GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED

SEMI-ANNUAL REPORT 2017

2017-073

August 2017

Section I Important Statements, Contents and Definitions

The board of directors (the "Board"), the supervisory board (the "Supervisory Board") 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 this Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in this Report.

Ding Lihong, head of the Company, Chen Jincai, accounting head for this Report, and Zeng Zhihua, head of the accounting department (head of accounting), hereby guarantee that the Financial Report carried in this Report is factual, accurate and complete.

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

1. Great uncertainty in future earnings: For the Reporting Period, the Company realized net profit attributable to the Company (as the parent company) of RMB-7.9971 million with this figure before exceptional gains and losses being RMB-3.2803 million (exceptional gains and losses being RMB-4.7168 million in total). The Company's existing business lines are not very profitable. In face of fierce competition, it is already hard for the Company to maintain the status quo in its gold and jewels business, and it is even harder to improve the business performance. Joint ventures Shenzhen Shenguorong Financing Guarantee Co., Ltd. and Shenzhen Future Growing Business Fund (Limited Partnership) have made limited contributions to the Company's earnings due to their recent incorporations. In addition, the shares held by Shenzhen Rieys Industrial Co., Ltd. experienced a significantly decreased price due to a significant asset reorganization failure, and the stock price is expectedly hard to rebound in a short period of time due to other factors. Therefore, earnings for this year are quite uncertain. 2. Uncertainty in new business: The Company has lately launched a new business line of garments e-commerce (operated by Shanghai Yunpeng Network Technology Co., Ltd.), which is positioned as an "incubator" project. Although preparations for the opening of the e-commerce platform went well, the business structure has been established in a swift manner and quite a few brand companies have signed contracts with the platform to open online shops (operated by the companies themselves or by the platform for the companies) on the platform, it is quite uncertain whether the platform will be able to improve its operating results and generate profit within a short time of period because of capital and time restrictions.

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

This 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.

Table of Contents

Definitions

Term	Definition
Company, the Company	Guangdong Jadiete Holdings Group Company Limited
CSRC	China Securities Regulatory Commission
SZSE, the stock exchange	Shenzhen Stock Exchange
RMB, RMB’0,000	RMB yuan, RMB ten thousand yuan
Reporting Period	January 1, 2017-June 30, 2017
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.
Yunpeng Technology	Shanghai Yunpeng Network Technology Co., Ltd.
Tianrui Trading	Tianrui (HK) Trading Co., Ltd.
Shenguorong Financing Guarantee	Shenzhen Shenguorong Financing Guarantee Co., Ltd.
Lianhua Huiren	Shenzhen Lianhua Huiren Industrial Co., Ltd.
Future Growing Business Fund	Shenzhen Future Growing Business Fund (Limited Partnership)

Section II Corporate Profile and Key Operating Results

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	18/F, Nepstar Building, intersection of Dongbin Road and Houhaibin Road, Nanshan District, Shenzhen, Guangdong Province, P.R.China	
Tel.	0755-82250045	
Fax	0755-82251182	
E-mail	JHG@200168.com	

III Other Information

1. Ways to Contact the Company

Indicate by tick mark whether any changes 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

Registered address	Meixin Industrial Park, Junbu Town, Puning City, Guangdong Province, P.R.China
Zip code	515322
Office address	18/F, Nepstar Building, intersection of Dongbin Road and Houhaibin Road,

	Nanshan District, Shenzhen, Guangdong Province, P.R.China
Zip code	518000
Website	http://www.200168.com
Email	xw@200168.com
Disclosure date of related current announcement on designated website (if any)	05/17/2017
Designated website for disclosed current announcement (if any)	http://www.cninfo.com.cn

2. Information Disclosure Media and Place where this Report is Kept

Indicate by tick mark whether any changes occurred to the information disclosure media and the place where this Report was kept during the Reporting Period.

√ Applicable □ Not applicable

Newspapers designated by the Company for information disclosure	Ta Kung Pao (HK) and Securities Times
Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is kept	18/F, Nepstar Building, intersection of Dongbin Road and Houhaibin Road, Nanshan District, Shenzhen, Guangdong Province, P.R.China
Disclosure date of related current announcement on designated website (if any)	05/17/2017
Designated website for disclosed current announcement (if any)	http://www.cninfo.com.cn

IV Key Consolidated Operating Results

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

□ Yes √ No

	Reporting Period	Same period of last year	+/- (%)
Operating revenue (RMB)	190,460,084.85	200,186,975.70	-4.86%
Net profit attributable to shareholders of the Company (RMB)	-7,997,104.78	-4,308,101.71	85.63%
Net profit attributable to shareholders of the Company before exceptional gains and losses (RMB)	-3,280,270.04	-4,157,073.90	-21.09%
Net cash from operating activities (RMB)	3,132,874.45	3,793,814.95	-17.42%

Basic earnings per share (RMB/share)	-0.025	-0.014	78.57%
Diluted earnings per share (RMB/share)	-0.025	-0.014	78.57%
Weighted average return on equity (%)	-2.21%	-1.19%	-1.02%
	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB)	554,149,584.14	520,194,679.60	6.53%
Net assets attributable to shareholders of the Company (RMB)	358,847,027.21	366,670,353.78	-2.13%

V Differences in Accounting Data under Chinese and Foreign Accounting Standards

1. Differences in Net Profit and Net Assets Disclosed in Financial Reports Prepared under Chinese and International Accounting Standards

□ Applicable √ Not applicable

No such differences for the Reporting Period.

2. Differences in Net Profit and Net Assets Disclosed in Financial Reports Prepared under Chinese and Foreign Accounting Standards

□ Applicable √ Not applicable

No such differences for the Reporting Period.

VI Exceptional Gains/Losses

√ Applicable □ Not applicable

Unit: RMB

Item	Reporting Period	Note
Gains/losses on fair value changes of financial assets and liabilities held for trading & investment income from disposal of financial assets and liabilities held for trading as well as financial assets available for sale, except for effective hedges related to normal business operations of the Company	-5,523,684.66	(1) Loss of RMB-5,539,925.21 on fair value changes of financial assets held for trading; and (2) investment income of RMB16,240.55 from disposal of financial assets held for trading
Impairment provision reversal for accounts receivable on which impairment test is carried out separately	411,560.62	
Non-operating income and expense other than above	14,650.39	
Less: Income tax effects	72,063.56	
Minority interests effects (after tax)	-452,702.47	
Total	-4,716,834.74	--

Explanation of why the Company classified an item as an exceptional gain/loss according to the definition in the Explanatory

Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gains and Losses, or reclassified any exceptional gain/loss item given as an example in the said explanatory announcement as a recurrent gain/loss:

□ Applicable √ Not applicable

No such cases in the Reporting Period.

Section III Business Profile

I Main Business Scope for Reporting Period

Is the Company subject to any disclosure requirements for special industries?

No.

During the Reporting Period, the Company's business scope covered gold and jewelry marketing, garments e-commerce, trade of precious metal nickel and house rental service, of which gold and jewelry was the main business line, operated by controlled subsidiary Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. (Chinese Gold Nobility) and contributing 88.16% of the Company's consolidated operating revenue. Chinese Gold Nobility is a professional enterprise mainly engaged in gold and jewelry brand operation, with its business scope of development, design, promotion and sales of gold, silver, diamond inlay, jade, color gemstone etc. Base on the brand of "Chinese Gold Nobility Jewelry" , we have established an " Internet Plus" model by establishment of channels in Tmall flagship stores, mobile stores and Wechat Business platform, adoption of different strategies, and launch of series of featured goods with new technique, to achieve "online + offline" multi-channel marketing.

