  |  |  | 52,129,496.58 |  |  |  | 86,036,260.20 | -172,946,764.53 | 283,818,992.25 |

### III. Company profile

1. The registration place, the organization method and the headquarters address of the Company

Guangdong Rieys (Group) Co., Ltd. (hereinafter referred to as “the Company”) was a limited liability company registered in Guangdong Province and had been approved by the Y-H-B [1997] No. 580 document of People’s Government of Guangdong Province on 17 November 1997, which established by five enterprises including Puning Haicheng Industrial Co., Ltd. (this company changed its name to Shenzhen Shenghengchang Industrial Co., Ltd. after relocating in Shenzhen; in 2007 this company was renamed as Guangzhou Shenghengchang Investment Co., Ltd.; in 2008 this company was renamed as Guangzhou Shenghengchang Trade and Development Co., Ltd.; on 28 January, 2010 this company was renamed as Puning Shenghengchang Trade Development Co., Ltd.; on 26 July 2013, this company was renamed as Shenzhen Shenghengchang Huifu Industrial Co., Ltd. as relocation), an original sino-foreign cooperated enterprise of Hongxing Weaving Garment Co., Ltd. Under approval of Guangdong Province Administration for Industry and Commerce, the Company registered with the registration number of the license of the business corporation of: 445200000034656. The Share B, which was the HK common stock as well as the domestically listed foreign share issued by the Company, had listed on the SZSE. The registration place of the Company: Meixin Industrial Park, Junbu Town, Puning, Guangdong Province, of which the parent company was the Shenzhen Shenghengchang Huifu Industrial Co., Ltd. and the ultimate actual controller of the Group was Chen Hongcheng. The Company had renamed as Guangdong Jadiete Holdings Group Co., Ltd. on 18 May 2016.

The Company used to be the Puning Hongxing Weaving Garment Co., Ltd., which had reorganized as a limited liability company based on the former company on 17 November 1997.

The original registration capital of the Company was of RMB80,000,000.00 with the total amount of the share capital of 80,000,000 shares. And the face value of the shares of the Company was of RMB1 per share. In March 1999, with the approval of the Shareholders' General Meeting, the Company declared a Bonus Issue of 3.5 shares per 10 shares based on the total number of shares accrued in the register as at December 31, 1998 (80 million shares), making the registered capital increased to 108,000,000 shares. The Company issued 60,000,000 shares of foreign invested stock domestically listed ("Stock B") for foreign investors on October 17, 2000, and issued 9,000,000 shares of Stock B for exercise of over-allotment options during the period from October 27 to November 22, 2000 in accordance with approval of ZJFXZ (2000) No. 133 issued by China Securities Regulatory Commission on September 29, 2000. The registered capital of the Company increased to RMB177,000,000 after issuance of Stock B, which was divided into 177,000,000 shares of RMB1.00 each. The registered capital of the Company increased to 318,600,000 after years of bonus distribution and transfer increase in paid-in capital, which was divided into 318,600,000 shares of RMB1.00 each.

As at 30 June 2016, the Company's total share capital was 318,600,000 shares, including 164,025,000 non-tradable legal shares (representing 51.48% of total shares and 154,575,000 domestic listed foreign shares (stock B) (representing 48.52% of total shares).

## 2. Operating scope

The operating scope of the Company: executes the self-management and agent of the import and export business of other goods and techniques except for the national organization unified joint venture export commodities and the national approved corporation operation export commodities; executes the processing imported materials operation, "three-processing and one compensation", counter trade and entrepot trade (operates according to the [98] WZMZSHZ No. 1225 document); the production, processing and sales of the clothing, needle and textiles. Sales of the industrial capital goods (excluding the gold, car, dangerous chemicals), department stores, furniture, arts and crafts (excluding the gold jewelry) and the domestic commerce (except for those forbidden by the laws, administrative regulations and the State Council; and as for the projects limited by the laws, administrative regulations and the State Council should acquire the permission before operating). Crops planting. Storage. Various investments. Real Estate development (three-level with the period of validity to 31 December 2015.) Commercial residential buildings developed owning to renting out the Company. Hotel management. Engages in the technique development, design and sales of the gold, silver, platinum, diamond, jade, jewelry, hardstone article and so on.

## 3. Information of the special enterprises with limited business allotted time

Naught

## 4. Business nature and major operating activities of the Company

The Company is the gold jewelry vendor; mainly engages in the technique development, design and sales of the gold jewelry.

## 5. Approval of the presentation of the financial statements

The financial statements and the notes to the financial statements were approved by the 3<sup>rd</sup> Session of the 7<sup>th</sup> Board of Directors of the Company on 29 August 2016.

There were 4 main bodies included in the consolidated financial statement scope at the period-end of the Reporting Period, which specifically including:

| Name of the subsidiaries                         | Type of the subsidiaries  | Shareholding proportion (%) | Voting proportion (%) |
|--------------------------------------------------|---------------------------|-----------------------------|-----------------------|
| Shenzhen Rieys Industrial Co., Ltd.              | Limited liability company | 90.00                       | 90.00                 |
| Puning Tianhe Weaving Garment Co., Ltd.          | Limited liability company | 100.00                      | 100.00                |
| Tianrui (Hong Kong) Trading Co., Ltd.            | Limited liability company | 100.00                      | 100.00                |
| Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. | Limited liability company | 51.00                       | 51.00                 |

1. The subsidiaries newly included in the consolidated scope, the main bodies with special purpose and the operating entities formed the control right through the methods of the fiduciary operation or accepting leases

No such situation of the Company during the Reporting Period.

2. The subsidiaries no more newly included in the consolidated scope, the main bodies with special purpose and the operating entities lost the control right through the methods of the entrusted operation or leasing

No such situation of the Company during the Reporting Period.

## IV. Basis for the preparation of the financial statement

### 1. Basis for the preparation

The Company and its subsidiaries are prepared based on assumption of the Company's continuing operations, according to transactions and events actually occurred, and based on "Basic Accounting Standard for Business Enterprises" and specific accounting standards as well as the application guide, explanation and other relevant regulations (generally referred to as "ASBE") issued by Ministry of Finance. In addition, the Company's financial statements also comply with the relevant financial information in "Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public No.15 - General Provisions for Financial Reports" (hereinafter referred to as "the No. 15") issued by CSRC (revised in 2014).

The accounting measurement of the Company based on the accrual basis. Except for certain financial instruments, the financial statements were all based on the historical cost for measurement. If there was impairment of the assets, should withdraw the impairment provision according to the

relevant regulations.

## **2. Continuing operations**

The financial statement presented based on the continuing operations. There was no any event or situation caused major concerns on the continuing operation ability of the Company within 12 months from the period-end.

## **V. Significant accounting policies and estimates**

Specific accounting policies and accounting estimates indicators:

Naught

### **1. Statement of Compliance with the Accounting Standards for Business Enterprises**

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's, and the relevant information of the Company's merger and financial positions as at 30 June 2016, as well as the merger, business results and the merger and cash flows for the first half year of 2016.

### **2. Fiscal period**

The Company's fiscal year starts on 1 Jan. and ends on 31 Dec. of every year according to the Gregorian calendar.

### **3. Operating cycle**

Normal operating cycle refers to the period from the Group purchases the assets for processing to realize the cash or cash equivalents. The Group regards 12 months as an operating cycle and regards which as the partition criterion of the mobility of the assets and liabilities.

### **4. Recording currency**

Recording currency is RMB.

### **5. Accounting treatment for business combinations under the common control and not under the common control**

#### **(1) Judgment standard of the package deal**

If the terms, conditions and the economic influences of each transaction in the process of the enterprise merger realized by multiple steps met with one or various situation of the followings, should execute the accounting treatment by considering the multiple transactions as the package deal:

- ☐ these transactions are considered simultaneously, or in the case of mutual influence made;
- ☐ these transactions as a whole in order to achieve a complete business results;
- ☐ the occurrence of a transaction depends on occurs at least one other transaction ;
- ☐ a transaction look alone is not economical, but when considered together with other transaction is economical.

## (2) Business combination under the same control

For the business combination under the same control, the assets and liabilities that the combining party obtains in a business combination, except for the adjustment executed owing to the differences between the accounting policies, shall be measured on the basis of their originally carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital (share/capital premium) shall be adjusted. If the additional paid-in capital (share/capital premium) is not sufficient to be offset, the retained earnings shall be adjusted.

The direct relevant expenses occurred for executing the enterprise merger should be recorded in the current gains and losses when occurred.

## (3) Business combination not under the same control

Business combination not under the common control refers to that parties involved in the merger are not subject to the ultimate control of the same party or same multi-parties before & after the merger.

For a business combination not under the same control, the combination costs shall include the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree. On the purchase date, the merger cost occurred in the Company and the assets, liabilities and the contingent liabilities of the acquirees should be recognized according to the fair value.

As for the expenses for audit, legal services and assessment, and other administrative expenses, should be recorded into the profits and losses in the current period. The trading expenses for the equity securities or debt securities issued by the acquirer as the combination consideration shall be recorded into the amount of initial measurement of the equity securities or debt securities.

The Company shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation and shall execute the follow-up measurement according to the cost which deducted the accumulative impairment provision; the Company shall record which in the current gains and losses after the reexamination to treat the balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree.

As for the deductible temporary differences the acquirer obtains from the acquiree which are not

recognized into deferred income tax liabilities due to their not meeting the recognition standards, if new or further information shows that the relevant situation has existed on the acquiring date and the economic benefits brought by the deductible temporary differences the acquirer obtains from the acquiree on the acquiring date can be realized, they shall be recognized into deferred income tax assets and the relevant goodwill shall be reduced. Where the goodwill is not sufficient to be offset, the difference shall be recognized into the profits and losses in the current period. In other circumstances than the above, where the deductible temporary differences are recognized into deferred income tax assets on the acquiring date, they shall be recorded into the profits and losses in the current period.

In a business combination not under same control realized by two or more transactions of exchange, according to about the 5<sup>th</sup> Notice about the Treasury Issuing the Accounting Standards for Enterprises (Finance accounting) [2012] No. 19 Criterion about the “package deal”, whether the deals are “package deal” or not, belong to the “package deal”, see the previous paragraphs described in this section and note IV, 12 “long term equity investment transaction” and conduct accounting treatment, those not belong to the “package deal” distinguish between the individual financial statements and the consolidated financial statements and conduct relevant accounting treatment.

In the individual financial statements, the sum of the book value and new investment cost of the Company holds in the acquiree before the acquiring date shall be considered as initial cost of the investment. Other related comprehensive gains in relation to the equity interests that the Company holds in the acquiree before the acquiring date, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree’s re-measurement, the others shall be transferred into current investment gains.

In the Company’s consolidated financial statements, the merger cost is the sum of the consideration pays on the purchase date and the fair value on the purchase date of the equity of the acquirees hold before the purchase date. As for the equity interests that the Company holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. Other related comprehensive gains in relation to the equity interests that the Company holds in the acquiree before the acquiring date, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree’s re-measurement, the others shall be transferred into current investment gains.

## **6. Preparation of the consolidated financial statements**

The consolidation scope for financial statements is determined on the basis of control and all the subsidiaries (including the individual main body controlled by the Company) are all included in the consolidated financial statement.

The consolidated financial statement bases on the financial statement of the Company and the subsidiaries and prepares according to the other relevant materials by the Company. When preparing the consolidated financial statement, the accounting policies and the accounting period of

the Company and the subsidiaries were required to maintain unanimous while the intercompany significant contracts and the come-and-go balance should be offset.

For the subsidiaries increased owning to the enterprise merger under the same control during the Reporting Period, the Company includes their income, expenses and profits from the period-begin of the merger to the end of the Reporting Period in the consolidated statement of income and includes the cash flow in the consolidated statement of cash flow, as well as adjust the opening balance and the comparison amount of the consolidated financial statement; as for the subsidiaries increased owning to the enterprise merger not under the same control during the Reporting Period, the Company includes their income, expenses and profits from the purchase date to the end of the Reporting Period in the consolidated statement of income and includes the cash flow in the consolidated statement of cash flow, while not to as adjust the opening balance and the comparison amount of the consolidated financial statement; during the Reporting Period, as for the disposed subsidiaries, the Company includes their income, expenses and profits from the period-begin of the merger to the disposal date in the consolidated statement of income and includes the cash flow in the consolidated statement of cash flow, and not to adjust the opening balance of the consolidated balance sheet.

The portion of a subsidiary's shareholders' equity and the portion of a subsidiary's net profits and losses for the period not held by the Company are recognized as minority interests and minority shareholder profits and losses respectively and presented separately under shareholders' equity and net profits in the consolidation financial statements. The portion of a subsidiary's net profits and losses for the period that belong to minority interests is presented as the item of "minority shareholder profits and losses" under the bigger item of net profits in the consolidated financial statements. Where the loss of a subsidiary shared by minority shareholders exceeds the portion enjoyed by minority shareholders in the subsidiary's opening owners' equity, minority interests are offset.

As for the transactions purchasing minority equities of the subsidiaries or the transitions not losing the control right of the subsidiaries owning to disposing the equity investment on them, should be measured as the equity transactions and adjust the book value that attributes to the equities of the shareholders of the Company and the equities of the minority shareholders for reflecting the changes in the relevant equities of the subsidiaries. The Company adjusts the capital surplus of the difference between the adjusted amount of the equities of the minority shareholders and the fair value of the paid/received consideration, if the capital surplus is insufficient to write down, the retained income should be adjusted.

Where the Company losses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Company according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Company's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment in the original subsidiary are treated on the same accounting basis as the acquiree directly disposes the relevant assets or

liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases. And subsequent measurement is conducted on the residual equity interests according to the No. 2 Accounting Standard for Business Enterprises-Long-term Equity Investments or the No. 22 Accounting Standard for Business Enterprises-Recognition and Measurement of Financial Instruments.

Where the Company losses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, it need to distinguish the Company losses control on its subsidiaries due to disposal of equity investments whether belongs to a package deal. If each transaction of disposing the equity investment of the subsidiaries until losing the control right belongs to the package deal, should be regarded as a transaction of disposing the subsidiaries and losing the control right for accounting treatment. Those not belong to a package deal, each of them a deal depends on circumstances respectively conduct accounting treatment in accordance with the applicable principles of “part disposal of subsidiaries of a long-term equity investment under the condition of not losing control on its subsidiaries” (see details to the first two paragraphs) and “Where the Group losses control on its original subsidiaries due to disposal of some equity investments or other reasons” (see the details to the first paragraph). However, before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the lose of control, when the Company losing control on its subsidiary.

## **7. Confirmation standard for cash and cash equivalent**

In preparing the cash flow statement, the cash equivalents of the Company include the investments with short period (it usually expires within three months from the purchase date), characteristics of high liquidity, easy conversion to certain amount of cash and little risk of value change.

## **8. Transactions of foreign currencies and conversion of financial statements in foreign currencies**

(1) Adjustments are made to foreign currency accounts in accordance with the exchange rate prevailing on the balance sheet date

Value of non currency item accrued at fair value by foreign currency is adjusted in accordance with the exchange rate prevailing on fair value confirm date. Conversion differences arising from those specific borrowings are to be capitalized as part of the cost of the construction in progress in the period before the fixed assets being acquired and constructed has not yet reached working condition for its intended use. Conversion differences arising from other accounts are charged to financial expenses.