Since the second half of 2015, the gold and jewelry industry in China has entered into the "winter", when the sales of gold ornaments and gold consumption have decreased dramatically due to the slumping domestic economy. Gold keeps at a comparatively low and flat price, which causes a big decrease in enterprises' gross profit rate, further influencing the sales of products like golden ornaments. One of the business models of the domestic wholesale and retail industry of gold products used between 2011 and 2013 is to promote the expanding of distribution channels and the increase of sales through developing the quantity and scale of franchised outlets in different locations. However after developing for a period of time, since 2014, there are no other barriers to entry this field, except capital. Gold products in the market show a serious high level of homogenization, meanwhile quantity of franchised outlets in different locations and their increase in inventory have far surpassed the increase of demand for gold products in various places, which means relatively supply has exceeded demand now. Conventional business structure and product combination models are facing a great challenge and consumers are proposing a higher demand for the brand, quality, personality, design and service. Gold and jewelry industry is going through a period of transformation and of opportunities as well.

II Significant Changes in Main Assets

1. Significant Changes in Main Assets

Main assets	Reason for significant change in Reporting Period
Equity assets	Investment in Future Growing Business Fund with the Company's own funds

Monetary funds	Investment in Future Growing Business Fund with the Company's own funds
Financial assets held for trading	Decreased stock price of shareholdings in third party
Accounts receivable	Collection of customers' payments by subsidiary Chinese Gold Nobility
Prepayments	Contract in execution
Inventories	Increased inventories of subsidiary Chinese Gold Nobility

2. Main Assets Overseas

□ Applicable √ Not applicable

III Core Competitiveness Analysis

Is the Company subject to any disclosure requirements for special industries?

No.

No significant changes occurred to the Company's core competitiveness in the Reporting Period.

Section IV Performance Discussion and Analysis

I Summary

For the Reporting Period, the Company achieved, on a consolidated basis, operating revenue of RMB190.4601 million, roughly equaling RMB200.1870 million of the same period of last year. The debt-to-assets ratio was 27.86%, which increased 11.18% over 16.68% of the same period of last year. The liquidity ratio was 1.46, which decreased 3.2 over 4.66 of the same period of last year. The quick ratio was 0.72, which decreased 3.18 over 3.90 of the same period of last year. The turnover rate of the current assets was 0.71%, which increased 0.17% over 0.54% of the same period of last year. The turnover rate of the non-current assets was 0.71%, which decreased 1.18% over 1.89% of the same period of last year. And the turnover rate of the total assets was 0.35%, which decreased 0.07% over 0.42% of the same period of last year. The liquidity decreased because the Company used its own funds to invest in Shenzhen Future Growing Business Fund (Limited Partnership). The consolidated operating profit stood at RMB-2.8933 million, down 807.41% from RMB0.409 million of the same period of last year. The net profit attributable to the Company (as the parent company) was RMB-7.9971 million, representing an 85.63% increase in loss from RMB-4.3081 million of the same period of last year. These losses were caused by a significant loss on investments in securities (financial assets held for trading) in the Reporting Period. The net profit margin was -4.20%, which increased 2.05% in loss over -2.15% of the same period of last year; and the profit margin of the total assets was 1.49%, which increased 0.14% in loss over -0.91% of the same period of last year. The above changes were resulted by an expanding loss in the Reporting Period.

During the period from the beginning of this year to the disclosure day of this Report, the Company has mainly accomplished the following work:

1. Business

(1) Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. (Chinese Gold Nobility), a subsidiary controlled by the Company, achieved sales revenue of RMB167,920,000 in the Reporting Period, accounting for 88.16% of the consolidated revenue of the Company; and achieved a net profit of RMB6,910,000, accounting for -132.88% of the consolidated net profit of the Company. The major products (business) of Chinese Gold Nobility include: gold ornament commodities, commodities mounted with diamonds, jadeite commodities, and 18k ornaments and other accessories products and etc. Jadeite products and gold products and diamond-mounted products are sold in combination with each other, which shows a certain level of randomness. After the effect of an exceptional jade order worth RMB69,512,300 is excluded, the gold and jewelry business operated by Chinese Gold Nobility declined 50.84% on a year-on-year basis.

(2) Shenzhen Rieys Industrial Co., Ltd., a subsidiary controlled by the Company, achieved sales revenue of RMB21,000,000, taking up 11% of the consolidated revenue of the Company; and achieved a net profit of RMB-5,930,000, taking up 114.02% of the consolidated net profit of the Company. Rieys Industrial has gone through a relatively huge loss, which is mainly caused by the sharp drop of the price of the third-party securities held by it.

(3) Shanghai Yunpeng Network Technology Co., Ltd, a subsidiary controlled by the Company, has engaged itself into various preparation works before opening during the reporting period, including but not limited to: business negotiation, personnel development, signing authorizing agreements, agency agreements, agency agreements for operations, applying to the platform for setting up online stores and business layout and so on. Business models of Yunpeng Technology include self-management, agency and agency operation. With the existing models, it has newly established and operated as an agency altogether 21 online stores.

2. Investments Made

The Company held the first extraordinary general meeting of shareholders of Y2017 on Feb. 6, 2017, and agreed that the Company would become a limited partner of Shenzhen Future Growing Business Fund (Limited Partnership) ("Future Growing Business Fund") with its own funds of RMB120 million. Shenzhen SGR (Qianhai) Financial Management Co., Ltd. is a common partner subscribing for RMB30 million, and Shenzhen SGR Finance Management Co., Ltd. is a limited partner subscribing for RMB400 million. As of the date of this Report, the Company completed the subscription. To become a limited partner of Future Growing Business Fund, we hope to explore and develop enterprises with growth and innovation by the help of its team with rich experience in PE, so as to provide new profit growth for the Company in the business of our development strategies.

3. Termination of Significant Event and of Planning for Major Asset Restructuring

On Mar. 22, 2017, the Company disclosed *the Suspension Notice on Termination of Major Projects and Planning of Major Asset Restructuring* (No.: 2017-018). The Company has decided to terminate the planning of major projects because the related policies involved are not yet clear; besides, the Company and related parties need to further fulfill related items.

On Aug. 21, 2017, the Company disclosed the *"Suspension Notice on Termination of Major Asset Restructuring"* (No.: 2017-066). Due to that the market circumstances and many other factors have changed a lot compared to that at the beginning of planning and preparation, continuing this major asset restructuring will face many uncertain factors. After the Company's full investigation and sufficient communication with relevant parties, the Company thinks conditions are not mature for it to continue its asset restructuring. In order to truly protect the interests of all shareholders and all business parties, and after serious consideration and friendly negotiation by and among various parties, it is decided to terminate this major asset restructuring.

Such terminations have no substantial influence on the Company's operation.

II Analysis of Main Business

See "I Summary" above.

Year-on-year changes of key consolidated financial data:

Unit: RMB

	Reporting Period	Same period of last year	+/-%	Main reason for change
Operating revenue	190,460,084.85	200,186,975.70	-4.86%	
Operating costs	178,534,654.04	190,594,842.57	-6.33%	

Selling expense	1,434,407.39	1,189,892.46	20.55%	
Administrative expense	7,324,503.57	6,961,491.74	5.21%	
Finance costs	310,534.11	739,933.86	-58.03%	Increased exchange gains
Income taxes	2,307,032.61	1,848,553.62	24.80%	
Net cash from operating activities	3,132,874.45	3,793,814.95	-17.42%	
Net cash from investing activities	-120,001,252.72	-1,390,198.86	8,531.95%	Investment in Future Growing Business Fund
Net increase in cash and cash equivalents	-116,868,768.94	2,403,682.09	-4,962.07%	Investment in Future Growing Business Fund and increase in cash paid for goods

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.