(2) In balance sheet, assets and liabilities items are converted into RMB at the exchange rate prevailing on the consolidated balance sheet date. Owner's equity items (excluding undistributed profit item) are converted into RMB at the exchange rate when the transaction occurs. In income statement, revenue and expenses items are accrued by the proper method and the approximate rate

when the transaction occurs. Translation difference occurred for above reason is disclosed in the consolidated balance sheet as a separate item.

## 9. Financial instruments

The term “financial instruments” refers to the contracts under which the financial assets of an enterprise are formed and the financial liability or right instruments of any other entity are formed. Financial instruments include the financial assets, financial liabilities and equity instruments.

### (1) Recognition and derecognition of the financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

Where a financial asset satisfies any of the following requirements, the recognition of it shall be terminated:

- ☐ Where the contractual rights for collecting the cash flow of the said financial asset are terminated;
- ☐ Where the said financial asset has been transferred and meets the conditions for recognizing the termination of financial assets as follows.

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Buying and selling the financial assets by conventional methods and executing the accounting recognition and derecognition according to the transaction date.

### (2) Category and measurement of the financial assets

The Company classifies the financial assets into the following four kinds when initially recognizing according to the contract terms of the issued financial instruments and the economic nature reflected by which but not by the law methods as well as combines with the aims of acquiring and holding the financial assets and undertaking the financial liabilities: financial assets measured by fair value with the changes be recorded in the current gains and losses, held-to-maturity investment, loans and accounts receivable as well as the available-for-sale financial assets. The financial assets should be measured by fair value when initially recognizing. As for the financial assets measured by fair value with the changes be recorded in the current gains and losses, the relevant transactions expenses should be directly recorded in the current gains and losses while the relevant transactions expenses of the financial assets of other categories should be recorded in the initially recognized amount.

Financial assets measured by fair value with the changes be included in the current gains and losses

As for the financial assets measured by fair value with the changes are included in the current gains and losses which include the tradable financial assets and the financial assets be appointed as the one be measured by fair value with the changes are included in the current gains and losses when initially recognized. For this kind of the financial assets, should be executed the follow-up measurement by adopting the fair value, and the profits or losses form from the changes of the fair value as well as the dividends and the interest income related to the financial assets should be recorded in the current gains and losses.

#### Held-to-maturity investment

The term“held-to-maturity investment”refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the enterprise holds for a definite purpose or the enterprise is able to hold until its maturity. The following non-derivative financial assets shall not be classified as investments held to their maturity. As for the held-to-maturity investment, shall make subsequent measurement on its financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, while the gains or losses of the derecognition, impairment or amortization should be recorded in the current gains and losses.

#### Accounts receivable

Accounts receivable refers to the non-derivative financial assets without any quotation in the active market but with fixed or recognizable recovery amount, which include the accounts receivable and other accounts receivable etc. As for the accounts receivable, shall make subsequent measurement on its financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, while the gains or losses of the derecognition, impairment or amortization should be recorded in the current gains and losses.

#### Available-for-sale financial assets

Available-for-sale financial assets refers to the non-derivative financial assets be appointed as available-for-sale and the financial assets except for the above category of the financial assets. The available-for-sale financial assets should adopt the follow-up measurement and the premium should adopt the actual interest rate for amortization and be recognized as the interest income. Except for the impairment losses and the exchange differences of the foreign currency financial assets which be regarded as the current gains and losses, the changes of the fair value of the available-for-sale financial assets should be recognized as other comprehensive income, and when the financial assets being derecognizing, the portion of the accumulative amount of changes in the fair value originally recorded in the other comprehensive income which corresponds to the portion whose recognition has been disposed, shall be transferred and recorded in the current gains and losses. And the dividends or the interest income related to the available-for-sale financial assets should be recorded in the current gains and losses.

### (3) Category and measurement of financial liabilities

The financial liabilities of the Company are classified as the follows when initially recognized:

financial liabilities measured by fair value with the changes are recorded in the current gains and losses and other financial liabilities. As for those had not be divided as the financial liabilities measured by fair value with the changes be recorded in the current gains and losses, the relevant transaction expenses should be recorded in the initial recognized amount.

Financial liabilities measured by fair value with the changes be recorded in the current gains and losses

The financial liabilities measured by fair value with the changes be recorded in the current gains and losses, which include the tradable financial liabilities and the financial liabilities be appointed as measured by fair value with the changes be recorded in the current gains and losses when initially recognized. For this kind of financial liabilities should be executed the follow-up measurement according to the fair value, while the profits or losses form from the changes of the fair value and the dividends and the interest expenses related to the financial liabilities should be recorded in the current gains and losses.

#### Other financial liabilities

For the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by delivering the equity instrument, they shall be executed follow-up measurement on the basis of their costs. As for the other financial liabilities, should adopt the effective interest method and be executed the follow-up measurement according to the amortized cost with the profits or losses form from derecognition or amortization be recorded in the current gains and losses.

#### (4) Fair value of the financial instruments

As for the financial assets or financial liabilities for which there is an active market, the current offer or current price in the active market shall be used to determine the fair values thereof.

Where there is no active market for a financial instrument, the Company concerned shall adopt value appraisal techniques to determine its fair value. The result obtained by adopting value appraisal techniques shall be able to reflect the transaction prices that may be adopted in fair dealings on the value appraisal day. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc.

To determine the fair value of a financial asset, the Company chooses those value appraisal techniques which are generally acknowledged by market participants and have been proved as reliable by past actual transaction prices of the market. To determine the fair value of a financial asset by adopting value appraisal techniques, the Company shall adopt, if possible, all the market parameters that are taken into account by market participants in pricing financial instruments and the observable transaction price of the current market with the same financial instruments for testing the validity of the valuation technique.

#### (5) Impairment of financial assets

The Company shall carry out an inspection, on the balance sheet day, on the carrying amount of the financial assets and where there is any objective evidence proving that such financial asset has been impaired, an impairment provision shall be made. The expression “objective evidence proving that the financial asset has been impaired” refers to the actually incurred events which, after the financial asset is initially recognized, have an impact on the predicted future cash flow of the said financial asset that can be reliably measured by the Company.

#### Financial assets measured by amortized cost

If there are objective evidences indicate that the financial assets occur impairment, the carrying amount of the said financial asset shall be written down to the current value of the predicted future cash flow (excluding the loss of future credits not yet occurred), and the amount as written down shall be recorded in the current gains and losses. The current value of the predicted future cash flow shall be determined according to the capitalization of the original actual interest rate of the said financial asset, taking into account the value of the relevant guarantee.

An impairment test shall be made on the financial assets with significant single amounts. If any objective evidence shows that it has been impaired, the impairment-related losses shall be recognized and shall be recorded into the profits and losses of the current period. With regard to the financial assets with insignificant single amounts, an independent impairment test may be carried out, or they may be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test. Where, upon independent test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it shall be included in a combination of financial assets with similar risk features so as to conduct another impairment test. The financial assets which have suffered from an impairment loss in any single amount shall not be included in any combination of financial assets with similar risk features for any impairment test.

Where any financial asset measured on the basis of post-amortization costs is recognized as having suffered from any impairment loss, if there is any objective evidence proving that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed and be recorded into the profits and losses of the current period. However, the reversed carrying amount shall not be any more than the post-amortization costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment.

#### Available-for-sale financial assets

Where there are objective evidences indicate that the available-for-sale financial assets are impaired, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the current period. The accumulative losses that are transferred out shall be the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period.

As for the sellable debt instruments whose impairment-related losses have been recognized, if, within the accounting period thereafter, the fair value has risen and are objectively related to the subsequent events that occur after the originally impairment-related losses were recognized, the originally recognized impairment-related losses shall be reversed and be recorded into the profits and losses of the current period. The impairment-related losses incurred to a sellable equity instrument investment shall not be reversed through profits and losses.

#### Financial assets measured by cost

When the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, or the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument are impaired, should recognize the book value of the financial assets and the differences between the current value recognized from the discounting according to the current market earnings rate of the similar financial assets to the future cash flow as the impairment losses and record which in the current gains and losses. And the occurred impairment losses once being recognized should not be reversed.

#### (7) Transformation of the financial assets

The term ““transfer of a financial asset” refers to transferring or delivering a financial asset to a party other than the issuer of the financial asset (the transferee).

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset.

Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: if it gives up its control over the financial asset, it shall stop recognizing the financial asset; if it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

### 10. Receivables

#### (1) Accounts receivable with significant single amount for which the bad debt provision is made individually

|                                                                             |                                                                                                                                                                                                |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Standard of significant single amounts                                      | Individual material receivables are the top five largest receivables or sum of receivables which account for 10% of ending balance of accounts receivable.                                     |
| Withdrawing method of provision for bad debts of significant single amounts | As for the accounts receivable with insignificant single amount at the period-end, could execute the impairment test individually; as for the accounts receivable with no impairment among the |

|  |                                                                                                                                                                                                                                                                                                                                                                                                              |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | individual test (including the accounts receivable with significant and insignificant single amount) and plus with the accounts receivable groups possess with similar credit risks characteristics should measure and recognize the impairment losses according to the certain proportion of the closing balance of the accounts receivable groups when executing the withdrawal of the bad debt provision. |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## (2) Accounts receivable which the bad debt provision is withdrawn by credit risk characteristics

| Name of portfolios | Bad debt provision method |
|--------------------|---------------------------|
| Age portfolios     | Aging analysis method     |

In the groups, adopting aging analysis method to withdraw bad debt provision:

☒ Applicable ☐ Not applicable

| Age                              | Withdrawal proportion for accounts receivable | Withdrawal proportion for other accounts receivable |
|----------------------------------|-----------------------------------------------|-----------------------------------------------------|
| Within 1 year (including 1 year) | 2.00%                                         | 2.00%                                               |
| 1-2 years                        | 10.00%                                        | 10.00%                                              |
| 2-3 years                        | 50.00%                                        | 50.00%                                              |
| Over 3 years                     | 80.00%                                        | 80.00%                                              |
| 3 to 4 years                     | 80.00%                                        | 80.00%                                              |
| 4 to 5 years                     | 80.00%                                        | 80.00%                                              |
| Over 5 years                     | 100.00%                                       | 100.00%                                             |

In the groups, adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, adopting other methods to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

## (3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made individually

|                                                       |                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reason of individually withdrawing bad debt provision | There is objective evidence indicates the impairment.                                                                                                                                                                                                                                                                                              |
| Withdrawal method for bad debt provision              | Conduct impairment testing separately on accounts receivable with relatively higher individual price at end of the period. If there is objective evidence to indicate that impairment exists, recognize impairment loss and provide for bad and doubtful debts in accordance with the difference between its future cash flow and carrying amount. |

## 11. Inventory

### (1) Inventory classification

The inventory of the Company classified as:

A. Real estate development products: developed products, development cost.

B. Non-real estate products: raw materials, products in production, stock merchandise, delivery commodity, commission processing materials, etc.

### (2) Method for inventory valuation

Inventories are valued at the lower of cost and net realizable value.

Real estate development product costs include land cost, construction costs and other costs. Borrowing costs meet the capitalization conditions are also included in real estate development product costs. Non-real estate development product costs include purchase cost, process cost and other costs.

The raw materials acquired by the Company are measured according to the actual cost and the raw materials, outside processing materials, goods in process and self-made semi-manufactured goods adopt weighted average valuation when issued or received (winding wheel setting and jade accessories adopt individual pricing).

### (3) Confirmation of net realizable value of inventory and Recording method of provision for inventory devaluation

At the end of the year, after overall check of the inventory, draw or adjust provision for inventory devaluation according to the lower of the cost of inventory and net realizable values of inventory.

In normal operation process, net realizable values of commodities inventories for direct sales including finished goods, commodities and materials for sales are determined by the estimated selling prices minus the estimated selling expenses and relevant taxes and fees; In normal operation process, net realizable values of materials that need further processing are determined by the estimated selling prices of the finished goods minus estimated cost to completion, estimated selling expenses and relevant taxes. For the inventory held to implement sales contract or work contract, its net realizable value is calculated on the basis of contract price. For the balance of inventory beyond the amount of the sales contract, its net realizable value is calculated on the basis of general selling price.

Provision for inventory devaluation is provided for based on individual inventory item at end of the period. For inventory that has large quantity and low unit price, the provision for inventory devaluation is provided for based on categories of the inventory. For inventory related to the products manufactured and sold in the same district, with same or similar use or purpose, and difficult to account for separately from other items, the provision for inventory devaluation is provided for on a consolidated basis.

When the factors that influence the decreased bookkeeping of inventory value have disappeared, switch back from the provision for inventory devaluation amount that previously appropriated and the amount that switched back is charged to profit or loss of current period.

(4) System of stock inventories

Perpetual inventory system is applied.

(5) Amortization for low cost and short lived articles and package materials

When consuming the low cost and short lived articles, the Company adopts the one-time amortization method for amortization.

The turnover package materials should be recorded in the cost expenses according to the one-time amortization method.

## **12. Divided as assets held for sale**

(1) The Company recognizes the non-current assets or the assets group that simultaneously meet with the following conditions as the assets held for sale. The compose part must be immediately sold only according to the usual terms of selling the compose part under the current conditions; the enterprise had made resolution on the disposal of the compose part, if needed to receive the approval from the shareholders according to the rules, should had acquired the approval from the Annual General Meeting or the corresponding capability mechanism; the enterprise had signed the irrevocably transfer agreement with the transferee; and the transfer should be completed within 1 year.

(2) As for the fixed assets held for sale, shall adjust its expected net salvage value that lead which reflect the amount of the fair value minuses the disposal expenses but should not exceed the original book value of the fixed assets when meet with the conditions held for sale and as for the difference that the original book value higher than the expected net salvage after adjustment, should be recorded in the current gains and losses as the losses of the assets impairment. As for the other non-current assets held for sale, should be disposed by comparing the above principles, and the non-current assets held for sale include the single assets and disposal group, while the disposal group refers to a group of assets sold as a whole or disposed together by other methods.

(3) As for the liabilities be divided in the disposal group held for sale, the Company lists which as the liabilities among the disposal group held for sale. The long-term equity investment of this part refers to the long-term equity investment owns the control, jointly control or the significant influences on the investees of the Company. As for the long-term equity investment not owning the control, jointly control or the significant influences on the investees of the Company, should be regarded as the available-for-sale financial assets or be measured as the financial assets for measurement by fair value with the changes be recorded in the current gains and losses, of which the details of the accounting policies in Notes IV. 9 “Financial Instruments”.

### 13. Long-term Equity Investment

The long-term equity investments of this part refer to the long-term equity investments that the Group has control, joint control or significant influence over the investees. The long-term equity investment that the Group does not have control, joint control or significant influence over the investees, should be recognized as available-for-sale financial assets or be measured by fair value with the changes should be included in the financial assets accounting of the current gains and losses.

#### (1) Recognition of investment costs

As for long-term equity investments acquired by enterprise merger, if the merger is under the same control, the share of the book value of the owner's equity of the merged enterprise, on the date of merger, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted (If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equities of the combined party which respectively acquired through multiple transaction under the same control that ultimately form into the combination of the enterprises under the same control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, it shall, on the date of merger, regard the enjoyed share of the book value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment, and as for the difference between the initial investment cost of the long-term equity investment and sum of the book value of the long-term equity investment before the combination and the book value of the consideration of the new payment that further required on the combination date, should adjust the capital reserve; if the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equity investment held before the combination date which adopted the equity method for accounting, or the other comprehensive income confirmed for the available-for-sale financial assets, should not have any accounting disposal for the moment).

For the long-term investment required from the business combination under different control, the initial investment cost regarded as long-term equity investment on the purchasing date according to the combination cost, the combination costs shall be the sum of the fair values of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company (The equities of the acquirees which respectively acquired through multiple transaction that ultimately form into the combination of the enterprises under the different control, should be disposed according whether

belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, the sum of the book value of the original held equity investment of the acquirees and the newly added investment cost should be regarded as the initial investment cost of the long-term equity investment that changed to be accounted by cost method. If the original held equity is calculated by cost method, the other relevant comprehensive income would not have any accounting disposal for the moment. If the original held equity investment is the financial assets available for sale, its difference between the fair value and the book value as well as the accumulative changes of the fair value that include in the other comprehensive income, should transfer into the current gains and losses).

The commission fees for audit, law services, assessment and consultancy services and other relevant expenses occurred in the business combination by the combining party or the purchase party, shall be recorded into current profits and losses upon their occurrence; the transaction expense from the issuance of equity securities or bonds securities which are as consideration for combination by the combining party, should be recorded as the initial amount of equity securities and bonds securities.

Besides the long-term equity investments formed by business combination, the other long-term equity investments shall be initially measured by cost, the cost is fixed in accordance with the ways of gaining, such as actual cash payment paid by the Group, the fair value of equity securities issued by the Group, the agreed value of the investment contract or agreement, the fair value or original carrying amount of exchanged assets from non-monetary assets exchange transaction, the fair value of the long-term equity investments, etc. The expenses, taxes and other necessary expenditures directly related with gaining the long-term equity investments shall also be recorded into investment cost. The long-term equity investment cost for those could execute significant influences on the investees because of appending the investment or could execute joint control but not form as control, should be as the sum of the fair value of the original held equity investment and the newly added investment cost recognized according to the No. 22 of Accounting Standards for Business Enterprises—Recognition and Measurement of Financial Instrument.

## (2) Subsequent measurement and recognition of gains or losses

### Long-term equity investment measured by cost method

The long-term equity investment which the Company could execute the control on the investees, should be measured by cost method and shall be included at its initial investment cost and append as well as withdraw the cost of investing and adjusting the long-term equity investment.

As for the long-term equity investment measured by cost method, the return on investment at current period shall be recognized in accordance with the cash dividend or profit announced to distribute by the invested entity, except the announced but not distributed cash dividend or profit included in the actual payment or consideration upon gaining the investment.

### Long-term equity investment measured by equity method

As for the long-term equity investment of the joint ventures and the associated enterprises, the

Company adopts the equity method for measurement; as for the one part of the equity investment that indirectly held by the joint ventures through the similar main bodies such as the venture capital Institutions, mutual fund, trust company or the unit-linked Insurance funds, should be measured by adopting fair value with the changes be recorded in the gains and losses.

If the initial cost of a long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the Company's attributable share of the fair value of the invested entity's identifiable net assets for investment, the difference shall be included in the current profits and losses.

After the Company acquires the long-term equity investment, respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the book value of the long-term equity investment; corresponding reduce the book value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the book value of the long-term equity investment as well as include in the owners' equities.

When executes the measurement on the long-term equity investment by the equity method, the Company should adjust the net profits of the investees in the aspects such as the fair value, accounting policies and accounting period of each identifiable asset of the investees when acquiring firstly and secondly recognize the current investment gains and losses according to the net gains and losses which should enjoyed or undertook of the investees.

For the unrealized profits or losses of internal transactions occurred among the Company and joint ventures, the proportion attributable to the Company will be recognized based on the offset as the investment gains and losses.

Recognition of share of losses of the invested companies under the equity method is treated in the following steps: First, reduce the book value of the long-term equity investment. Second, when the book value is insufficient to cover the share of losses, investment losses are recognized up to a limit of book values of other long-term equity which form net investment in substance by reducing the book value of long term receivables, etc. Finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and charged into current investment loss according to the liabilities estimated. If the invested company achieve profit in subsequent periods, the treatment is in the reversed steps described above after deduction of any unrecognized investment losses, i.e., reduce book value of estimated liabilities recognized, restore book values of other long-term equity which form net investment in substance, and in long-term equity investment, and recognize investment income at the same time.

Disposal of the long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses. As for the long-term equity investment measured by adopting the equity method, when disposing the investment, should adopt the same basis as the investees when directly disposing the relevant assets or liabilities and execute the accounting treatment on the part which originally be recorded in the other comprehensive income according to the corresponding proportion. As for the owners' equities recognized owing to the changes of the other owners' equities except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be carried down in the current gains and losses according to the proportion. If lost the jointly control or the significant influences on the investees owing to the reasons such as disposing part of the equity investment, the retained equities after the disposal should change to be recognized according to the financial instruments and be measured by the measure criterion, with the difference between the fair value on the date losing the jointly control or the significant influences and the book value, should be recorded in the current gains and losses. As for the other comprehensive income recognized owing to the original equity investment which be measured by adopting the equity method, should be executed the accounting treatment bases on the same basis as directly disposing the relevant assets or liabilities by the investees when terminating the measurement by adopting the equity method. And the owners' equities recognized owing to the changes of the other owners' equities except for the net gains and losses, other comprehensive income and the profits distribution, should be totally transferred in the current gains and losses when terminating the measurement by adopting the equity method.

As for those lost the control right on the investees owing to the reasons such as disposing part of the equity investment, when preparing the individual financial statement, if the retained equities after the disposal could execute the jointly control or significant influences on the investees, should change to be measured by equity method and execute the adjustment of the retained equity by regarding which as adopting the equity method for measurement the time when acquires; and if the retained equities after the disposal could not execute the jointly control or significant influences on the investees, should change to be recognized according to the financial instruments and be executed the accounting treatment according to the relevant regulations of the measure criterion with the difference between the fair value on the date lost the control and the book value, should be recorded in the current gains and losses.

If the disposed equity is acquired by the enterprise merger owing to the reasons such as the additional investment, when preparing the individual financial statement, as for the disposed retained equities be measured by adopting the cost method or the equity method, the other comprehensive income and the other owners' equities recognized owing to the equity investment which adopts the equity method for measurement before the purchase date should be carried forward according to the proportion; as for the disposed retained equities change to be recognized according to the financial instruments and be executed the accounting treatment according to the measure criterion, the other comprehensive income and other owners' equities should be totally carried forward.

### (3) Judgment criterion of the jointly control and significant influences

If the Company jointly control certain arrangement according to the relevant agreement with the other participants and owns the activity decision-making with significant influences on the return of

the arrangement, which only exists through the consensus of the participants with enjoy and control right, should regard the Company and other participants jointly control certain arrangement and the arrangement is the joint venture arrangement.

As for the joint venture arrangement reaches through the individual main body, when judging the Company enjoying the right on the net assets of the individual main body according to the relevant agreement, should regard the individual main body as the joint venture and should measure which by adopting the equity method. If the Company not enjoys the right on the net assets of the individual main body according to the relevant agreement after the judgment, the individual main body should be regarded as the jointly operation and the Company should recognize the projects related to the interest shares of the joint operation and execute the accounting treatment according to the regulations of the relevant ASBE.

The term “significant influence” means having the power to participate in the formulation of financial and operating policies of an enterprise, but not the power to control or jointly control the formulation of these policies together with other parties. The Company judges whether there are significant influences on the investees through one or various situations of the following and comprehensively considers all the facts and situations. (1) there are representatives assigned in the Board of Directors or the similar capability mechanisms in the investees; (2) participates in the decision-making process of the financial and operating policies of the investees; (3) there are significant transactions with the investees; (4) sends the administrative staffs to the investees; (5) provides the key technical materials to the investees.

#### (4) Impairment testing and impairment provision methods

On the balance sheet date, if there are similar situations such as the book value of the long-term equity investment larger than the shares of the book value of the owners' equities of the investees, the Company should execute the impairment test of the long-term equity investment according to the No. 8 of ASBE – Assets Impairment and as for the recoverable amount less than book value of the long-term equity investment, should be withdrawn the impairment provision. As for the specific methods for withdrawing the assets impairment, please refer to Notes IV. 19.

### 14. Investment real estates

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

Investment real estates refer to the real estate held for gaining the rental or the capital appreciation or for both causes mentioned above, which includes the leased land use right, held-to-transferred land use right after appreciation and the leased buildings.

The Company adopts cost mode measurement on the current investment real estates. For investment properties and rental assets measured at the cost model, they will be implemented the same depreciation policy similar to fixed assets, land use right for rental will be implemented the same amortization policy to intangible assets; for those with the indication of impairment, the recoverable amount can only be estimated, and if recoverable amount is lower than its book value, the

corresponding impairment loss should be confirmed.

## 15. Fixed assets

### (1) Conditions for recognition

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes; they have useful lives over one fiscal year. And they shall be recognized only when both of the following conditions are satisfied: A. It is probable that economic benefits associated with the assets will flow to the enterprise; B. The cost of the fixed assets can be measured reliably.

### (2) Depreciation methods

| Category of fixed assets    | Method                        | Useful life | Expected net salvage value | Annual depreciation |
|-----------------------------|-------------------------------|-------------|----------------------------|---------------------|
| Buildings and constructions | Average method of useful life | 35          | 5%                         | 2.71%               |
| Machinery equipment         | Average method of useful life | 10          | 5%                         | 9.50%               |
| Transportation equipment    | Average method of useful life | 8           | 5%                         | 11.88%              |
| Office equipment and others | Average method of useful life | 5           | 5%                         | 19.00%              |

### (3) Recognition basis, pricing and depreciation method of fixed assets by finance lease

The fixed assets gained from financing leasing, if could ensure reasonable to gain the ownership of the leasing assets when the term expired, should withdraw the depreciation during the service period of the leasing assets; if could not ensure reasonable to gain the ownership of the leasing assets when the term expired, should withdraw the depreciation during the shorter period between the leasing period and the service period of the leasing assets.

If the fixed assets gained from the financing leasing method met with the capitalization condition of the remodeling expense, should average amortized according to the shortest period among the period between the two decorations, the rest leasing period and the service period of the fixed assets.

## **16. Construction in progress**

### **(1) Classification of construction in progress**

The Construction in progress will be calculated based on the classification of proposed projects.

### **(2) Transfer time of construction in progress to fixed assets**

For the construction in progress, all expenses occurring before they are ready for the use will be the book values as the fixed assets. In case the construction in progress has been ready for use but the final accounts for completion have not been handled, from the date when such projects has been ready for use, the Company will evaluate the values and determine the costs based on the project budgets, prices or actual costs of projects, etc and the depreciation amount will also be withdrawn; when the final accounts for completion are handled, the Company will adjust the originally evaluated values subject to the actual costs, but will not adjust the withdrawn depreciation amount.

## **17. Borrowing expenses**

### **(1) Confirmation principle of capitalization of borrowing expenses**

In case the borrowing expenses occurring in the Company may directly be attributable to the construction and productions of assets complying with the capitalization conditions, they will be capitalized and accrued to the relevant capital costs; other borrowing expenses will be confirmed as the expenses based on the actual amount at the time of occurrence and accrued to the current profit or loss.

The assets complying with the capitalization conditions mean the assets such as fixed assets, investment real estates and inventory, etc that need a long time of construction and production activities before they are ready for use or for sales.

The borrowing expenses begin to be capitalized under the following circumstances:

A. The asset payment have been made which include the payment such as the paid cashes, transferred non-currency assets or borne liabilities with the interests to construct or produce the assets complying with the capitalization conditions;

B. The borrowing expenses have occurred;

C. The necessary construction or production activities to make the assets ready for use or sales have been launched.

In case during the construction or production period the assets complying with the capitalization conditions are abnormally suspended and the suspension period exceeds 3 months continuously, the capitalization of borrowing expenses will also be suspended.

The capitalization of borrowing expenses for the assets that have been constructed or produced and are ready for use or sales will be stopped.

When parts of the purchased assets or assets whose production satisfies the capitalization conditions are completed respectively and can be used individually, the capitalization of the borrowing expenses of these parts will be stopped.

## (2) Capitalization period of borrowing expenses

The capitalization period means the period from the moment that the borrowing expenses start to be capitalized to the moment that the capitalization is stopped, which does not include the period that the capitalization of borrowing expenses is suspended.

## (3) Calculation method about capitalization amount of borrowing expenses

The interest expenses for special loans (after the deduction of interest income generated by the unused loan capitals or the investment return obtained from the temporary investments) and auxiliary expenses will be capitalized before the assets complying with the capitalization conditions are ready for the expected use or sales.

The interest amount of general loans to be capitalized will be determined by multiplying the weighted average amount of the asset payment by which the accumulated assets exceed the special loans with the capitalization rate of general loans. The capitalization rate will be determined based on the weighted average interest rate of general loans.

In case the loans have the discounts or premiums, the Company will adjust the interest amount in each period based on the amortized discount and premium amount in each accounting period in accordance with the actual interest rate method.

## 18. Intangible assets

### (1) Pricing method, service life and impairment test

#### (1) Pricing method of the intangible assets

Recorded ordinarily according to the actual cost when acquired;

When acquiring, the intangible assets are generally recorded according to actual cost.

A. For those the price of intangible assets deferred paid exceed normal credit condition so substantively has financing character, the cost of intangible assets is confirmed on the basis of present value of purchasing price.

B. For fixed assets formed through obtaining them by the debtor paying for debt in debt restructure, recognize its recording value as fair value of the fixed assets, and record the difference between the carrying amounts of debt restructure and the fixed assets used for paying debt into current profit or loss; in the circumstance of the non monetary assets exchange has commercial nature and fair value of surrendered or received assets can be measured reliably, recording value of received assets should be recognized as fair value of surrendered assets unless there is clear evidence to indicate that fair value of received assets is more reliable; for non monetary assets exchange which doesn't

meet the requirement of premise mentioned above, cost of received assets should be recognized as carrying amount and related tax expenses payable of surrendered assets and should not be recognized as profit or loss.

C. Recording value of fixed assets obtained by absorbing and consolidated by enterprise under the common control should be recognized as carrying amount of the consolidated party; recording value of fixed assets obtained by absorbing and consolidated by enterprise under different control should be recognized as fair value.

## (2) Service life and amortization of the intangible assets

### A. Estimation of useful life for intangible assets with finite useful life

At end of each year, the Company will recheck the useful life of intangible assets with the definite useful life and amortization method will be rechecked.

According to the re-check, the useful life and amortization method of the intangible assets at the end of the year are not different from those estimated before.

### B. Amortization of the intangible assets:

In case their useful life is limited, the intangible assets are amortized evenly over the period in which they produce economic profit for the Company; in case it is impossible to evaluate the useful life when the intangible assets bring the benefits to enterprises, it will be deemed that the useful life of such intangible assets is uncertain and amortization is not applicable and not execute the amortization.