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						
Garments	894,330.66	624,291.90	30.19%			
Gold and jewelry	167,918,918.82	156,985,824.32	6.51%	-16.12%	-17.63%	1.72%
Nickel	21,009,771.23	20,758,181.55	1.20%			
By product						
Garments	894,330.66	624,291.90	30.19%			
Gold and jewelry	167,918,918.82	156,985,824.32	6.51%	-16.12%	-17.63%	1.72%
Nickel	21,009,771.23	20,758,181.55	1.20%			
By geographic segment						
Sale of garments	894,330.66	624,291.90	30.19%			
Sale of gold and jewelry in Shenzhen	167,918,918.82	156,985,824.32	6.51%	-16.12%	-17.63%	1.72%
Domestic sale of nickel	21,009,771.23	20,758,181.55	1.20%			

III Non-Core Business Analysis

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a percentage of total profit (%)	Source/reason	Recurring (yes/no)
Gains/losses on fair value changes	-5,539,925.21	191.32%	Stock price of the Company's shareholdings in third party fell in Reporting Period	No

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of Reporting Period		End of same period of last year		Change in percentage (%)	Main reason for significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Monetary funds	7,018,207.88	1.27%	303,874,987.30	63.91%	-62.64%	Investment in Future Growing Business Fund with the Company's own funds
Accounts receivable	18,387,843.59	3.32%	3,843,748.39	0.81%	2.51%	
Inventories	114,555,062.41	20.67%	60,435,676.32	12.71%	7.96%	
Long-term equity investments	270,015,275.93	48.73%	0.00	0.00%	48.73%	Investment in Future Growing Business Fund with the Company's own funds and Shenguorong Financing Guarantee
Fixed assets	42,702,470.53	7.71%	74,392,180.93	15.65%	-7.94%	

2. Assets and Liabilities Measured at Fair Value

□ Applicable √ Not applicable

3. Restricted Asset Rights as of End of Reporting Period

Not applicable

V Investments Made

1. Total Investments Made

√ Applicable □ Not applicable

Investments made in the Reporting Period (RMB)	Investments made in same period of last year (RMB)	+/-%
121,376,785.52	0.00	-

2. Significant Equity Investments Made in the Reporting Period

√ Applicable □ Not applicable

Unit: RMB

Name	Major business	Investment method	Investment amount	Shareholding ratio	Funds resources	Partners	Investment period	Products type	progress up to the date of the assets liabilities statement	Estimated profits	Investment gains and losses of the Reporting period	Whether involved with the lawsuits	Disclosure date (if any)	Disclosure index (if any)
Shenzhen Future Growing Business Fund (Limited Partnership)	Investment	Capital increment	120,000,000.00	21.82%	Own funds	Shenzhen Shenguorong Financial Management Co., Ltd and Shenzhen Shenguorong Qianhai Financial Management	Sustainable	Equity	Completed	0.00	0.00	No	01/18/2017	Announcement about Participating to set up Buyout Funds (2017-005) published on Securities Times , Hong Kong Ta Kung Pao and

						Co., Ltd								http://www.cninfo.co
Total	--	--	120,000,000.00	--	--	--	--	--	--	0.00	0.00	--	--	--

3. Significant Non-Equity Investments Ongoing in the Reporting Period

□ Applicable √ Not applicable

4. Financial Investments

(1) Securities Investments

√ Applicable □ Not applicable

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Profit/loss on fair value changes in the Reporting Period	Cumulative fair value changes charged to equity	Purchased in the Reporting Period	Sold in the Reporting Period	Profit/loss in the Reporting Period	Closing book value	Accounting title	Source of investment funds
Domestic/overseas stock	603398	BBYZ	17,902,482.56	Fair value method	14,179,831.52	-5,539,925.21	-5,539,925.21	1,369,975.52			9,977,189.76	Transactional financial assets	Own funds
Domestic/overseas stock	601375	ZYZQ	4,000.00	Fair value method	4,000.00				9,380.80	5,380.80		Transactional financial assets	Own funds
Domestic/overseas stock	600804	PBS	1,348,492.07	Fair value method	1,315,800.00				1,348,492.07	32,692.07		Transactional financial assets	Own funds
Domestic/overseas stock	601881	YHZQ		Fair value method				6,810.00	12,172.88	5,362.88		Transactional financial assets	Own funds
Total			19,254,974.63	--	15,499,631.52	-5,539,925.21	-5,539,925.21	1,376,785.52	1,370,045.75	43,435.75	9,977,189.76	--	--
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)	

(2) Investments in Derivative Financial Instruments

□ Applicable √ Not applicable

No such cases in the Reporting Period.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

□ Applicable √ Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

□ Applicable √ Not applicable

VII Main Controlled and Joint Stock Companies

√ Applicable □ Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Unit: RMB

Company name	Relationship with the Company	Main business scope	Industry	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen Rieys Industrial Co., Ltd.	Subsidiary	Investment and import & export trade	Investment and import & export trade	50,000,000	52,813,476.83	32,652,588.45	21,009,771.23	-5,932,349.46	-5,932,349.46
Shenzhen Chinese Gold Nobility	Subsidiary	Gold jewelry	Gold jewelry	33,333,300	130,819,327.09	76,809,230.37	167,918,918.82	9,222,978.58	6,913,542.14

Jewelry Co., Ltd.									

Subsidiaries obtained or disposed in the Reporting Period:

□ Applicable √ Not applicable

Particulars of main controlled and joint stock companies

Rieys Industrial main business income was 21.0098 million, and the main business profit was -5.9323million. The business income increased by 100% from the year earlier, which resulted from the new trade business in the second half year of 2016;

The main business income of Shenzhen Chinese Gold Nobility was 167.9189 million, and its mian business profit was9.223 0 million;

VIII Structured Bodies Controlled by the Company

□ Applicable √ Not applicable

IX Performance Forecast for January-September 2017

Warning of possible loss or considerable YoY change in the accumulative net profit made during the period-beginning to the end of the next reporting period, as well as the reasons:

□ Applicable √ Not applicable

X Risks Facing the Company and Countermeasures

During the reporting period, the company has achieved a net profit of RMB-7,997,100 that belongs to the parent company. After non-recurring profit and loss is deducted, net profit belonging to the parent company is RMB-3,280,300 (non-recurring profit and loss in total: RMB -4,716,800). The company’s current business shows a relatively weak earning power. The main reason for this is that the original gold and jewelry business is facing a fierce competition, under which it is not easy to maintain the status quo and it is very difficult to expand and increase performances. Shanghai Yunpeng Technology Co., Ltd. starts relatively late in the e-commerce of clothing, and the company has positioned Yunpeng Technology as an “incubating and cultivating” project. Even though various preparation work for opening is carried out smoothly, many online stores are opened up, due to capital and time limit, there is a huge uncertainty for Yunpeng Technology to increase rapidly its performance and yield profit in a short period of time. Shenzhen SGR Financing Guarantee Co., Ltd. and Shenzhen Future Growing Business Fund (Limited Partnership), both shared by the company haven’t been established for a long period of time, so that they only give a limited profit contribution to the company. The securities hold by Shenzhen Rieys Industrial Co., Ltd. have gone through a sharp drop due to the failure of major asset restructuring, together with the influence from other factors, it is very hard for their price to pick up in a short period of time. To sum up, there is great uncertainty for the company to achieve profitability in the current year.

In the future work, the Company will concentrate the resources to support the development of

Yunpeng Technology, and adjust the business which is mainly gold jewelry, and supplemented by clothing e-commerce at present to the business mode that both gold jewelry and clothing e-commerce are main business to improve the operating performance of the Company. At the same time, the Company will look for projects suitable for our actual situations in a flexible way to add new profit growth point for the Company and solve the problems of sustainable development better.