## 19. Long-term assets impairment

For the long-term non-current financial assets of the fixed assets, projects under construction and intangible assets, the Company would judge whether decrease in value exists on the date of balance sheet at every period-end. No matter whether there is any sign of possible assets impairment, the business reputation formed by the merger of enterprises and intangible assets with uncertain service lives shall be subject to impairment test every year.

If there is the sign of possible impairment of the assets, should estimate the recoverable amount:

(1) Where there is any evidence indicating a possible impairment of assets, the enterprise shall, on the basis of single item assets, estimate the recoverable amount.

(2) Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs.

(3) The recoverable amount shall be determined on the basis of the higher one of the net amount of the fair value of the asset minus the disposal expenses and the current value of the expected future cash flow of the asset

Where the recoverable amount of the assets is lower than its carrying value, the book value of the

assets should be written down to the recoverable amount with the written-down amount be recognized as the impairment losses of the assets and record which in the current gains and losses as well as at the same time withdraw the corresponding impairment provision of the assets.

After the recognition of the impairment losses of the assets, the depreciation or the amortization expenses of the impairment assets should be corresponding adjusted in the future period to lead the assets in the retained service life so that to systematically sharing the book value of the assets after the adjustment (deducted the expected net salvage).

The impairment losses of the long-term non-current financial assets of the fixed assets, projects under construction and intangible assets once being recognized should no longer be reversed in the accounting period afterwards.

## **20. Long-term expenses to be amortized**

Long-term expenses to be amortized will be averagely amortized in the benefit period, including:

- (1) Prepaid rentals for operating leased fixed assets will be averagely amortized according to the term stipulated in the lease contract.
- (2) Fixed assets improvement expenses for operating leased fixed assets will be averagely amortized according to the remaining lease period and the useful life of leased assets, whichever is shorter.

## **21. Payroll**

### **(1) Accounting treatment of short-term compensation**

Short-term compensation refers to the Company needs to pay all of the payroll for the employees within 12 months after the end of the annual Reporting Period during which the employees provide the relevant service and exclude the welfare after demission and the demission welfare. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. During the accounting period the service workers providing the service, the social insurance charges such as the medical treatment, industrial injury, birth insurance and the housing fund paid for the employees by the Company as well as the labor union expenditure and the personnel education fund withdrawn according to the regulations, should be calculated the corresponding amount of the payroll according to the stipulated withdraw basis and withdraw proportion

If the employee services and benefits is the non-monetary welfare, should be measured by fair value.

### **(2) Accounting treatment of the welfare after demission**

Welfare after demission refers to various forms of the compensation and benefits provided by the

Company which receive the service from the employees after the retirement or the relieve of the labor relation with the enterprise of the service workers, except for the short-term compensation and dismissal welfare. Welfare plan after demission is classified into defined contribution plans and defined benefit plans.

#### A. Defined contribution plans

During the accounting period the service workers providing the service for the Company, the Company should pay the basic endowment insurance and unemployment insurance for the employees according to the relevant regulations of the local government and the payable amount calculated according to the cardinal number of the payment as well as the proportion stipulated by the local, should be recognized as the liabilities and record which in the current gains and losses or the relevant assets cost.

The Company pays the fees for the local social insurance agencies according to the certain proportion of the total amount of the staff salaries and the corresponding expenses should be recorded in the current gains and losses or the relevant assets cost.

#### B. Defined benefit plans

The Company attributes the benefits obligations from the defined benefit plans according to the formula recognized by the expected accumulative benefit units to the period the employees providing the service and records which in the current gains and losses or the relevant assets cost.

The deficits or surplus formed from the current value of the defined benefit plans obligations minuses the fair value of the defined benefit plans assets should be recognized as a net liability or net assets of the defined benefit plans. If there is surplus of the defined benefit plans, the Company should measure the net assets of the defined benefit plans according to the lower one between the surplus and the assets of the defined benefit plans.

All the obligations of the defined benefit plans, including the obligations paid within 12 months after the end of the expected annual Reporting Period the service workers providing the service, should be discounted according to the national debt matched with the obligatory term of the defined benefit plans and the currency on the balance sheet date or the market returns of the high-quality company bonds on the active market.

The service cost from the defined benefit plans and the net liabilities or the net amount of the interests of the net assets from the defined benefit plans should be recorded in the current gains and losses or the relevant assets cost; the net liabilities of the defined benefit plans be remeasured or the changes from the net assets should be recorded in the other comprehensive income and should not be reversed to the gains and losses in the follow-up accounting period.

When settling the defined benefit plans, should recognize the settled gains or losses according to the difference between the current value of the defined benefit plans recognized on the settlement date and the settlement price.

### **(3) Accounting treatment of the demission welfare**

When the Company can not unilaterally withdraw the earlier one between the demission welfare provided owing to the relieve of the labor relation plans or the reduction advices and the recognition of the cost or expenses related to the reorganization involved with the payment of the demission welfare, the liabilities of the employee compensation from the demission welfare should be recognized and be recorded in the current gains and losses.

## **22. Estimated liabilities**

### **(1) Recognition principles:**

Only if the obligation pertinent to a contingencies such as external guarantee, unsettled lawsuits or arbitrations, quality guarantee of the products, losses contracts, restructuring obligations, retirement obligations of fixed assets shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:

A. That obligation is a current obligation of the Company;

B. It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and

C. The amount of the obligation can be measured in a reliable way.

### **(2) Measurement methods:**

The Company shall measure the estimated debts in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When recognizing the current best estimate, the Company should comprehensive consider the elements such as the risks, uncertainty and currency time and value of the contingencies.

The best estimate should be respectively disposed according to the following situations:

A. If there is a sequent range (or section) for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate which is equaled to the average amount of the bound amount within the range.

B. When there is not a sequent range (or section) for the necessary expenses, or there is a sequent range but the possibility of various kinds of results happed would be different within the range, so if the contingencies concern a single item, the best estimate shall be determined in the light of the most likely outcome; and if the contingencies concern two or more items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities.

When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset when it is virtually certain that the reimbursement will be obtained and the

amount recognized for the reimbursement should not exceed the book value of the estimated debts.

## 23. Income

### (1) Sales of goods

Revenue from the sale of goods is recognized when the enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits associated with the transaction will flow to the enterprise; and the relevant amount of revenue and costs can be measured reliably.

Real estate sales will be confirmed the realization of revenue thereof upon the complete and acceptance of real estate, meeting the delivery terms of sales contract, and obtaining the proof of payment made by the purchasers according to the agreement under the contract on delivering real estate (usually after receiving the first phase of sales contract payment and confirming the payment arrangements of the remaining).

### (2) Providing service

In case on the preparation date of balance sheet the results about service transaction can be reliably evaluated, the labor income will be confirmed by the completion percentage method. The completed percentage of service transactions is determined by the measurement of finished work (or the proportion of services performed to date to the total services to be performed, or the proportion of costs incurred to date to the estimated total costs).

The Company will determine the total amount of rendering of service based on the prices in contracts and agreements that have been received or will be receivable, except that such prices are not fair. On the balance sheet date, the current labor incomes will be determined based on the amount after the total labor income amount multiplied by the completion progress deducts the accumulated labors in the past accounting periods. At the same time, the current labor incomes will be carried forward based on the amount after the estimated total labor cost multiplied by the completion progress deducts the accumulated labors in the past accounting periods.

In case the service transaction results on the preparation date of balance sheet cannot be reliably evaluated, they will be determined in the following methods:

A. In case the service costs that have occurred can be compensated, the service income will be confirmed based on such service costs and the same amounts will be settled as the service costs.

B. In case the service costs that have occurred cannot be compensated, such service costs will be accrued to the current profit or loss and will not be confirmed as the service costs.

### (3) Use right of transferred assets

In case the economic benefits related to the transaction will probably flow into the enterprise and the income amounts can be reliably calculated, the Company will determine the income amount

about use right of transferred assets by the following means:

A. The interest income amount will be calculated and determined based on the use time of currency capital from the Company by others and actual interest rate.

B. The income amount of use expenses will be calculated and determined subject to the charging time and method agreed in the relevant contracts and agreements.

#### (4) Government subsidies

Government grants refer to monetary assets or non-monetary assets obtained free by a company from the government, but not include the capital invested by government as a business owner. Government grants are classified to government grants related to assets and government grants related to income.

The government grants should be recognized when simultaneously met with the following conditions:

A. The Company can meet the conditions for the government subsidies;

B. The enterprise can obtain the government subsidies.

Government grants related to assets are recognized as deferred income and are averagely distributed in the life of relevant assets, and recorded to current profit or loss. Government grants related to income are handled under the following circumstances:

A. If such grants are used to compensate for relevant costs and losses of the company during later periods, they will be recognized as deferred income and recorded to current profit or loss upon recognizing related costs;

B. If such grants are used to compensate for relevant costs and losses occurred of the company, they will be directly through current profit or loss.

## 24. Government subsidies

### (1) Judgment basis and accounting treatment of government subsidies related to assets

Government grants refer to monetary assets or non-monetary assets obtained free by a company from the government, but not include the capital invested by government as a business owner. Government grants are classified to government grants related to assets and government grants related to income.

The government grants should be recognized when simultaneously met with the following conditions:

A. The Company can meet the conditions for the government subsidies;

B. The enterprise can obtain the government subsidies.

Government grants related to assets are recognized as deferred income and are averagely distributed in the life of relevant assets, and recorded to current profit or loss. Government grants related to income are handled under the following circumstances:

A. If such grants are used to compensate for relevant costs and losses of the company during later periods, they will be recognized as deferred income and recorded to current profit or loss upon recognizing related costs;

B. If such grants are used to compensate for relevant costs and losses occurred of the company, they will be directly through current profit or loss.

## **25. Deferred income tax assets/deferred income tax liabilities**

Corporate income tax will be calculated by liability method of the balance sheet.

The company's tax base will be determined upon the company obtains the assets or liabilities; on the balance sheet date, take the balance sheet as the basis, and if the book value of related assets or liabilities are different to the tax bases provided by tax laws, it will calculate and confirm the deferred income tax assets or deferred income tax liabilities occurred in accordance with the provisions of tax laws, which effect will be included in current income tax expense.

The company is subject to the limit of the amount of taxable income likely to be used to offset temporary difference, thus confirms the deferred income tax asset produced by the deductible temporary difference.

In addition to the cases specified under income guidelines that no need to confirm the deferred income tax liabilities, the company should recognize related deferred income tax liabilities for all taxable temporary differences.

## **26. Lease**

### **(1) Accounting treatment of operating lease**

If the terms of the lease will be transferred to the lessee substantially together with all the risks and rewards related to the ownership of leased assets, then the lease is a finance lease, and other lease is operating lease.

#### **(1) the Company as the leaser**

In finance lease, at the lease beginning date, the Company takes the minimum lease receipt and the initial direct costs as the entry value of finance lease receivable, and records the unguaranteed residual value; and the difference between the sum of minimum lease receipt, initial direct costs and unguaranteed residual value and its present value is recognized as unrealized finance income. For unrealized finance income each period during the lease term, it will use the effective interest method to confirm the current financing income.

For rent in operating leases, the Company will use the straight-line method to recognize the current

gains and losses. The initial direct costs occurred will be through current profit or loss.

(2) the Company as the lessee

In finance lease, at the lease beginning date, the Company will take the lower of the fair value of the leased assets and the present value of minimum lease payment as the entry value of leased assets, and take the minimum lease payment as the entry value of long-term payables, and their difference will be as unrecognized finance cost. Initial direct costs are included in the value of leased assets. For unrecognized finance income each period during the lease term, it will use the effective interest method to confirm the current financing cost.

The Company uses depreciation policy consistent with its own fixed assets to make provision for depreciation of leased assets.

For rent in operating leases, the Company will use the straight-line method to record it into the cost of relevant assets or current profit or loss in each period during the lease term; and initial direct costs occurred will be through current profit or loss.

Rent in operating leases will be recorded into the cost of relevant assets or current profit or loss in each period during the lease term.

## 27. Changes in main accounting policies and estimates

### (1) Change of accounting policies

☐ Applicable ☒ Not applicable

### (2) Change of main accounting estimates

☐ Applicable ☒ Not applicable

## VI. Taxation

### 1. Main taxes and tax rate

| Category of taxes                      | Tax basis                                                        | Tax rate |
|----------------------------------------|------------------------------------------------------------------|----------|
| VAT                                    | Revenue of product                                               | 17%      |
| Consumption tax                        | Revenue of sale of taxable product                               | 5%       |
| Business tax                           | Revenue of sales of real estate                                  | 5        |
| Urban maintenance and construction tax | Consumption tax, VAT and business tax the taxpayer actually paid | 7%       |
| Corporate income tax                   | Income tax payable                                               | 25%      |

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

| Name | Income tax rate |
|------|-----------------|
|------|-----------------|

## 2. Tax preference

1. The Company implements the uniform tax rebate policy of export, i.e. the export is exempt from VAT and the input-VAT of goods is refunded with refund rate according to relevant rules before export in accordance with the requirements of tax law.

2. Since 1 January 2008, other subsidiaries of the Company has adopted the applicable income tax rate of 25%, except for those company established in the below-mentioned districts.

Companies established in Hong Kong SAR are entitled to a profits tax rate of 16.5%.

## VII. Notes on major items in consolidated financial statements of the Company

### 1. Monetary funds

Unit: RMB

| Item                                         | Closing balance | Opening balance |
|----------------------------------------------|-----------------|-----------------|
| Cash on hand                                 | 1,208,935.64    | 370,113.31      |
| Bank deposits                                | 302,636,688.39  | 301,074,751.72  |
| Other monetary funds                         | 29,363.27       | 26,440.18       |
| Total                                        | 303,874,987.30  | 301,471,305.21  |
| Of which: total amount deposited in overseas | 3,591.82        | 1,185.76        |

Other notes:

There was no any account pledged, frozen or with potential recovery risks of the Company at the period-end.