Section V Significant Events

I Annual and Special Meetings of Shareholders Convened during the Reporting Period

1. Meetings of Shareholders Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The First Special Meeting of Shareholders	Special Meeting of Shareholders	51.51%	02/06/2017	02/07/2017	Resolution on the First Special Meeting of Shareholders in 2017 (2017-010) published on Securities Times , Hong Kong Ta Kung Pao and http://www.cninfo.co
2016 Annual Meeting of Shareholders	Annual Meeting of Shareholders	51.72%	06/30/2017	07/03/2017	Resolution on the 2016 Annual Meeting of Shareholders (2017-052) published on Securities Times , Hong Kong Ta Kung Pao and http://www.cninfo.co

2. Special Meetings of Shareholders Convened at Request of Preference Shareholders with Resumed Voting Rights

□ Applicable √ Not applicable

II Proposal for Profit Distribution and Converting Capital Reserve into Share Capital for the Reporting Period

□ Applicable √ Not applicable

For the Reporting Period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

III Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirer, as well as the Company and Other Commitment Makers, Fulfilled in the Reporting Period or still Ongoing at Period-End

√ Applicable □ Not applicable

Commitment	Commitment maker	Type of commitment	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	The Company's largest shareholder Shenzhen Shenghengchang Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.		Excepting the company stock, it can not in any area, in any form, engaged in production produce or business operation may form competition to the company stock and its subsidiaries which stipulated by the law, regulations and stipulations from CSRC.	05/21/2015	Perpetual	In execution
	The Company's largest shareholder Shenzhen Shenghengchang Huifu Industrial Co., Ltd., the		Will avoid and reduce the related transaction between it together with its related enterprise and the company	05/21/2015	Perpetual	In execution

	second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.		stock to the greatest extent. If the related transaction with the company stock is inevitable, the transaction must be conducted in line with the principle of fair, just and sound and making compensation for equal value, the transaction price must be recognized in line with the reasonable price of the market and related transaction decision making procedure avoiding voting of related transaction by the shareholders' general meeting which stipulated by Article of Association of Guangdong			

			Rieys Group Company Ltd.			
Commitments made in time of IPO or refinancing						
Commitments concerning stock ownership incentive						
Other commitments made to minority shareholders	Some Directors, Supervisors, and Senior Executives		Some Directors, Supervisors, and Senior Executives would increase stocks of the company when the price of the stock was lower than 4 HKD/share within 6 months after the stock resumption.	07/09/2015	Within 6 months after stock resumption	In execution
Executed in time	Yes					

IV Engagement and Disengagement of CPAs Firm

Has the semi-annual financial report been audited?

□Yes √ No

This Semi-Annual Report is unaudited.

V Explanations Given by Board of Directors and Supervisory Board Regarding “Modified Auditor’s Report” Issued by CPAs Firm for the Reporting Period

□ Applicable √ Not applicable

VI Explanations Given by Board of Directors Regarding “Modified Auditor’s Report” Issued for Last Year

□ Applicable √ Not applicable

VII Bankruptcy and Restructuring

□ Applicable √ Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits or arbitrations:

□ Applicable √ Not applicable

No such cases in the Reporting Period.

IX Punishments and Rectifications

□ Applicable √ Not applicable

No such cases in the Reporting Period.

X Credit Conditions of the Company as well as its Controlling Shareholder and Actual Controller

□ Applicable √ Not applicable

XI Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XII Significant Related Transactions

1. Related Transactions Relevant to Routine Operations

□ Applicable √ Not applicable

No such cases in the Reporting Period.

2. Related Transactions Regarding Purchase or Sales of Assets or Equity Interests

□ Applicable √ Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third 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 Significant Related Transactions

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XIII. Particulars about the Non-operating Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company

□ Applicable √ Not applicable

The Company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the Reporting Period.

XIV. Significant Contracts and Execution

1. Entrustment, Contracting and Leasing

(1) Entrustment

□ 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. Significant Guarantees

√ Applicable □ Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement	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.	04/17/2014	2,400	02/01/2014	2,400	pledge	Five years from the independent contract (loan contract) coming into effect	No	No
Puning Huafengqiang Trade Co., Ltd.	11/14/2014	1,800	01/01/2014	1,800	pledge	Five years from the independent contract (loan contract) coming into effect	No	No
Total external guarantee line approved during the Reporting Period (A1)			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 (A3)			Total actual external guarantee balance at the end of the Reporting Period (A4)		1,800			
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant	Amount for guarantee	Actual occurrence date (date of	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related

	announcement		agreement)					party or not
Guarantees provided by the subsidiaries of the Company for subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	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)			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)			Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		1,800			
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company			5.02%					
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

(2) Illegal Provision of Guarantees for External Parties

□ Applicable √ Not applicable

No such cases in the Reporting Period.

3. Other Significant Contracts

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XV. Social Responsibilities

1. Targeted Measures Taken to Help People Lift Themselves Out of Poverty

The Company did not take such measures in the first half of this year, and has no such plans for the moment.

2. Significant Environmental Protection

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China

Not applicable

XVI. Other Significant Events

√ Applicable □ Not applicable

On March 22, 2017, the company planed with the counterparty to restructure its major assets, and the company's securities have been in suspension since March 22, 2017. The 13th meeting of 7th board of directors held on August 21, 2017, reviewed and passed the proposal on terminating the planning and preparation of major assets restructuring. For details, please see *Suspension Notice on Termination of Major Asset Restructuring* (No.: 2017-066) published by the company on *Securities Times* and *Ta Kung Pao* and on www.cninfo.com.cn.

XVII. Significant Events of Subsidiaries

□ Applicable √ Not applicable

Section VI Share Changes and Shareholders' Profile

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)
I. Unlisted tradable shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
1. Founders' shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Among which: Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic corporations	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Other	0	0.00%	0	0	0	0	0	0	0.00%
2. Raised shares by legal person	0	0.00%	0	0	0	0	0	0	0.00%
3. Internal employee shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Preferred shares or other	0	0.00%	0	0	0	0	0	0	0.00%
II. Listed tradable shares	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%

Reasons for the share changes

□ Applicable √ Not applicable

Approval of share changes

□ Applicable √ Not applicable

Transfer of share ownership

□ Applicable √ Not applicable

Effects of share changes on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the prior year and the prior period

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

2. Changes in Restricted Shares

□ Applicable √ Not applicable

II. Issuance and Listing of Securities

□ Applicable √ Not applicable

III. 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	Increase /decrease of shares during the	Number of unlisted tradable ordinary shares	Number of listed tradable ordinary shares held	Pledged or frozen shares	
							Status	Number

			of the Reporting Period	Reporting Period	held			
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Domestic non-state-owned corporation	36.99%	117,855,000		117,855,000		Pledged	117,855,000
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Domestic non-state-owned corporation	10.68%	34,020,000		34,020,000		Pledged	34,020,000
Guotai Junan Securities (Hong Kong) Limited	Foreign corporation	8.49%	27,063,103					
Shenzhen Lianhua Huiren Industrial Co., Ltd.	Domestic non-state-owned corporation	3.81%	12,150,000		12,150,000		Pledged	12,150,000
Su Youhe	Domestic individual	2.27%	7,234,469					
Shenwan Hongyuan Securities (HK) Limited	Foreign corporation	2.15%	6,840,046					
China Everbright	Foreign corporation	1.46%	4,665,860					

Securities (HK) Limited								
Fan Jiongyang	Domestic individual	0.46%	1,451,300					
Wei Guobin (Ngai Kwok Pan)	Domestic individual	0.36%	1,145,816					
Chen Jinming	Domestic individual	0.24%	765,500					
Strategic investors or the general legal person due to the placement of new shares become the top 10 ordinary shareholders (if any) (note 3)		Not applicable						
Explanation on associated relationship among the above-mentioned shareholders or explanation on acting-in-concert		Shenzhen Shenghengchang Huifu Industrial Co., Ltd., Shenzhen Risheng Chuangyuan Asset Management Co., Ltd. and Shenzhen Lianhua Huiren Industrial Co., Ltd., which belonged to action-in-concert promulgated by Measures for the Administration of Disclosure of Information on the Change of Shareholdings in Listed Companies. The Company did not know whether there existed related relationship among other shareholders.						

Particulars about shares held by top 10 tradable ordinary shareholders			
Name of shareholder	Number of listed tradable ordinary shares held n at the end of the period	Type of share	
		Type of share	Amount
Guotai Junan Securities (Hong Kong) Limited	27,063,103	Domestically listed foreign shares	27,063,103
Su Youhe	7,234,469	Domestically listed foreign shares	7,234,469
Shenwan Hongyuan Securities (HK)	6,840,046	Domestically	6,840,046

Limited		listed foreign shares	
China Everbright Securities (HK) Limited	4,665,860	Domestically listed foreign shares	4,665,860
Fan Jiongyang	1,451,300	Domestically listed foreign shares	1,451,300
Wei Guobin (Ngai Kwok Pan)	1,145,816	Domestically listed foreign shares	1,145,816
Chen Jinming	765,500	Domestically listed foreign shares	765,500
Chen Jianxing	732,344	Domestically listed foreign shares	732,344
Han Liang	711,458	Domestically listed foreign shares	711,458
Chen Zhenqi	701,800	Domestically listed foreign shares	701,800
Explanation on associated relationship or/and persons acting in concert among the top ten non-restricted common shareholders and between the top ten non-restricted common shareholders and the top ten	Unknown		

common shareholders	
Explanation on the top 10 shareholders participating in the margin trading business (if any) (see note 4)	Not applicable

Indicate by tick mark whether any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

□ Yea √ No

No such cases in the Reporting Period.

IV. Change of the Controlling Shareholder or the Actual Controller

Change of the controlling shareholder in the Reporting Period

□ Applicable √ Not applicable

There was no any change of the controlling shareholder of the Company in the Reporting Period.

Change of the actual controller in the Reporting Period

□ Applicable √ Not applicable

There was no any change of the actual controller of the Company in 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 Changes in Shareholdings of Directors, Supervisors and Senior Management

□ Applicable √ Not applicable

There were no changes in shareholdings of directors, supervisors, and executive officers in the Reporting Period. For details, please refer to the 2016 Annual Report.

II Changes in Directors, Supervisors and Senior Management

□ Applicable √ Not applicable

There were no changes in directors, supervisors, and executive officers in the Reporting Period. For details, please refer to the 2016 Annual Report.

Section IX Corporate Bonds

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?

No

Section X Financial Report

I. Auditor's Report

Whether the semi-annual report has been audited?

□Yes √ No

The semi-annual report of the Company has not been audited.

II. Financial Statements

The unit of the financial statements attached: RMB

1. Consolidated Balance Sheet

Prepared by Guangdong Rieys Group Company Ltd.

June 30, 2017

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	7,018,207.88	123,886,976.82
Settlement reserve		
Interbank lendings		
Financial assets at fair value through profit/loss	9,977,189.76	15,499,631.52
Derivative financial assets		
Notes receivable		
Accounts receivable	18,387,843.59	43,557,743.28
Accounts paid in advance	8,504,750.72	207,424.73
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable		
Dividends receivable		
Other accounts receivable	51,081,880.32	41,739,384.75
Financial assets purchased under agreements to resell		

Inventories	114,555,062.41	74,939,082.16
Assets held for sale		
Non-current assets due within one year		
Other current assets	15,714,694.76	9,985,213.09
Total current assets	225,239,629.44	309,815,456.35
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	270,015,275.93	149,998,221.71
Investment property		
Fixed assets	42,702,470.53	44,012,361.38
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	9,216,788.84	9,355,420.76
R&D expenses		
Goodwill	2,395,820.87	2,395,820.87
Long-term deferred expense		
Deferred income tax assets	4,579,598.53	4,617,398.53
Other non-current assets		
Total non-current assets	328,909,954.70	210,379,223.25
Total assets	554,149,584.14	520,194,679.60
Current liabilities:		
Short-term borrowings		
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through profit/loss		

Derivative financial liabilities		
Notes payable		
Accounts payable	19,318,197.56	25,524,801.45
Accounts received in advance	32,362,367.65	482,960.95
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	400,257.72	412,376.20
Taxes payable	33,827,155.34	33,965,898.62
Interest payable		
Dividends payable		
Other accounts payable	68,492,796.93	55,197,870.96
Reinsurance premiums payable		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	154,400,775.20	115,583,908.18
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		

Total liabilities	154,400,775.20	115,583,908.18
Owners' equity:		
Share capital	318,600,000.00	318,600,000.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	52,303,274.79	52,129,496.58
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	86,036,260.20	86,036,260.20
Provisions for general risks		
Retained earnings	-98,092,507.78	-90,095,403.00
Equity attributable to owners of the Company	358,847,027.21	366,670,353.78
Minority interests	40,901,781.73	37,940,417.64
Total owners' equity	399,748,808.94	404,610,771.42
Total liabilities and owners' equity	554,149,584.14	520,194,679.60

Legal representative: Ding Lihong Chief of the accounting work: Chen Jincai Chief of the accounting organ: Zeng Zhihua

2. Balance Sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	1,677,088.41	119,117,878.02
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts paid in advance	29,895.87	66,198.00
Interest receivable		
Dividends receivable		
Other accounts receivable	66,887,351.87	75,929,989.74

Inventories		
Assets held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	68,594,336.15	195,114,065.76
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	350,015,284.19	224,998,229.97
Investment property		
Fixed assets	41,009,010.69	42,121,038.15
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	9,216,788.84	9,355,420.76
R&D expenses		
Goodwill		
Long-term deferred expense		
Deferred income tax assets	2,718,629.60	2,718,629.60
Other non-current assets		
Total non-current assets	402,959,713.32	279,193,318.48
Total assets	471,554,049.47	474,307,384.24
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	19,442.64	19,442.64
Accounts received in advance	376,757.66	164,667.00
Payroll payable	215,067.82	202,963.22

Taxes payable	27,214,831.30	26,764,743.75
Interest payable		
Dividends payable		
Other accounts payable	45,131,482.40	42,223,361.35
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	72,957,581.82	69,375,177.96
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	72,957,581.82	69,375,177.96
Owners' equity:		
Share capital	318,600,000.00	318,600,000.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	52,129,496.58	52,129,496.58
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	86,036,260.20	86,036,260.20
Retained earnings	-58,169,289.13	-51,833,550.50
Total owners' equity	398,596,467.65	404,932,206.28

Total liabilities and owners' equity	471,554,049.47	474,307,384.24

3. Consolidated Income Statement

Unit: RMB

Item	January-June 2017	January-June 2016
1. Operating revenues	190,460,084.85	200,186,975.70
Including: Sales income	190,460,084.85	200,186,975.70
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	187,846,722.05	199,776,483.69
Including: Cost of sales	178,534,654.04	190,594,842.57
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and surtaxes	654,183.56	122,989.29
Selling expenses	1,434,407.39	1,189,892.46
Administrative expenses	7,324,503.57	6,961,491.74
Finance costs	310,534.11	739,933.86
Asset impairment loss	-411,560.62	167,333.77
Add: Profit on fair value changes ("-" means loss)	-5,539,925.21	0.00
Investment income ("-" means loss)	33,294.77	-1,522.94
Including: Share of profit/loss of associates and joint ventures		
Exchange gains ("-" means loss)		
Other gains		
3. Operating profit ("-" means loss)	-2,893,267.64	408,969.07
Add: Non-operating income	0.33	0.44
Including: Profit on disposal of non-current assets		

Less: Non-operating expense	2,404.16	200,000.00
Including: Loss on disposal of non-current assets		
4. Total profit ("-" means loss)	-2,895,671.47	208,969.51
Less: Corporate income tax	2,307,032.61	1,848,553.62
5. Net profit ("-" means loss)	-5,202,704.08	-1,639,584.11
Net profit attributable to owners of the Company	-7,997,104.78	-4,308,101.71
Minority interests' income	2,794,400.70	2,668,517.60
6. Other comprehensive income net of tax		
Other comprehensive income net of tax attributable to owners of the Company		
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss		
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences		
6.2.6 Other		

Other comprehensive income net of tax attributable to minority interests		
7. Total comprehensive income	-5,202,704.08	-1,639,584.11
Attributable to owners of the Company	-7,997,104.78	-4,308,101.71
Attributable to minority interests	2,794,400.70	2,668,517.60
8. Earnings per share		
8.1 Basic earnings per share	-0.030	-0.010
8.2 Diluted earnings per share	-0.030	-0.010

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: Zeng Zhihua

4. Income Statement of the Company

Unit: RMB

Item	January-June 2017	January-June 2016
1. Operating revenues	637,064.14	0.00
Less: Operating costs	166,356.27	0.00
Taxes and surtaxes	418,155.62	
Selling expenses		
Administrative expenses	5,868,665.93	4,584,885.65
Finance costs	536,679.17	642,274.67
Asset impairment loss		
Add: profit on fair value changes (“-” means loss)		
Investment income (“-” means loss)	17,054.22	
Including: Share of profit/loss of associates and joint ventures		
Other gains		
2. Operating profit (“-” means loss)	-6,335,738.63	-5,227,160.32
Add: Non-operating income		
Including: Profit on disposal of non-current assets		
Less: Non-operating expense		200,000.00
Including: Loss on disposal of non-current assets		