### 2. Financial assets measured by fair value and the changes be included in the current gains and losses

Unit: RMB

| Item                     | Closing balance | Opening balance |
|--------------------------|-----------------|-----------------|
| Trading financial assets | 0.00            | 4,400.00        |
| Equity tool investment   | 0.00            | 4,400.00        |
| Total                    |                 | 4,400.00        |

Other notes:

### 3. Accounts receivable

#### (1)Accounts receivable disclosed by category

Unit: RMB

| Category | Closing balance | Opening balance |
|----------|-----------------|-----------------|
|----------|-----------------|-----------------|

|                                                                                                      | Book balance  |            | Bad debt provision |                       | Book value   | Book balance  |            | Bad debt provision |                       | Book value   |
|------------------------------------------------------------------------------------------------------|---------------|------------|--------------------|-----------------------|--------------|---------------|------------|--------------------|-----------------------|--------------|
|                                                                                                      | Amount        | Proportion | Amount             | Withdrawal proportion |              | Amount        | Proportion | Amount             | Withdrawal proportion |              |
| Accounts receivable with insignificant single amount for which bad debt provision separately accrued | 14,833,413.03 | 66.10%     | 14,833,413.03      | 100.00%               | 0.00         | 14,666,079.26 | 63.53%     | 14,666,079.26      | 100.00%               |              |
| Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:             | 6,986,284.31  | 31.13%     | 3,142,535.92       | 44.98%                | 3,843,748.39 | 7,799,032.40  | 33.78%     | 3,142,533.20       | 40.29%                | 4,656,499.20 |
| Accounts receivable with insignificant single amount for which bad debt provision separately accrued | 620,906.25    | 2.77%      | 620,906.25         | 100.00%               | 0.00         | 620,906.25    | 2.69%      | 620,906.25         | 100.00%               |              |
| Total                                                                                                | 22,440,603.59 | 100.00%    | 18,596,855.20      | 82.87%                | 3,843,748.39 | 23,086,017.91 | 100.00%    | 18,429,518.71      | 79.83%                | 4,656,499.20 |

Accounts receivable with single significant amount and withdrawal bad debt provision separately at end of period

√ Applicable □ Not applicable

Unit: RMB

| Accounts receivable<br>(classified by units) | Closing balance    |                    |                       |                                                        |
|----------------------------------------------|--------------------|--------------------|-----------------------|--------------------------------------------------------|
|                                              | Account receivable | Bad debt provision | Withdrawal proportion | Withdrawal reason                                      |
| Victoria International<br>(USA) INC          | 5,724,227.37       | 5,724,227.37       | 100.00%               | Long-term credit, the Company believe it irrecoverable |
| Hong Kong Jinhua<br>Trading Company          | 4,224,304.63       | 4,224,304.63       | 100.00%               | Long-term credit, the Company believe it irrecoverable |
| Jin Jing International<br>Co., Ltd.          | 2,544,982.60       | 2,544,982.60       | 100.00%               | Long-term credit, the Company believe it irrecoverable |
| Brendwood International<br>Corp              | 2,339,898.43       | 2,339,898.43       | 100.00%               | Long-term credit, the Company believe it               |

|       |               |               |    |               |
|-------|---------------|---------------|----|---------------|
|       |               |               |    | irrecoverable |
| Total | 14,833,413.03 | 14,833,413.03 | -- | --            |

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

☒ Applicable ☐ Not applicable

Unit: RMB

| Aging                  | Closing balance    |                    |                       |
|------------------------|--------------------|--------------------|-----------------------|
|                        | Account receivable | Bad debt provision | Withdrawal proportion |
| Subentry within 1 year |                    |                    |                       |
|                        | 420,109.27         | 24,659.87          | 5.87%                 |
| Subtotal within 1 year | 420,109.27         |                    |                       |
| 1 to 2 years           | 3,831,043.20       | 383,104.32         | 10.00%                |
| Over 3 years           | 2,735,131.84       | 2,734,771.73       | 99.99%                |
| Total                  | 6,986,284.31       | 3,142,535.92       | 44.98%                |

Notes:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

## (2) Accounts receivable withdraw, reversed or collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB167, 336.49; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

| Name of the entity | Amount | Method |
|--------------------|--------|--------|
|--------------------|--------|--------|

## (3) Top five of account receivable of closing balance collected by arrears party

| Name of the entity               | Amount        | Bad debt provision | Proportion % |
|----------------------------------|---------------|--------------------|--------------|
| Victoria International (USA) INC | 5,724,227.37  | 5,724,227.37       | 25.51        |
| Hong Kong Jinhua Trading Company | 4,224,304.63  | 4,224,304.63       | 18.82        |
| Jin Jing International Co., Ltd. | 2,544,982.60  | 2,544,982.60       | 11.34        |
| Brendwood International Corp     | 2,339,898.43  | 2,339,898.43       | 10.43        |
| Chen Dantao                      | 3,828,887.96  | 382,888.80         | 17.06        |
| Total                            | 18,662,300.99 | 15,216,301.83      | 83.16        |

#### 4. Prepayment

##### (1) List by aging analysis:

Unit: RMB

| Aging         | Closing balance |            | Opening balance |            |
|---------------|-----------------|------------|-----------------|------------|
|               | Amount          | Proportion | Amount          | Proportion |
| Within 1 year | 295,564.41      | 100.00%    | 855,041.60      | 100.00%    |
| Total         | 295,564.41      | --         | 855,041.60      | --         |

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

Naught

##### (2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

| Name of the entity                              | Closing amount | Proportion (%) | Time   | Reason                        |
|-------------------------------------------------|----------------|----------------|--------|-------------------------------|
| Shenzhen Zhongsheng Huichi Cars Sales Co., Ltd. | 200,000.00     | 67.67          | Y2016  | The contract is not fulfilled |
| Wei Jiwen                                       | 63,422.00      | 21.46          | Y2016  | The contract is not fulfilled |
| Ping An Bank                                    | 32,142.41      | 10.87          | Y 2015 | The contract is not fulfilled |
| Total                                           | 295,564.41     | 100.00         |        |                               |

Other notes:

The closing balance decrease RMB559, 477.19, of 65.43% over last year, was mainly the prepayment for furniture had been accepted and settled.

#### 5. Other accounts receivable

##### (1) Other accounts receivable disclosed by category

Unit: RMB

| Category                                                             | Closing balance |            |                    |                       |            | Opening balance |            |                    |                       |            |
|----------------------------------------------------------------------|-----------------|------------|--------------------|-----------------------|------------|-----------------|------------|--------------------|-----------------------|------------|
|                                                                      | Book balance    |            | Bad debt provision |                       | Book value | Book balance    |            | Bad debt provision |                       | Book value |
|                                                                      | Amount          | Proportion | Amount             | Withdrawal proportion |            | Amount          | Proportion | Amount             | Withdrawal proportion |            |
| Other accounts receivable with insignificant single amount for which | 2,331,608.20    | 9.05%      | 2,331,608.20       | 100.00%               | 0.00       | 2,331,608.20    | 7.47%      | 2,331,608.20       | 100.00%               |            |

|                                                                                                            |               |         |               |         |              |               |         |               |         |              |
|------------------------------------------------------------------------------------------------------------|---------------|---------|---------------|---------|--------------|---------------|---------|---------------|---------|--------------|
| bad debt provision separately accrued                                                                      |               |         |               |         |              |               |         |               |         |              |
| Other accounts receivable withdrawn bad debt provision according to credit risks characteristics           | 19,888,941.91 | 80.16%  | 18,484,541.31 | 92.94%  | 1,404,400.60 | 26,103,119.03 | 83.63%  | 18,484,541.31 | 70.81%  | 7,618,577.72 |
| Other accounts receivable with insignificant single amount for which bad debt provision separately accrued | 2,778,227.36  | 10.79%  | 2,778,227.36  | 100.00% | 0.00         | 2,778,227.36  | 8.90%   | 2,778,227.36  | 100.00% |              |
| Total                                                                                                      | 24,998,777.47 | 100.00% | 23,594,376.87 |         | 1,404,400.60 | 31,212,954.59 | 100.00% | 23,594,376.87 | 75.59%  | 7,618,577.72 |

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

√ Applicable □ Not applicable

Unit: RMB

| Other accounts receivable (unit)    | Closing balance           |                    |                       |                                                        |
|-------------------------------------|---------------------------|--------------------|-----------------------|--------------------------------------------------------|
|                                     | Other accounts receivable | Bad debt provision | Withdrawal proportion | Withdrawal reason                                      |
| Refund of tax for export receivable | 2,331,608.20              | 2,331,608.20       | 100.00%               | Long-term credit, the Company believe it irrecoverable |
| Total                               | 2,331,608.20              | 2,331,608.20       | --                    | --                                                     |

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

√ Applicable □ Not applicable

Unit: RMB

| Aging                  | Closing balance           |                    |                       |
|------------------------|---------------------------|--------------------|-----------------------|
|                        | Other accounts receivable | Bad debt provision | Withdrawal proportion |
| Subentry within 1 year |                           |                    |                       |
|                        | 824,713.75                | 140,625.88         | 17.05%                |
| Subtotal within 1 year | 824,713.75                | 140,625.88         | 17.05%                |
| 1 to 2 years           | 19,111.29                 | 6,946.77           | 36.35%                |
| 2 to 3 years           | 1,028,770.54              | 576,455.34         | 56.03%                |
| Over 3 years           | 18,016,346.33             | 17,760,513.32      | 98.58%                |
| Total                  | 19,888,941.91             | 18,484,541.31      | 92.94%                |

Notes:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

## (2) Accounts receivable withdraw, reversed or collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB0.00; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

Of which the significant amount of the reversed or collected part during the Reporting Period:

Unit: RMB

| Name of the entity | Reversed or collected amount | Method |
|--------------------|------------------------------|--------|
|--------------------|------------------------------|--------|

## (3) Other accounts receivable classified by the nature of accounts

Unit: RMB

| Nature                        | Closing book balance | Opening book balance |
|-------------------------------|----------------------|----------------------|
| The cash pledge and guarantee | 116,851.54           | 125,682.00           |
| Payment on behalf             | 839,344.41           | 801,672.94           |
| Intercourse funds             | 24,042,581.52        | 30,285,599.65        |
| Total                         | 24,998,777.47        | 31,212,954.59        |

## (4) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB

| Name of the entity                                  | Nature            | Closing balance | Aging        | Proportion% | Closing balance of bad debt provision |
|-----------------------------------------------------|-------------------|-----------------|--------------|-------------|---------------------------------------|
| Refund of tax for export receivable-VAT             | Tax               | 2,331,608.20    | Over 5 years | 9.33%       | 2,331,608.20                          |
| Puning Zhongxing UniteTextileCo., Ltd.              | Intercourse funds | 1,170,000.00    | Over 5 years | 4.68%       | 1,170,000.00                          |
| Puning Lixiangsheng Clothing Manufacture Co., Ltd.  | Intercourse funds | 1,000,000.00    | Over 5 years | 4.00%       | 1,000,000.00                          |
| Zhenzhiyun International Trade (Shanghai) Co., Ltd. | Intercourse funds | 1,000,000.00    | Over 5 years | 4.00%       | 1,000,000.00                          |
| Suning Banhe                                        | Intercourse funds | 800,000.00      | Over 5 years | 3.20%       | 800,000.00                            |

|                                                  |    |              |    |        |              |
|--------------------------------------------------|----|--------------|----|--------|--------------|
| Chemical Fiber<br>Fabric Simulation<br>Co., Ltd. |    |              |    |        |              |
| Total                                            | -- | 6,301,608.20 | -- | 25.21% | 6,301,608.20 |

## 6. Inventory

### (1) Category of inventory

Unit: RMB

| Item               | Closing balance |                        |               | Opening balance |                        |               |
|--------------------|-----------------|------------------------|---------------|-----------------|------------------------|---------------|
|                    | Book balance    | Falling price reserves | Book value    | Book balance    | Falling price reserves | Book value    |
| Raw materials      | 25,442,883.96   |                        | 25,442,883.96 | 6,006,524.95    |                        | 6,006,524.95  |
| Inventory goods    | 34,974,261.78   |                        | 34,974,261.78 | 46,094,899.62   |                        | 46,094,899.62 |
| Delivery commodity | 18,530.58       |                        | 18,530.58     | 1,131,111.11    |                        | 1,131,111.11  |
| Total              | 60,435,676.32   |                        | 60,435,676.32 | 53,232,535.68   |                        | 53,232,535.68 |

### (2) Impairment of inventories

Unit: RMB

| Item | Opening balance | Increased amount |        | Decrease             |        | Closing balance |
|------|-----------------|------------------|--------|----------------------|--------|-----------------|
|      |                 | Withdrawal       | Others | Reverse or write-off | Others |                 |

No such case in Reporting Period

### (3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses

There was no closing balance of the inventory which includes capitalized borrowing expenses

## 7. Fixed assets

### (1) List of fixed assets

Unit: RMB

| Item                   | Houses and buildings | Machinery equipment | Transportation | Office equipment and other | Total |
|------------------------|----------------------|---------------------|----------------|----------------------------|-------|
| I. Original book value |                      |                     |                |                            |       |

|                                            |                |            |              |              |                |
|--------------------------------------------|----------------|------------|--------------|--------------|----------------|
| 1. Opening balance                         | 119,088,227.16 | 165,411.00 | 4,020,617.15 | 1,243,394.92 | 124,517,650.23 |
| 2. Increased amount of the Period          |                |            |              | 1,193,075.92 | 1,193,075.92   |
| (1) Purchase                               |                |            |              | 1,193,075.92 | 1,193,075.92   |
| (2) Transfer of project under construction |                |            |              |              |                |
| (3) Enterprise combination increase        |                |            |              |              |                |
|                                            |                |            |              |              |                |
| 3. Decreased amount of the Period          |                |            |              |              |                |
| (1) Disposal or Scrap                      |                |            |              |              |                |
|                                            |                |            |              |              |                |
| 4. Closing balance                         | 119,088,227.16 | 165,411.00 | 4,020,617.15 | 2,436,470.84 | 125,710,726.15 |
| II. Accumulative depreciation              |                |            |              |              |                |
| 1. Opening balance                         | 45,398,124.46  | 98,967.50  | 3,052,641.74 | 849,884.64   | 49,399,618.34  |
| 2. Increased amount of the Period          | 1,601,098.68   | 5,251.02   | 205,745.22   | 106,831.96   | 1,918,926.88   |
| (1) Withdrawal                             | 1,601,098.68   | 5,251.02   | 205,745.22   | 106,831.96   | 1,918,926.88   |
|                                            |                |            |              |              |                |
| 3. Decreased amount of the Period          |                |            |              |              |                |
| (1) Disposal or Scrap                      |                |            |              |              |                |
|                                            |                |            |              |              |                |
| 4. Closing balance                         | 46,999,223.14  | 104,218.52 | 3,258,386.96 | 956,716.60   | 51,318,545.22  |
| III. Depreciation reserves                 |                |            |              |              |                |
| 1. Opening balance                         |                |            |              |              |                |
| 2. Increased amount of the Period          |                |            |              |              |                |
| (1) Withdrawal                             |                |            |              |              |                |
|                                            |                |            |              |              |                |
| 3. Decreased amount of the Period          |                |            |              |              |                |
| (1) Disposal or Scrap                      |                |            |              |              |                |

|                       |               |           |            |              |               |
|-----------------------|---------------|-----------|------------|--------------|---------------|
|                       |               |           |            |              |               |
| 4. Closing balance    |               |           |            |              |               |
| IV. Book value        |               |           |            |              |               |
| 1. Closing book value | 72,089,004.02 | 61,192.48 | 762,230.19 | 1,479,754.24 | 74,392,180.93 |
| 2. Opening book value | 73,690,102.70 | 66,443.50 | 967,975.41 | 393,510.28   | 75,118,031.89 |

**(2) List of temporarily idle fixed assets**

Unit: RMB

| Item                 | Original book value | Accumulative depreciation | Impairment provision | Book value    | Notes |
|----------------------|---------------------|---------------------------|----------------------|---------------|-------|
| Houses and buildings | 40,281,405.99       | 18,787,571.00             |                      | 21,493,834.99 |       |
| Machinery equipment  | 165,411.00          | 104,218.52                |                      | 61,192.48     |       |

**8. Intangible assets****(1) List of intangible assets**

Unit: RMB

| Item                                | Land use right | Patent right | Non-patent right | Computer software | Total         |
|-------------------------------------|----------------|--------------|------------------|-------------------|---------------|
| I. Original book value              |                |              |                  |                   |               |
| 1. Opening balance                  | 33,659,416.00  |              |                  | 373,115.00        | 34,032,531.00 |
| 2. Increased amount of the Period   |                |              |                  |                   |               |
| (1) Purchase                        |                |              |                  |                   |               |
| (2) Internal R&D                    |                |              |                  |                   |               |
| (3) Enterprise combination increase |                |              |                  |                   |               |
|                                     |                |              |                  |                   |               |
| 3. Decreased amount of the Period   |                |              |                  |                   |               |
| (1) Disposal                        |                |              |                  |                   |               |
|                                     |                |              |                  |                   |               |

|                                   |               |  |  |            |               |
|-----------------------------------|---------------|--|--|------------|---------------|
| 4. Closing balance                | 33,659,416.00 |  |  | 373,115.00 | 34,032,531.00 |
| II. Accumulated amortization      |               |  |  |            |               |
| 1. Opening balance                | 7,958,803.39  |  |  | 373,115.00 | 8,331,918.39  |
| 2. Increased amount of the Period | 336,594.12    |  |  |            | 336,594.12    |
| (1) Withdrawal                    | 336,594.12    |  |  |            | 336,594.12    |
|                                   |               |  |  |            |               |
| 3. Decreased amount of the Period |               |  |  |            |               |
| (1) Disposal                      |               |  |  |            |               |
|                                   |               |  |  |            |               |
| 4. Closing balance                | 8,295,397.51  |  |  | 373,115.00 | 8,668,512.51  |
| III. Depreciation reserves        |               |  |  |            |               |
| 1. Opening balance                |               |  |  |            |               |
| 2. Increased amount of the Period |               |  |  |            |               |
| (1) Withdrawal                    |               |  |  |            |               |
|                                   |               |  |  |            |               |
| 3. Decreased amount of the Period |               |  |  |            |               |
| (1) Disposal                      |               |  |  |            |               |
|                                   |               |  |  |            |               |
| 4. Closing balance                |               |  |  |            |               |
| IV. Book value                    |               |  |  |            |               |
| 1. Closing book value             | 25,364,018.49 |  |  |            | 25,364,018.49 |
| 2. Opening book value             | 25,700,612.61 |  |  |            | 25,700,612.61 |

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end.

## 9. Goodwill

### (1) Original book value of goodwill

Unit: RMB

| Name of the investees or the events formed goodwill | Opening balance | Increase |  | Decrease |  | Closing balance |
|-----------------------------------------------------|-----------------|----------|--|----------|--|-----------------|
| CHINESE GOLD NOBILITY                               | 2,395,820.87    |          |  |          |  | 2,395,820.87    |
| Total                                               | 2,395,820.87    |          |  |          |  | 2,395,820.87    |

**(2) Impairment provision of goodwill**

Unit: RMB

| Name of the investees or the events formed goodwill | Opening balance | Increase |  | Decrease |  | Closing balance |
|-----------------------------------------------------|-----------------|----------|--|----------|--|-----------------|
| CHINESE GOLD NOBILITY                               |                 |          |  |          |  |                 |

Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

In line with the Capital increase agreement signed by the Company and the CHINESE GOLD NOBILITY, the CHINESE GOLD NOBILITY had fulfilled 50% profits committed, after test, the recoverable goodwill was no less than RMB2,395,820.87, thus, the impairment provision of goodwill would not been withdrawn in Reporting Period.

Other notes:

**10. Deferred income tax assets/deferred income tax liabilities****(1) Deferred income tax assets had not been off-set**

Unit: RMB

| Item                        | Closing balance                 |                            | Opening balance                 |                            |
|-----------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
|                             | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Assets impairment provision | 13,855,280.84                   | 3,463,820.21               | 13,855,280.84                   | 3,463,820.21               |
| Total                       | 13,855,280.84                   | 3,463,820.21               | 13,855,280.84                   | 3,463,820.21               |

**(2) Deferred income tax liabilities had not been off-set**

Unit: RMB

| Item | Closing balance      |                     | Opening balance      |                     |
|------|----------------------|---------------------|----------------------|---------------------|
|      | Deductible temporary | Deferred income tax | Deductible temporary | Deferred income tax |

|  |            |             |            |             |
|--|------------|-------------|------------|-------------|
|  | difference | liabilities | difference | liabilities |
|--|------------|-------------|------------|-------------|

**(3) Deferred income tax assets or liabilities listed by net amount after off-set**

Unit: RMB

| Item                       | Mutual set-off amount of deferred income tax assets and liabilities at the period-end | Amount of deferred income tax assets or liabilities after off-set at the period-end | Mutual set-off amount of deferred income tax assets and liabilities at the period-begin | Amount of deferred income tax assets or liabilities after off-set at the period-begin |
|----------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Deferred income tax assets |                                                                                       | 3,463,820.21                                                                        |                                                                                         | 3,463,820.21                                                                          |

**(4) List of unrecognized deferred income tax assets**

Unit: RMB

| Item                            | Closing balance | Opening balance |
|---------------------------------|-----------------|-----------------|
| Deductible temporary difference | 20,259,246.64   | 20,259,246.64   |
| Deductible losses               | 41,522,565.37   | 41,522,565.37   |
| Total                           | 61,781,812.01   | 61,781,812.01   |

**(5) Deductible losses of unrecognized deferred income tax assets will due the following years**

Unit: RMB

| Years | Closing amount | Opening amount | Notes |
|-------|----------------|----------------|-------|
| 2015  |                |                |       |
| 2016  | 3,205,969.16   | 3,205,969.16   |       |
| 2017  | 661,650.60     | 661,650.60     |       |
| 2018  | 19,429,361.72  | 19,429,361.72  |       |
| 2019  | 14,209,131.72  | 14,209,131.72  |       |
| 2020  | 4,016,452.17   | 4,016,452.17   |       |
| Total | 41,522,565.37  | 41,522,565.37  | --    |

Other notes:

**11. Accounts payable****(1) List of accounts payable**

Unit: RMB

| Item | Closing balance | Opening balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

|               |              |              |
|---------------|--------------|--------------|
| Goods payment | 1,431,229.29 | 1,594,036.50 |
| Total         | 1,431,229.29 | 1,594,036.50 |

## 12. Advance from customers

### (1) List of advance from customers

Unit: RMB

| Item          | Closing balance | Opening balance |
|---------------|-----------------|-----------------|
| Goods payment | 15,393,117.11   | 14,718,891.99   |
| Total         | 15,393,117.11   | 14,718,891.99   |

### (2) Significant advance from customers aging over one year

Unit: RMB

| Item             | Closing balance | Unpaid/ Un-carry-over reason |
|------------------|-----------------|------------------------------|
| KEENZONE LIMITED | 12,717,448.58   | Had not deliver the goods    |
| Total            | 12,717,448.58   | --                           |

## 13. Payroll payable

### (1) List of Payroll payable

Unit: RMB

| Item                                                   | Opening balance | Increase     | Decrease     | Closing balance |
|--------------------------------------------------------|-----------------|--------------|--------------|-----------------|
| I. Short-term salary                                   | 449,772.90      | 2,132,055.58 | 2,134,433.05 | 447,395.43      |
| II. Post-employment benefit-defined contribution plans |                 | 118,103.26   | 118,103.26   |                 |
| Total                                                  | 449,772.90      | 2,250,158.84 | 2,252,536.31 | 447,395.43      |

### (2) List of Short-term salary

Unit: RMB

| Item                                 | Opening balance | Increase     | Decrease     | Closing balance |
|--------------------------------------|-----------------|--------------|--------------|-----------------|
| 1. Salary, bonus, allowance, subsidy | 432,630.16      | 1,909,527.98 | 1,892,620.71 | 449,537.43      |
| 2. Employee welfare                  | 17,142.74       | 140,197.50   | 157,340.24   |                 |
| 3. Social insurance                  |                 | 63,856.10    | 63,856.10    |                 |

|                                         |            |              |              |            |
|-----------------------------------------|------------|--------------|--------------|------------|
| Of which: 1. Medical insurance premiums |            | 58,991.12    | 58,991.12    |            |
| Work-related injury insurance           |            | 1,548.03     | 1,548.03     |            |
| Maternity insurance                     |            | 3,316.95     | 3,316.95     |            |
| 4. Housing fund                         |            | 18,474.00    | 20,616.00    | -2,142.00  |
| Total                                   | 449,772.90 | 2,132,055.58 | 2,134,433.05 | 447,395.43 |

**(3) List of drawing scheme**

Unit: RMB

| Item                      | Opening balance | Increase   | Decrease   | Closing balance |
|---------------------------|-----------------|------------|------------|-----------------|
| 1. Basic pension benefits |                 | 113,417.82 | 113,417.82 |                 |
| 2. Unemployment insurance |                 | 4,685.44   | 4,685.44   |                 |
| Total                     |                 | 118,103.26 | 118,103.26 |                 |

Other notes:

**14. Taxes payable**

Unit: RMB

| Item                 | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| VAT                  | -9,147,181.81   | -8,675,656.06   |
| Business tax         | 981,313.74      | 926,208.12      |
| Corporate income tax | 17,621,141.27   | 16,912,953.04   |
| Others               | 3,572,691.31    | 3,633,274.35    |
| Total                | 13,027,964.51   | 12,796,779.45   |

Other notes:

**15. Other accounts payable****(1) Other accounts payable listed by nature of the account**

Unit: RMB

| Item              | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Intercourse funds | 48,339,563.55   | 46,615,269.11   |
| Payment on behalf | 576,031.24      | 448,708.25      |
| Others            | 100,109.74      | 98,796.03       |

|       |               |               |
|-------|---------------|---------------|
| Total | 49,015,704.53 | 47,162,773.39 |
|-------|---------------|---------------|

**16. Share capital**

Unit: RMB

|                   | Opening balance | Increase/decrease (+/-) |              |                              |        |          | Closing balance |
|-------------------|-----------------|-------------------------|--------------|------------------------------|--------|----------|-----------------|
|                   |                 | New shares issued       | Bonus shares | Capitalized Capital reserves | Others | Subtotal |                 |
| The sum of shares | 318,600,000.00  |                         |              |                              |        |          | 318,600,000.00  |

Other notes:

**17. Capital surplus**

Unit: RMB

| Item            | Opening balance | Increase | Decrease | Closing balance |
|-----------------|-----------------|----------|----------|-----------------|
| Capital premium | 52,129,496.58   |          |          | 52,129,496.58   |
| Total           | 52,129,496.58   |          |          | 52,129,496.58   |

Other notes, including changes and reason of change:

**18. Surplus reserves**

Unit: RMB

| Item                           | Opening balance | Increase | Decrease | Closing balance |
|--------------------------------|-----------------|----------|----------|-----------------|
| Statutory surplus reserves     | 49,036,260.20   |          |          | 49,036,260.20   |
| Discretionary surplus reserves | 37,000,000.00   |          |          | 37,000,000.00   |
| Total                          | 86,036,260.20   |          |          | 86,036,260.20   |

Other notes, including changes and reason of change

**19. Retained earnings**

Unit: RMB

| Item                                                   | Reporting Period | Last period    |
|--------------------------------------------------------|------------------|----------------|
| Opening balance of retained profits before adjustments | -92,329,076.97   | -84,077,977.39 |
| Opening balance of retained profits after              | -92,329,076.97   | -84,077,977.39 |

|                                                       |                |                |
|-------------------------------------------------------|----------------|----------------|
| adjustments                                           |                |                |
| Add: Net profit attributable to owners of the Company | -4,308,101.71  | -8,251,099.58  |
| Closing retained profits                              | -96,637,178.68 | -92,329,076.97 |

List of adjustment of opening retained profits:

- 1) RMB0 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB0 opening retained profits was affected by changes on accounting policies.
- 3) RMB0 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB0 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB0 opening retained profits was affected totally by other adjustments.

## 20. Revenue and Cost of Sales

Unit: RMB

| Item            | Reporting Period |                | Same period of last year |               |
|-----------------|------------------|----------------|--------------------------|---------------|
|                 | Sales revenue    | Cost of sales  | Sales revenue            | Cost of sales |
| Main operations | 200,186,975.70   | 190,594,842.57 | 84,853,785.15            | 73,218,005.25 |
| Total           | 200,186,975.70   | 190,594,842.57 | 84,853,785.15            | 73,218,005.25 |

## 21. Business tax and surcharges

Unit: RMB

| Item                                   | Reporting Period | Same period of last year |
|----------------------------------------|------------------|--------------------------|
| Consumption tax                        | 1,171.35         |                          |
| Business tax                           |                  | 1,632,143.20             |
| Urban maintenance and construction tax | 71,083.83        | 135,960.78               |
| Education Surcharge                    | 50,734.11        | 97,127.02                |
| Land VAT                               |                  | 1,136,442.60             |
| Total                                  | 122,989.29       | 3,001,673.60             |

Other notes:

## 22. Sale expenses

Unit: RMB

| Item                | Reporting Period | Same period of last year |
|---------------------|------------------|--------------------------|
| Advertising expense |                  | 1,500.00                 |
| Salary              | 658,210.13       | 138,057.49               |

|                         |                     |                   |
|-------------------------|---------------------|-------------------|
| Office expenses         | 2,048.00            | 283.02            |
| Depreciation            | 15,631.58           | 7,237.08          |
| Entertainment expenses  | 29,936.80           | 1,599.00          |
| Social security charges | 57,162.44           | 8,764.19          |
| Business travel charges | 57,635.40           |                   |
| Testing expenses        | 62,651.00           | 6,272.00          |
| Software fee            | 94,273.08           |                   |
| Other expenses          | 212,344.03          | 7,327.40          |
| <b>Total</b>            | <b>1,189,892.46</b> | <b>171,040.18</b> |

Other notes:

## 23. Administration expenses

Unit: RMB

| Item                              | Reporting Period    | Same period of last year |
|-----------------------------------|---------------------|--------------------------|
| Depreciation                      | 1,903,295.30        | 1,331,285.51             |
| Salary                            | 1,284,020.04        | 1,276,868.14             |
| Automobile expenses               | 475,858.98          | 419,001.62               |
| Rental charges                    | 1,055,680.49        | 265,103.97               |
| Legal adviser consulting fees     |                     | 150,000.00               |
| Welfare fee                       | 377,624.98          | 184,983.10               |
| Entertainment expenses            | 326,342.90          | 561,778.32               |
| Office expenses                   | 556,227.81          | 153,502.39               |
| Social security charges           | 134,414.08          | 151,295.69               |
| Water & electricity fees          | 159,475.84          | 91,024.80                |
| Amortization of intangible assets | 336,594.12          | 138,631.92               |
| Others                            | 351,957.20          | 302,022.57               |
| <b>Total</b>                      | <b>6,961,491.74</b> | <b>5,025,498.03</b>      |

Other notes:

## 24. Financial expenses

Unit: RMB

| Item                  | Reporting Period | Same period of last year |
|-----------------------|------------------|--------------------------|
| Interest expenses     | 645,695.56       | 705,900.00               |
| Less: Interest income | 17,501.15        | 37,006.24                |

|                        |            |            |
|------------------------|------------|------------|
| Exchange loss          | 104,650.69 | 4,079.70   |
| Less: exchange earning | 14,180.07  | 1,518.70   |
| Handling and other     | 21,268.83  | 20,695.55  |
| Total                  | 739,933.86 | 692,150.31 |