3. Total profit ("-" means loss)	-6,335,738.63	-5,427,160.32
Less: Corporate income tax		
4. Net profit ("-" means loss)	-6,335,738.63	-5,427,160.32
5. Other comprehensive income net of tax		
5.1 Other comprehensive income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	-6,335,738.63	-5,427,160.32
7. Earnings per share		
7.1 Basic earnings per share	-0.020	-0.020
7.2 Diluted earnings per share	-0.020	-0.020

5. Consolidated Cash Flow Statement

Unit: RMB

Item	January-June 2017	January-June 2016
1. Cash flows associated with operating activities:		
Cash received from sale of commodities and rendering of service	279,104,141.77	235,472,158.88
Net increase in money deposits from customers and interbank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax refunds received		
Cash generated by other operating activities	35,298,621.21	612,905,230.54
Subtotal of cash generated by operating activities	314,402,762.98	848,377,389.42
Cash paid for goods and services	280,323,737.91	231,558,558.05
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	2,049,087.43	2,327,459.34
Taxes paid	3,962,251.90	2,120,127.84
Cash used in other operating	24,934,811.29	608,577,429.24

activities		
Subtotal of cash used in operating activities	311,269,888.53	844,583,574.47
Net cash generated by operating activities	3,132,874.45	3,793,814.95
2. Cash flows associated with investing activities:		
Cash received from retraction of investments	1,326,057.76	2,867.06
Cash received as investment income	50,187.43	10.00
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		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	1,376,245.19	2,877.06
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,393,075.92
Cash paid for investment	121,377,497.91	
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	121,377,497.91	1,393,075.92
Net cash generated by investing activities	-120,001,252.72	-1,390,198.86
3. Cash flows associated with financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings		
Cash received from issuance of bonds		

Cash generated by other financing activities		
Subtotal of cash generated by financing activities		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit		
Including: dividends or profit paid by subsidiaries to minority interests		
Cash used in other financing activities		
Sub-total of cash used in financing activities		
Net cash generated by financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents	-390.67	66.00
5. Net increase in cash and cash equivalents	-116,868,768.94	2,403,682.09
Add: Opening balance of cash and cash equivalents	123,886,976.82	301,471,305.21
6. Closing balance of cash and cash equivalents	7,018,207.88	303,874,987.30

6. Cash Flow Statement of the Company

Unit: RMB

Item	January-June 2017	January-June 2016
1. Cash flows associated with operating activities:		
Cash received from sale of commodities and rendering of service		395,200.00
Tax refunds received		
Cash generated by other operating activities	36,632,375.31	8,443,529.07
Subtotal of cash generated by operating activities	36,632,375.31	8,838,729.07
Cash paid for goods and services		
Cash paid to and for employees	846,506.12	638,288.55
Taxes paid	27,707.62	9,663.86
Cash used in other operating activities	28,198,951.18	253,940,952.94

Subtotal of cash used in operating activities	29,073,164.92	254,588,905.35
Net cash generated by operating activities	7,559,210.39	-245,750,176.28
2. Cash flows associated with investing activities:		
Cash received from retraction of investments		
Cash received as investment income		
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		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities		
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,180,000.00
Cash paid for investment	120,000,000.00	
Net cash paid to acquire subsidiaries and other business units	5,000,000.00	
Cash used in other investing activities		
Subtotal of cash used in investing activities	125,000,000.00	1,180,000.00
Net cash generated by investing activities	-125,000,000.00	-1,180,000.00
3. Cash flows associated with financing activities:		
Cash received from capital contributions		
Cash received as borrowings		
Cash received from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities		
Repayment of borrowings		

Cash paid for interest expenses and distribution of dividends or profit		
Cash used in other financing activities		
Sub-total of cash used in financing activities		
Net cash generated by financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-117,440,789.61	-246,930,176.28
Add: Opening balance of cash and cash equivalents	119,117,878.02	250,310,105.45
6. Closing balance of cash and cash equivalents	1,677,088.41	3,379,929.17

7. Consolidated Statement of Changes in Owners' Equity

January-June 2017

Unit: RMB

Item	January-June 2017												
	Equity attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
		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		-90,095,403.00	37,940,417.64	404,610,771.42
Add: Changes in accounting policies													
Correction of errors in prior periods													
Business mergers under the same control													
Other													
2. Balance at the	318,60				52,129,				86,036,		-90,095,	37,940,	404,610

beginning of the year	0,000.00				496.58				260.20		403.00	417.64	,771.42
3. Increase/ decrease in the period ("-" means decrease)					173,778.21						-7,997,104.78	2,961,364.09	-4,861,962.48
3.1 Total comprehensive income											-7,997,104.78	2,794,400.70	-5,202,704.08
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													
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					173,778.21							166,963.39	340,741.60

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				52,303,274.79				86,036,260.20		-98,092,507.78	40,901,781.73	399,748,808.94

January-June 2016

Unit: RMB

Item	January-June 2016												
	Equity attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
		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		-92,329,076.97	33,357,710.95	397,794,390.76
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 year	318,600,000.00				52,129,496.58				86,036,260.20		-92,329,076.97	33,357,710.95	397,794,390.76
3. Increase/ decrease in the period ("-" means decrease)											2,233,673.97	4,582,706.69	6,816,380.66
3.1 Total comprehensive income											2,233,673.97	4,582,706.69	6,816,380.66
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													
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													
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		-90,095,403.00	37,940,417.64	404,610,771.42

8. Statement of Changes in Owners' Equity of the Company

January-June 2017

Unit: RMB

Item	January-June 2017										
	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	318,600,				52,129,49				86,036,26	-51,833,	404,932,2

year	000.00				6.58				0.20	550.50	06.28
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	-51,833,550.50	404,932,206.28
3. Increase/ decrease in the period ("-" means decrease)										-6,335,738.63	-6,335,738.63
3.1 Total comprehensive income										-6,335,738.63	-6,335,738.63
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											
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											
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	-58,169,289.13	398,596,467.65

January-June 2016

Unit: RMB

Item	January-June 2016										
	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)										121,113,214.03	121,113,214.03
3.1 Total comprehensive income										121,113,214.03	121,113,214.03
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	318,600,000.00				52,129,496.58						
3.2.4 Other											
3.3 Profit distribution											
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											
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	-51,833,550.50	404,932,206.28

III. Company Profile

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

Guangdong Jadiete Holdings Group Company Limited (original name: Guangdong Rieys Group Company 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 November 17, 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 January 28, 2010 this company was renamed as Puning Shenghengchang Trade Development Co., Ltd.; on July 26, 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: 914452002311318335. 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 used to be the Puning Hongxing Weaving Garment Co., Ltd., which had reorganized as a limited liability company based on the former company on November 17, 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 June 30, 2017, 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. Engage itself in: technical service in the field of network technology and communication technology, technical development, technical consultation, technology transfer, computer software development, computer information system integration, and wholesale and retail of computers, software and accessory equipment, communication equipment and electronic products, and construction of computer network engineering, e-commerce, design and production of various advertising, publishing advertisements through self-own media, cultural and art exchange planning and the wholesale and retail of clothing, daily articles and crafts.

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 14rd Session of the 7th Board of Directors of the Company on August 28, 2017.

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
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
Shanghai Yunpeng Internet Technology Co., Ltd	Limited company	60.00	60.00

There was no change of main bodies in the Reporting Period included into the scope of consolidated financial statement compared with last 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:

Not applicable

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 June 30, 2017, as well as the merger, business results and the merger and cash flows for the first half year of 2017.

2. Fiscal Period

The Company's fiscal year starts on January 1 and ends on December 31 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:

① these transactions are considered simultaneously, or in the case of mutual influence made;

② these transactions as a whole in order to achieve a complete business results;

③ the occurrence of a transaction depends on occurs at least one other transaction ;

④ 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 owning 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 5th 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 loss of control , when the Company losing control on its subsidiary.