Other notes:

**25. Asset impairment loss**

Unit: RMB

| Item             | Reporting Period | Same period of last year |
|------------------|------------------|--------------------------|
| I. Bad debt loss | 167,333.77       | -657,691.40              |
| Total            | 167,333.77       | -657,691.40              |

Other notes:

**26. Gains and losses from changes in fair value**

Unit: RMB

| Sources                                                                                                  | Reporting Period | Same period of last year |
|----------------------------------------------------------------------------------------------------------|------------------|--------------------------|
| 2. Financial assets measured by fair value and the changes be included in the current profits and losses |                  | -148.00                  |
| Total                                                                                                    |                  | -148.00                  |

Other notes:

**27. Investment income**

Unit: RMB

| Item                                                                                                                                                                    | Reporting Period | Same period of last year |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------|
| Investment income arising from disposal of long-term equity investments                                                                                                 |                  | 4,777,303.71             |
| Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period | -1,522.94        | 9,507,297.71             |
| Total                                                                                                                                                                   | -1,522.94        | 14,284,601.42            |

Other notes:

**28. Non-operating gains**

Unit: RMB

| Item   | Reporting Period | Same period of last year | Recorded in the amount of the non-recurring gains and losses |
|--------|------------------|--------------------------|--------------------------------------------------------------|
| Others | 0.44             | 200,000.28               | 0.44                                                         |
| Total  | 0.44             | 200,000.28               | 0.44                                                         |

Government subsidies recorded into current profits and losses

Unit: RMB

| Item | Distribution entity | Distribution reason | Nature | Whether subsidies influence the current profits and losses or not | Special subsidy or not | Reporting Period | Same period of last year | Related to assets/related income |
|------|---------------------|---------------------|--------|-------------------------------------------------------------------|------------------------|------------------|--------------------------|----------------------------------|
|      |                     |                     |        |                                                                   |                        |                  |                          |                                  |

Other notes:

## 29. Non-operating expenses

Unit: RMB

| Item                      | Reporting Period | Same period of last year | Recorded in the amount of the non-recurring gains and losses |
|---------------------------|------------------|--------------------------|--------------------------------------------------------------|
| Donation                  | 200,000.00       |                          | 200,000.00                                                   |
| Fine for delaying payment |                  | 107,893.41               |                                                              |
| Total                     | 200,000.00       | 107,893.41               | 200,000.00                                                   |

Other notes:

## 30. Income tax expense

### (1) Lists of income tax expense

Unit: RMB

| Item                        | Reporting Period | Same period of last year |
|-----------------------------|------------------|--------------------------|
| Current income tax expense  | 1,848,553.62     | 1,789,084.28             |
| Deferred income tax expense |                  | 192,636.63               |
| Total                       | 1,848,553.62     | 1,981,720.91             |

### (2) Adjustment process of accounting profit and income tax expense:

Unit: RMB

| Item          | Reporting Period |
|---------------|------------------|
| Total profits | 208,969.51       |

|                                                                                                                                   |              |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------|
| Current income tax expense accounted by tax and relevant regulations                                                              | 52,242.38    |
| Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in Reporting Period. | 1,004,113.04 |
| Others                                                                                                                            | 792,198.20   |
| Income tax expense                                                                                                                | 1,848,553.62 |

Other notes:

### 31. Supplementary information to cash flow statement

#### (1) Other cash received relevant to operating activities:

Unit: RMB

| Item                               | Reporting Period | Same period of last year |
|------------------------------------|------------------|--------------------------|
| Other intercourse fund             | 612,825,000.00   | 266,557,661.33           |
| Amount related business activities | 80,230.54        | 1,071,079.31             |
| Total                              | 612,905,230.54   | 267,628,740.64           |

Note to other cash received relevant to operating activities:

#### (2) Other cash paid relevant to operating activities:

Unit: RMB

| Item                               | Reporting Period | Same period of last year |
|------------------------------------|------------------|--------------------------|
| Other intercourse fund             | 604,410,000.00   | 227,129,583.29           |
| Audit intermediary fees, etc       | 800,000.00       | 2,367,050.00             |
| Amount related business activities | 3,367,429.24     | 3,584,023.25             |
| Total                              | 608,577,429.24   | 233,080,656.54           |

Note to other cash paid relevant to operating activities:

### 32. Supplemental information for Cash Flow Statement

#### (1) Information of net profit to net cash flows generated from operating activities

Unit: RMB

| Supplemental information                                                              | Reporting Period | Same period of last year |
|---------------------------------------------------------------------------------------|------------------|--------------------------|
| 1. Reconciliation of net profit to net cash flows generated from operating activities | --               | --                       |
| Net profit                                                                            | -1,639,584.11    | 15,797,948.56            |
| Add: Provision for impairment of assets                                               |                  | -653,029.98              |

|                                                                                                     |                 |                 |
|-----------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Depreciation of fixed assets, of oil-gas assets, of productive biological assets                    | 1,918,926.88    | 1,339,870.53    |
| Amortization of intangible assets                                                                   | 336,594.12      | 138,631.92      |
| Losses from variation of fair value (gains: negative)                                               |                 | 148.00          |
| Financial cost (gains: negative)                                                                    | -66.00          |                 |
| Investment loss (gains: negative)                                                                   | 1,522.94        | -14,284,601.42  |
| Decrease in deferred income tax assets (gains: negative)                                            |                 | 163,257.50      |
| Decrease in inventory (gains: negative)                                                             | -7,203,140.64   | -33,226,462.65  |
| Decrease in accounts receivable from operating activities (gains: negative)                         | 481,536,676.02  | 191,027,506.09  |
| Increase in payables from operating activities (decrease: negative)                                 | -471,157,114.26 | -329,348,354.13 |
| Others                                                                                              |                 | 194,723,804.92  |
| Net cash flows generated from operating activities                                                  | 3,793,814.95    | 25,678,719.34   |
| 2. Significant investing and financing activities without involvement of cash receipts and payments | --              | --              |
| 3. Net increase in cash and cash equivalents:                                                       | --              | --              |
| Closing balance of cash                                                                             | 303,874,987.30  | 105,854,471.17  |
| Less: Opening balance of cash                                                                       | 301,471,305.21  | 16,669,591.58   |
| Net increase in cash and cash equivalents                                                           | 2,403,682.09    | 89,184,879.59   |

**(2) Cash and cash equivalents**

Unit: RMB

| Item                                              | Closing balance | Opening balance |
|---------------------------------------------------|-----------------|-----------------|
| I. Cash                                           | 303,874,987.30  | 301,471,305.21  |
| Including: Cash on hand                           | 1,208,935.64    | 752,347.56      |
| Bank deposit on demand                            | 302,636,688.39  | 105,075,729.52  |
| Other monetary funds on demand                    | 29,363.27       | 26,394.09       |
| III. Closing balance of cash and cash equivalents | 303,874,987.30  | 301,471,305.21  |

Other notes:

**33. The assets with the ownership or use right restricted**

Unit: RMB

| Item              | Closing book value | Restricted reason |
|-------------------|--------------------|-------------------|
| Fixed assets      | 21,493,834.99      | External guaranty |
| Intangible assets | 9,494,052.68       | External guaranty |
| Total             | 30,987,887.67      | --                |

Other notes:

**34. Foreign currency monetary items****(1) Foreign currency monetary items**

Unit: RMB

| Item                      | Closing foreign currency balance | Exchange rate | Closing convert to RMB balance |
|---------------------------|----------------------------------|---------------|--------------------------------|
| Including: USD            | 25.66                            | 6.6312        | 170.16                         |
| HKD                       | 4,003.48                         | 0.85467       | 3,421.66                       |
| Including: USD            | 1,216,088.46                     | 6.6312        | 8,064,125.80                   |
| Other accounts receivable |                                  |               |                                |
| Including: USD            | 20,000.00                        | 6.6312        | 132,624.00                     |
| EUR                       |                                  |               |                                |
| HKD                       | 55,780.00                        | 0.85467       | 47,673.49                      |

Other notes:

**VIII. Equity in other entities****1. Equity in subsidiary****(1) The structure of the enterprise group**

| Name                                | Main operating place | Registration place | Nature of business     | Holding percentage (%) |            | Way of gaining |
|-------------------------------------|----------------------|--------------------|------------------------|------------------------|------------|----------------|
|                                     |                      |                    |                        | Directly               | Indirectly |                |
| Shenzhen Rieys Industrial Co., Ltd. | Shenzhen             | Shenzhen           | Trading                | 90.00%                 |            | Set-up         |
| Puning Tianhe Garment Manufacturing | Puning               | Puning             | Manufacturing industry | 75.00%                 | 25.00%     | Set-up         |

|                                |           |           |                          |         |  |             |
|--------------------------------|-----------|-----------|--------------------------|---------|--|-------------|
| Factory Co., Ltd.              |           |           |                          |         |  |             |
| Tianrui (HK) Trading Co., Ltd. | Hong Kong | Hong Kong | Trading                  | 100.00% |  | Combination |
| CHINESE GOLD NOBILITY          | Shenzhen  | Shenzhen  | Sale of gold and jewelry | 51.00%  |  | Combination |

Notes: holding proportion in subsidiary different from voting proportion:

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:

Significant structure entities and controlling basis in the scope of combination:

Basis of determine whether the Company is the agent or the principal:

Other notes:

## (2) Significant not wholly owned subsidiary

Unit: RMB

| Name                               | Shareholding proportion of minority shareholder | The profits and losses arbitrate to the minority shareholders | Declaring dividends distribute to minority shareholder | Balance of minority shareholder at closing period |
|------------------------------------|-------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|
| Shenzhen Riye Industrial Co., Ltd. | 10.00%                                          | -48,856.23                                                    |                                                        | 3,959,967.49                                      |
| CHINESE GOLD NOBILITY              | 49.00%                                          | 2,717,373.83                                                  |                                                        | 32,066,261.06                                     |

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other notes:

## (3) The main financial information of significant not wholly owned subsidiary

Unit: RMB

| Name                               | Closing balance |                    |               |                     |                       |                   | Opening balance |                    |               |                     |                       |                   |
|------------------------------------|-----------------|--------------------|---------------|---------------------|-----------------------|-------------------|-----------------|--------------------|---------------|---------------------|-----------------------|-------------------|
|                                    | Current assets  | Non-current assets | Total assets  | Current liabilities | Non-current liability | Total liabilities | Current assets  | Non-current assets | Total assets  | Current liabilities | Non-current liability | Total liabilities |
| Shenzhen Riye Industrial Co., Ltd. | 38,469,288.45   | 1,550,305.70       | 40,019,594.15 | 419,919.22          | 0.00                  | 419,919.22        | 70,145,637.20   | 1,723,464.38       | 71,869,101.58 | 31,780,864.41       | 0.00                  | 31,780,864.41     |
| CHINESE GOLD NOBILITY              | 61,246,397.04   | 156,551.29         | 61,402,948.33 | -4,038,400.76       | 0.00                  | -4,038,400.76     | 55,530,823.27   | 163,654.25         | 55,694,477.52 | -4,201,210.71       | 0.00                  | -4,201,210.71     |

|    |  |  |  |  |  |  |  |  |  |  |  |  |
|----|--|--|--|--|--|--|--|--|--|--|--|--|
| TY |  |  |  |  |  |  |  |  |  |  |  |  |
|----|--|--|--|--|--|--|--|--|--|--|--|--|

Unit: RMB

| Name                                | Reporting Period  |              |                            |                     | Same period of last year |               |                            |                     |
|-------------------------------------|-------------------|--------------|----------------------------|---------------------|--------------------------|---------------|----------------------------|---------------------|
|                                     | Operation revenue | Net profit   | Total comprehensive income | Operating cash flow | Operation revenue        | Net profit    | Total comprehensive income | Operating cash flow |
| Shenzhen Riays Industrial Co., Ltd. |                   | -488,562.24  | -488,562.24                | -49,947,048.34      |                          | -2,544,769.93 | -2,544,769.93              | 51,729,179.26       |
| CHINESE GOLD NOBILITY               | 200,186,975.70    | 5,545,660.86 | 5,545,660.86               | -645,785.99         | 326,334,869.41           | 5,576,755.47  | 5,576,755.47               | -50,445,401.24      |

Other notes:

## IX. Related party and related Transaction

### 1. Information related to parent company of the Company

| Name of parent company                             | Registration place                                                                              | Nature of business | Registered capital | Proportion of share held by parent company against the Company (%) | Proportion of voting rights owned by parent company against the Company (%) |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Shenzhen Shenghengchang Huifu Industrial Co., Ltd. | A 403, Floor 4 of Light industrial factory building, Nanshan Avenue, Nanshan District, Shenzhen | Trading            | 9800               | 36.99%                                                             | 36.99%                                                                      |

Notes: Information on the parent company:

The ultimate controller of the enterprise is Chen Hongcheng

Other notes:

No such case in Reporting Period

### 2. Subsidiaries of the Company

See details to Notes VIII. 1. Equity in subsidiary.

### 3. Information on other related parties of the Company

| Name                                         | Relationship                                                                                                                                                   |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shenzhen Rishen Investment Co., Ltd.         | Shareholder holding 10.68% stake of the Company, affiliate controlled under Chen Hongcheng's family                                                            |
| Shenzhen Lianhua Huiren Industrial Co., Ltd. | Shareholder holding 3.81% stake of the Company, affiliate controlled under Chen Hongcheng's family                                                             |
| Chen Xuewen                                  | Direct relatives of Cheng Hongcheng                                                                                                                            |
| Ding Lihong                                  | Board chairman of the Company                                                                                                                                  |
| Chen Hongcheng                               | Vice-Board chairman of the Company, relative of Cheng Hongcheng, and he is the legal representative of parent company and Shenzhen Rishen Investment Co., Ltd. |

Other notes:

### 4. List of related-party transactions

#### (1) Rewards for the key management personnel

Unit: RMB

| Item                                     | Reporting Period | Same period of last year |
|------------------------------------------|------------------|--------------------------|
| Rewards for the key management personnel | 253,000.00       | 240,000.00               |

### 5. Receivables and payables of related parties

#### (1) Payables

Unit: RMB

| Name of item      | Related party                        | Closing book balance | Opening book balance |
|-------------------|--------------------------------------|----------------------|----------------------|
| Intercourse funds | Shenzhen Rishen Investment Co., Ltd. | 3,160,000.00         | 450,000.00           |

Note: Where a related transaction is settled in net amount upon agreement, the amounts payable to related parties may be stated after the offset.

## X. Commitments

### 1. Significant commitments

Significant commitments at balance sheet date

As of 30 June 2016, there was no significant commitment or contingency in the Company.

## 2. Contingency

### (1) Significant contingency at balance sheet date

(1) Possible liabilities formed for providing debt guarantee for other institutions and their financial impacts

1) On 14 Apr. 2014 the Company mortgaged its real estate (the mortgaged property assessment value was RMB39.43 million), for Puning Yanlilai Trading Co., Ltd. and Jieyang RongCheng sub-branch of The Industrial And Commercial Bank of China Co., Ltd. signing Maximum amount mortgage contract, the Maximum amount mortgage contract was: Maximum amount mortgage in 2014 NO. 3943 of RongCheng sub-branch. The secured principle credit was from 14 April 2014 to 14 April 2019. Puning Yanlilai Trading Co., Ltd. signed RMB24 million loan contract with Jieyang RongCheng sub-branch of The Industrial and Commercial Bank of China Co., Ltd. on 13 July 2015, the term were 12 months

2) The Company mortgaged its real estate (The mortgaged property assessment value was RMB36.32 million) for Huafengqiang Trade Co., Ltd. and the Jieyang RongCheng sub-branch of The Industrial and Commercial Bank of China Co., Ltd. signing Maximum amount mortgage contract, the Maximum amount mortgage contract was: Maximum amount mortgage in 2014 NO. 3632 of RongCheng sub-branch. The secured principle credit was from 11 November 2014 to 11 November 2019. Huafengqiang Trade Co., Ltd. signed RMB17,000,000.00 loan contract with Jieyang RongCheng sub-branch of The Industrial and Commercial Bank of China Co., Ltd. which was the guarantee for the Company. The borrowing period was for 12 months.

As of 30 June 2016, the Company provide guarantee for non-related party were as followed:

| Entity                            | Events           | Amount involved<br>(RMB'0,000) | Period                               | Notes |
|-----------------------------------|------------------|--------------------------------|--------------------------------------|-------|
| Puning Yanlilai Trading Co., Ltd. | Bank loan pledge | 2,400.00                       | 13 July 2015 to 13 July 2016         |       |
| Huafengqiang Trade Co., Ltd.      | Bank loan pledge | 1,700.00                       | 17 November 2015 to 17 November 2016 |       |
| Total                             |                  | <b>4,100.00</b>                |                                      |       |

(2) As of 30 June 2016, there was no pending litigation, external guaranty or contingency in the Company.

As of 30 June 2016, except for the above contingency, there was no significant contingency to disclose in the Company.

### (2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

## XI. Other significant events

### 1. Other

On 5 January 2015, the Company sign a sale of asset agreement with Guangdong Taihengyuan Industrial Co., Ltd., the Company sold assets such as the industrial land, workshop located in Lianyun Village, Junbu Town, Puning (of which: workshop premises building area 31,451.93 square meters, the land use right area of the workshop took in was 81,787.00 square meters) the certificate No. of the land respectively was PFGY (2006) No. 01371, YDFDQZPZGZ No.059, YDFDQZPZGZ No. 060 and YDFDQZPZGZ No. 061.

As of 30 June 2016, except for the aforesaid event, there was no significant event in the Company.

## XII. Notes of main items in the financial statements of the Company

### 1. Accounts receivable

#### (1)Accounts receivable disclosed by category

Unit: RMB

| Category                                                                                             | Closing balance |            |                    |                       |            | Opening balance |            |                    |                       |            |
|------------------------------------------------------------------------------------------------------|-----------------|------------|--------------------|-----------------------|------------|-----------------|------------|--------------------|-----------------------|------------|
|                                                                                                      | Book balance    |            | Bad debt provision |                       | Book value | Book balance    |            | Bad debt provision |                       | Book value |
|                                                                                                      | Amount          | Proportion | Amount             | Withdrawal proportion |            | Amount          | Proportion | Amount             | Withdrawal proportion |            |
| Accounts receivable with insignificant single amount for which bad debt provision separately accrued | 4,608,276.88    | 100.00%    | 4,608,276.88       | 100.00%               | 0.00       | 4,608,276.88    | 100.00%    | 4,608,276.88       | 100.00%               | 0.00       |
| Total                                                                                                | 4,608,276.88    | 100.00%    | 4,608,276.88       | 100.00%               | 0.00       | 4,608,276.88    | 100.00%    | 4,608,276.88       | 100.00%               | 0.00       |

Accounts receivable with single significant amount and withdrawal bad debt provision separately at end of period

√ Applicable □ Not applicable

Unit: RMB

| Accounts receivable<br>(classified by units) | Closing balance    |                    |                       |                                                        |
|----------------------------------------------|--------------------|--------------------|-----------------------|--------------------------------------------------------|
|                                              | Account receivable | Bad debt provision | Withdrawal proportion | Withdrawal reason                                      |
| Capital airport                              | 21,713.00          | 21,713.00          | 100.00%               | Long-term credit, the Company believe it irrecoverable |

|                                         |                     |                     |           |                                                        |
|-----------------------------------------|---------------------|---------------------|-----------|--------------------------------------------------------|
| Ningbo Industrial and Commercial Bureau | 26,354.45           | 26,354.45           | 100.00%   | Long-term credit, the Company believe it irrecoverable |
| Chen Shunqin                            | 335,904.80          | 335,904.80          | 100.00%   | Long-term credit, the Company believe it irrecoverable |
| Hong Kong Jinhua Trading Company        | 4,224,304.63        | 4,224,304.63        | 100.00%   | Long-term credit, the Company believe it irrecoverable |
| <b>Total</b>                            | <b>4,608,276.88</b> | <b>4,608,276.88</b> | <b>--</b> | <b>--</b>                                              |

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

## (2) Top five of account receivable of closing balance collected by arrears party

| Name of the entity                      | Amount              | Bad debt provision  | Proportion %  |
|-----------------------------------------|---------------------|---------------------|---------------|
| Capital airport                         | 21,713.00           | 21,713.00           | 0.47          |
| Ningbo Industrial and Commercial Bureau | 26,354.45           | 26,354.45           | 0.57          |
| Chen Shunqin                            | 335,904.80          | 335,904.80          | 7.29          |
| Hong Kong Jinhua Trading Company        | 4,224,304.63        | 4,224,304.63        | 91.67         |
| <b>Total</b>                            | <b>4,608,276.88</b> | <b>4,608,276.88</b> | <b>100.00</b> |

## 2. Other accounts receivable

### (1) Other accounts receivable disclosed by category

Unit: RMB

| Category | Closing balance |            |                    |                       |            | Opening balance |            |                    |                       |            |
|----------|-----------------|------------|--------------------|-----------------------|------------|-----------------|------------|--------------------|-----------------------|------------|
|          | Book balance    |            | Bad debt provision |                       | Book value | Book balance    |            | Bad debt provision |                       | Book value |
|          | Amount          | Proportion | Amount             | Withdrawal proportion |            | Amount          | Proportion | Amount             | Withdrawal proportion |            |

|                                                                                                            |                |         |              |         |                |               |         |              |         |               |
|------------------------------------------------------------------------------------------------------------|----------------|---------|--------------|---------|----------------|---------------|---------|--------------|---------|---------------|
| Other accounts receivable with insignificant single amount for which bad debt provision separately accrued | 113,758,794.62 | 96.74%  | 2,931,608.20 | 2.58%   | 110,827,186.42 | 67,859,169.28 | 92.98%  | 2,931,608.20 | 4.32%   | 64,927,561.08 |
| Other accounts receivable withdrawn bad debt provision according to credit risks characteristics           | 2,356,394.77   | 2.00%   | 1,468,120.51 | 62.30%  | 888,274.26     | 3,648,125.48  | 5.00%   | 1,468,120.51 | 40.24%  | 2,180,004.97  |
| Other accounts receivable with insignificant single amount for which bad debt provision separately accrued | 1,478,227.36   | 1.26%   | 1,478,227.36 | 100.00% | 0.00           | 1,478,227.36  | 2.02%   | 1,478,227.36 | 100.00% |               |
| Total                                                                                                      | 117,593,416.75 | 100.00% | 5,877,956.07 | 5.00%   | 111,715,460.68 | 72,985,522.12 | 100.00% | 5,877,956.07 | 8.05%   | 67,107,566.05 |

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

√ Applicable □ Not applicable

Unit: RMB

| Other accounts receivable (unit)                      | Closing balance           |                    |                       |                                                                            |
|-------------------------------------------------------|---------------------------|--------------------|-----------------------|----------------------------------------------------------------------------|
|                                                       | Other accounts receivable | Bad debt provision | Withdrawal proportion | Withdrawal reason                                                          |
| Tianrui (HK) Trading Co., Ltd.                        | 64,927,561.08             |                    |                       | Included in consolidated related party did not withdraw bad debt provision |
| Puning Tianhe Garment Manufacturing Factory Co., Ltd. | 45,899,625.34             |                    |                       | Included in consolidated related party did not withdraw bad debt provision |
| Refund of tax for export receivable                   | 2,331,608.20              | 2,331,608.20       | 100.00%               | Long-term credit, the Company believe it irrecoverable                     |
| Shenzhen Zhao Tong Investment Co., Ltd.               | 600,000.00                | 600,000.00         | 100.00%               | Long-term credit, the Company believe it irrecoverable                     |
| Total                                                 | 113,758,794.62            | 2,931,608.20       | --                    | --                                                                         |

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

√ Applicable □ Not applicable

Unit: RMB

| Aging                  | Closing balance           |                    |                       |
|------------------------|---------------------------|--------------------|-----------------------|
|                        | Other accounts receivable | Bad debt provision | Withdrawal proportion |
| Subentry within 1 year |                           |                    |                       |
| Within 1 year          | 414,347.38                | 34,110.48          | 8.23%                 |
| Subtotal within 1 year | 414,347.38                | 34,110.48          | 8.23%                 |
| 1 to 2 years           | 8,662.40                  | 1,329.87           | 15.35%                |
| 2 to 3 years           | 894,970.08                | 447,385.07         | 49.99%                |
| Over 3 years           | 1,038,414.91              | 985,295.09         | 94.88%                |
| Total                  | 2,356,394.77              | 1,468,120.51       | 62.30%                |

Notes:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision:

□ Applicable √ Not applicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

□ Applicable √ Not applicable

**(2) Other accounts receivable classified by the nature of accounts**

Unit: RMB

| Nature                | Closing book balance | Opening book balance |
|-----------------------|----------------------|----------------------|
| Fund of related party | 110,827,186.42       | 64,927,561.08        |
| Intercourse funds     | 3,758,084.43         | 4,997,439.43         |
| Tax                   | 2,331,608.20         | 2,331,608.20         |
| Payment on behalf     | 676,537.70           | 728,913.41           |
| Total                 | 117,593,416.75       | 72,985,522.12        |

**(3) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party**

Unit: RMB

| Name of the entity                                    | Nature                       | Closing balance | Aging         | Proportion% | Closing balance of bad debt provision |
|-------------------------------------------------------|------------------------------|-----------------|---------------|-------------|---------------------------------------|
| Tianrui (HK) Trading Co., Ltd.                        | Intercourse of related party | 64,927,561.08   | Over 5 years  | 55.21%      |                                       |
| Puning Tianhe Garment Manufacturing Factory Co., Ltd. | Intercourse of related party | 45,899,625.34   | Within 1 year | 39.03%      |                                       |

|                                         |                   |                |              |        |              |
|-----------------------------------------|-------------------|----------------|--------------|--------|--------------|
| Refund of tax for export receivable     | Tax               | 2,331,608.20   | Over 5 years | 1.98%  | 2,331,608.20 |
| Guangdong Yuanfeng Trade Co., Ltd.      | Intercourse funds | 700,000.00     | Over 5 years | 0.60%  | 700,000.00   |
| Shenzhen Zhao Tong Investment Co., Ltd. | Intercourse funds | 600,000.00     | Over 5 years | 0.51%  | 600,000.00   |
| Total                                   | --                | 114,458,794.62 | --           | 97.33% | 3,631,608.20 |

### 3. Long-term equity investment

Unit: RMB

| Item                         | Closing balance |                       |                | Opening balance |                       |                |
|------------------------------|-----------------|-----------------------|----------------|-----------------|-----------------------|----------------|
|                              | Book balance    | Depreciation reserves | Book value     | Book balance    | Depreciation reserves | Book value     |
| Investment to the subsidiary | 126,712,508.68  |                       | 126,712,508.68 | 126,712,508.68  |                       | 126,712,508.68 |
| Total                        | 126,712,508.68  |                       | 126,712,508.68 | 126,712,508.68  |                       | 126,712,508.68 |

#### (1) Investment to the subsidiary

Unit: RMB

| Investee                                              | Opening balance | Increase | Decrease | Closing balance | Withdrawn impairment provision in the Reporting Period | Closing balance of impairment provision |
|-------------------------------------------------------|-----------------|----------|----------|-----------------|--------------------------------------------------------|-----------------------------------------|
| Shenzhen Rieys Industrial Co., Ltd.                   | 45,000,000.00   |          |          | 45,000,000.00   |                                                        |                                         |
| Puning Tianhe Garment Manufacturing Factory Co., Ltd. | 51,712,500.42   |          |          | 51,712,500.42   |                                                        |                                         |
| Tianrui (HK) Trading Co., Ltd.                        | 8.26            |          |          | 8.26            |                                                        |                                         |
| Puning Hengda Real Estate Development Co., Ltd.       |                 |          |          |                 |                                                        |                                         |
| CHINESE GOLD NOBILITY                                 | 30,000,000.00   |          |          | 30,000,000.00   |                                                        |                                         |
| Total                                                 | 126,712,508.68  |          |          | 126,712,508.68  |                                                        |                                         |

**4. Investment income**

Unit: RMB

| Item                                                                                                                                                                    | Reporting Period | Same period of last year |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------|
| Long-term equity investment income accounted by cost method                                                                                                             |                  | 38,085,000.00            |
| Investment income arising from disposal of long-term equity investments                                                                                                 |                  | 48,123,800.00            |
| Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period |                  | 11,021,123.57            |
| Total                                                                                                                                                                   |                  | 97,229,923.57            |

**XIII. Supplementary materials****1. Items and amounts of extraordinary gains and losses**

√ Applicable □ Not applicable

Unit: RMB

| Item                                                                                                                                                                                                                                                                           | Amount      | Explanation                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------|
| Gain/loss from change of fair value of transactional assets and liabilities, and investment gains from disposal of transactional financial assets and liabilities and available-for-sale financial assets, other than valid hedging related to the Company's common businesses | -1,522.94   | Disposal of tradable financial assets recognized investment losses in Reporting Period |
| Other non-operating income and expenses other than the above                                                                                                                                                                                                                   | -199,999.56 |                                                                                        |
| Less: Income tax effects                                                                                                                                                                                                                                                       | -50,380.63  |                                                                                        |
| Minority interests effects                                                                                                                                                                                                                                                     | -114.06     |                                                                                        |
| Total                                                                                                                                                                                                                                                                          | -151,027.81 | --                                                                                     |

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item.

□ Applicable √ Not applicable

**2. Return on equity and earnings per share**

| Profit as of Reporting Period                                                                                  | Weighted average ROE (%) | EPS (Yuan/share) |             |
|----------------------------------------------------------------------------------------------------------------|--------------------------|------------------|-------------|
|                                                                                                                |                          | EPS-basic        | EPS-diluted |
| Net profit attributable to common shareholders of the Company                                                  | -1.19%                   | -0.01            | -0.01       |
| Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss | -1.15%                   | -0.0130          | -0.0130     |

**3. Differences between accounting data under domestic and overseas accounting standards****(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards**

☐ Applicable ☒ Not applicable

**(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards**

☐ Applicable ☒ Not applicable

## **Section X Documents Available for Reference**

I The financial statements with the signatures and seals of the legal representative, the CFO and the accounting head; and

II The originals of the company announcements and documents disclosed on the CSRC-designated newspapers during the Reporting Period.

(The Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.)