7. Classification of Joint Arrangements and Accounting Treatment of Joint Operations

Not applicable

8. 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.

9. 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.

10. 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:

① Where the contractual rights for collecting the cash flow of the said financial asset are terminated;

② 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.

11. 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 significant single amount at the period-end, could execute the impairment test individually. If there was objective evidence to shows that it has been impaired, the impairment-related losses shall be recognized and shall be made bed debt provision according to the difference that the current value of the future cash flow lowers than its book value of the accounts receivable.

(2) Accounts Receivable Which the Bad Debt Provision is Withdrawn by Credit Risk Characteristics

Name of portfolios	Bad debt provision 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

Withdrawal method for bad debt provision	As for the accounts receivable with insignificant single amount at the period-end, could execute the impairment test individually.

	the impairment-related losses shall be calculated and recognized and shall be made bed debt provision according to the proportion of the accounts receivable portfolios that are accounts receivable that didn't incur impairment in individual test (including accounts receivable with significant single amount and accounts receivable with insignificant single amount) and the accounts receivable portfolios with similar credit risk characteristics to closing balance.

12. Inventory

Whether the Company need to comply with the disclosure requirements of special industry?

No

(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.

13. Divided as Assets Held for Sale

(1) Recognition standard of assets held for sale

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 irrepealably transfer agreement with the transferee; and the transfer should be completed within 1 year.

(2) Accounting treatment method of assets held for sale

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) Liabilities in the disposal group of assets held for sale

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”.

14. 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 owning 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 owning 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 owning 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 owning 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 owning 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 owning 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 owning 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.

15. 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.

16. 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 deprecation
Buildings and constructions	Average method of useful life	35 years	5%	2.71%
Machinery equipment	Average method of useful life	10 years	5%	9.50%
Transportation equipment	Average method of useful life	8 years	5%	11.88%
Office equipment and others	Average method of useful life	5 years	5%	19.00%

Not applicable

(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.

17. 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.

18. 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.

19. Biological Assets

Not applicable

20. Oil-gas Assets

21. Intangible Assets

(1) Pricing Method, Service Life and Impairment Test

Pricing method of the intangible assets

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.

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.

(2) Accounting Policy for Internal Research and Development Expenditures

Not applicable

22. 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.

23. 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.

24. 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 relief of the labor relation with the enterprise of the service workers, except for the short-term compensation and demission 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

Demission welfare which refers to that the Company cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff was recorded into current gains and losses in the Current Period. When the Company cannot unilaterally withdraw the earlier one between the demission welfare provided owning 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.

(4) Accounting Treatment of the Welfare of Other Long-term Staffs

Not applicable

25. 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.

26. Share-based Payment

Not applicable

27. Other Financial Instruments Such as Preferred Shares and Perpetual Capital Securities

Not applicable

28. Revenue

Whether the Company needs to comply with the disclosure requirements of special industry?

No

(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.

29. 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.
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.

(2) Judgment Basis and Accounting Treatment of Government Subsidies Related to Income

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.

30. 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.

31. 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

As for the rent expenses from operating leases, the Company recognizes the current gains and losses by using the straight-line method over each period of the lease term. The initial direct costs shall be recognized as the profits and losses of the current period

(2) The Company as the leasee

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.

(2) Accounting Treatments of Finance Lease

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.
The Company as the leasee
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.

32. Other Significant Accounting Policies and Estimates

Not applicable

33. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

□ Applicable √ Not applicable

(2) Significant Changes in Accounting Estimates

□ Applicable √ Not applicable

34. Other

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
Urban maintenance and construction tax	Consumption tax, VAT and business tax the taxpayer actually paid	7
Corporate income tax	Income tax payable	25
VAT	Revenue of sales of real estate (after May 1, 2016, apply a simplified method)	5
Business tax	Revenue of sales of real estate (before April 30, 2016)	5

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

Name	Income tax rate

2. Tax Preference

3. Other

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 January 1, 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	525,024.48	49,087.45
Bank deposits	6,491,008.82	123,834,488.84
Other monetary funds	2,174.58	3,400.53
Total	7,018,207.88	123,886,976.82
Of which: total amount deposited in overseas	4,308.67	39,715.34

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	9,977,189.76	15,499,631.52
Equity tool investment	9,977,189.76	15,499,631.52
Total	9,977,189.76	15,499,631.52

Other notes:

3. Derivative Financial Assets

□ Applicable √ Not applicable

4. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Closing balance	Opening balance

(2) Notes Receivable Pledged by the Company at the Period-end

Unit: RMB

Item	Pledged amount at the period-end

(3) Notes Receivable which had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end

(4) Notes Transferred to Accounts Receivable Because Drawer of the Notes Fails to Executed the Contract or Agreement

Unit: RMB

Item	Transferred accounts receivable amount at the period-end

Other notes:

5. 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 significant single amount for which bad debt provision separately accrued	10,072,146.03	33.33%	10,072,146.03	100.00%		10,212,506.65	18.30%	10,212,506.65	100.00%	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	19,733,677.94	65.30%	1,345,834.35	6.82%	18,387,843.59	45,174,777.63	80.96%	1,617,034.35	3.58%	43,557,743.28
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	414,548.51	1.37%	414,548.51	100.00%		414,548.51	0.74%	414,548.51	100.00%	

Total	30,220,372.48	100.00%	11,832,528.89	39.15%	18,387,843.59	55,801,832.79	100.00%	12,244,089.51	21.94%	43,557,743.28

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

√ Applicable □ Not applicable

Unit: RMB

Accounts receivable (classified by units)	Closing balance			
	Account receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Victoria International(USA) INC	5,847,841.40	5,847,841.40	100.00%	Long-term credit, the Company believe it irrecoverable
Hong Kong Jinhua Trade Limited	4,224,304.63	4,224,304.63	100.00%	Long-term credit, the Company believe it irrecoverable
Total	10,072,146.03	10,072,146.03	--	--

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
Sub-item within 1 year			
Subtotal within 1 year	18,990,846.30	617,438.92	3.25%
1 to 2 years	14,442.76	1,444.28	10.00%
2 to 3 years	2,155.24	1,077.62	50.00%
Over 3 years	726,233.64	725,873.53	99.95%
Total	19,733,677.94	1,345,834.35	6.82%

Notes of confirming the basis of the groups:

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 RMB 0.00; the amount of the reversed or collected part during the Reporting Period was of RMB 411,560.62.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of the entity	Amount	Method

(3) The Actual Write-off Accounts Receivable

Unit: RMB

Item	Amount

Of which the significant write-off accounts receivable:

Unit: RMB

Name	Nature	Amount	Reason	Procedure	Whether produced by related transaction

Notes of accounts receivable write-off:

(4) Top 5 of the Closing Balance of the Accounts Receivable Collected According to the Arrears Party

Name	Amount	Bad debt provision	Proportion %
Shanghai Zhaoke Trading Co., Ltd	18,384,868.25	615,537.83	60.84
Victoria International(USA) INC	5,847,841.40	5,847,841.40	19.35
Hong Kong Jinhua Trade Limited	4,224,304.63	4,224,304.63	13.98
Hong Kong Heyi Co., Ltd	452,499.70	452,499.70	1.50
Chen Shunqin	335,904.80	335,904.80	1.11
Total	**29,245,418.78**	**11,476,088.36**	**96.78**

(5) Account Receivable which Terminate the Recognition Owning to the Transfer of the Financial Assets

(6) The Amount of the Assets and Liabilities Formed by the Transfer and the Continues Involvement of Accounts Receivable

Other notes:

6. Prepayment

(1) List by Aging Analysis

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	8,504,750.72	100.00%	207,424.73	207,424.73%
Total	8,504,750.72	--	207,424.73	--

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

(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 Zhaokang Investment Co., Ltd	7,753,398.40	91.17	Y2017	The contract is not fulfilled
Shanghai Jiancheng Trading Co., Ltd	350,000.00	4.12	Y2017	The contract is not fulfilled
Shandong Humon Smelting Co., Ltd.	199,567.19	2.35	Y2017	The contract is not fulfilled
Shenzhen Wenxing Industrial Co., Ltd	76,331.63	0.90	Y2017	The contract is not fulfilled
Mcs Outfitters (Shanghai) Limited	37,846.19	0.45	Y2017	The contract is not fulfilled
Total	**8,417,143.41**	**98.99**		

Other notes:

7. Interest Receivable

(1) Category of Interest Receivable

Unit: RMB

Item	Closing balance	Opening balance

(2) Significant Overdue Interest

Borrowing unit	Closing balance	Time	Reason	Impairment or not and its judgment basis

Other notes:

8. Dividend Receivable

(1) Dividend Receivable

Unit: RMB

Item (or investee unit)	Closing balance	Opening balance

(2) Significant Dividend Receivable with Aging over 1 Year

Unit: RMB

Item (or investee unit)	Closing balance	Aging	Reason	Impairment or not and its judgment basis

Other notes:

9. 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 significant single amount for which bad debt provision separately accrued	40,333,622.03	67.68%	2,331,608.20	5.78%	38,002,013.83	40,333,622.03	80.26%	2,331,608.20	5.78%	38,002,013.83
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	16,481,714.35	27.66%	3,401,847.86	20.64%	13,079,866.49	6,822,682.78	13.58%	3,401,847.86	49.86%	3,420,834.92
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	2,780,160.81	4.66%	2,780,160.81	100.00%		3,096,696.81	6.16%	2,780,160.81	89.78%	316,536.00
Total	59,595,497.19	100.00%	8,513,616.87	14.29%	51,081,880.32	50,253,001.62	100.00%	8,513,616.87	16.94%	41,739,384.75

Other accounts 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
Puning Tianhe Weaving & Garments Factory Co.,	38,002,013.83			The amount had been collected by Jadiete

Ltd.				Holding Group.
Total	40,333,622.03	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
Sub-item within 1 year			
Subtotal within 1 year	12,865,021.19	62,119.80	0.48%
1 to 2 years	141,526.37	14,152.63	10.00%
2 to 3 years	50,790.42	25,395.22	50.00%
Over 3 years	3,424,376.37	3,300,180.21	96.37%
Total	16,481,714.35	3,401,847.86	20.64%

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) Bad Debt Provision Withdrawal, 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) The Actual Write-off Other Accounts Receivable

Unit: RMB

Item	Amount

Of which the significant write-off other accounts receivable:

Unit: RMB

Name	Nature	Amount	Reason	Procedure	Whether produced by related transaction

Notes of other accounts receivable write-off:

(4) Other Account Receivable Classified by Account Nature

Unit: RMB

Nature	Closing book balance	Opening book balance
The cash pledge and guarantee	120,960.00	319,536.00
Payment on behalf	467,381.47	2,948,349.86
Intercourse funds	18,673,533.69	6,651,363.25
Bonus	38,002,013.83	38,002,013.83
Tax	2,331,608.20	2,331,738.68
Total	59,595,497.19	50,253,001.62

(5) 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
Puning Tianhe Weaving & Garments Factory Co., Ltd.	Bonus	38,002,013.83	Within 1 year	63.77%	
Puning Yanlilai Trade Co., Ltd	Intercourse funds	12,000,000.00	Within 1 year	20.14%	
Refund of tax for export receivable-VAT	Tax	2,331,608.20	Over 5 years	3.91%	2,331,608.20
Suning Banhe Chemical Fiber Fabric Simulation Co., Ltd.	Intercourse funds	800,000.00	Over 5 years	1.34%	800,000.00
Guangzhou Panyu Tanzhou Zhenyu Textile Printing and Dyeing Co., Ltd	Intercourse funds	800,000.00	Over 5 years	1.34%	800,000.00
Total	--	53,933,622.03	--	90.50%	3,931,608.20

(6) Accounts Receivable Involved with Government Subsidies

Unit: RMB

Name of the units	Projects name	Closing balance	Closing aging	Estimated time, amount

				and basis

(7) Other Account Receivable which Terminate the Recognition Owning to the Transfer of the Financial Assets

(8) The Amount of the Assets and Liabilities Formed by the Transfer and the Continues Involvement of Other Accounts Receivable

Other notes:

10. Inventory

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(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	3,538,001.64		3,538,001.64			
Inventory goods	111,017,060.77		111,017,060.77	47,695,584.06		47,695,584.06
Commissioned processing materials				18,861,349.18		18,861,349.18
Delivery commodity				8,382,148.92		8,382,148.92
Total	114,555,062.41		114,555,062.41	74,939,082.16		74,939,082.16

Whether the Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 4 - Listed companies engaged in seed industry and planting business

No

(2) Falling Price Reserves of Inventory

Unit: RMB

Item	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	

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

(4) Completed Unsettled Assets Formed From the Construction Contact at the Period-end

Unit: RMB

Item	Amount

Other notes:

11. Assets Divided as Held-to-sold

Unit: RMB

Item	Closing book value	Fair value	Estimated disposal expense	Estimated disposal time

Other notes:

12. Non-current Assets Due Within 1 Year

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

13. Other Current Assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax to be verified	15,714,694.76	9,985,213.09
Total	15,714,694.76	9,985,213.09

Other notes:

Ministry of Finance issued Regulations of VAT Accounting Treatment (CK [2016] No. 22) on December 3, 2016, which specifically required that debit balance at the period-end of classification item, such as “VAT payable”, “unpaid VAT”, “input tax to be deducted”, and “input tax to be verified” in the course of “tax payable” should be listed in the item of “other current assets” or “other non-current assets” of balance sheet according to the situations. Credit balance at the period-end of course, like “tax payable—tax to be written-off” should be listed in the item of “other current liabilities” or “other non-current liabilities” of balance sheet according to the situations.

14. Available-for-sale Financial Assets

(1) List of Available-for-sale Financial Assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value

(2) Available-for-sale Financial Assets Measured by Fair Value at the Period-end

Unit: RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total

(3) Available-for-sale Financial Assets Measured by Cost at the Period-end

Unit: RMB

Investee	Book balance				Depreciation reserves				Shareholding proportion among the investees	Cash bonus of the Reporting Period
	Period-begin	Increase	Decrease	Period-end	Period-begin	Increase	Decrease	Period-end		

(4) Changes of the Impairment of the Available-for-sale Financial Assets during the Reporting Period

Unit: RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total

(5) Relevant Notes of the Fair Value of the Available-for-sale Equity Instruments which Seriously Fell or Temporarily Fell but not Withdrawn the Impairment Provision

Unit: RMB

Item of available-for-sale equity instruments	Investment cost	Fair value of the period-end	Falling range of the fair value against the cost	Continued falling time (month)	Withdrawn amount of impairment	Reason of not withdrawn the impairment

Other notes:

15. Investment Held-to-maturity

(1) List of Investment Held-to-maturity

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

(2) Significant Investment Held-to-maturity at the End of the Reporting Period

Unit: RMB

Item	Book value	Coupon rate	Actual interest rate	Due date

(3) The Current Reclassified Investment Held-to-maturity

Other notes

16. Long-term Accounts Receivable

(1) List of Long-term Accounts Receivable

Unit: RMB

Item	Closing balance			Opening balance			Interval of discount rate
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value	

(2) Long-term Accounts Receivable Derecognized for the Transfer of Financial Assets

(3) Amount of Assets and Liabilities Generated from the Transfer of Long-term Accounts Receivable and Continuous involvement

Other notes

17. Long-term Equity Investment

Unit: RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment
		Additional investment	Reduced investment	Gains and losses recognized under	Adjustment of other comprehe	Changes of other equity	Cash bonus or profits announce	Withdrawal of impairment	Other		

				the equity method	nsive income		d to issue	provision			provision
I. Joint ventures											
II. Associated enterprises											
Shenzhen Shenguorong Financing Guarantee Co., Ltd.	149,998,221.71			16,324.24						150,014,545.95	
Shenzhen Future Growing Business Fund (Limited Partnership)		120,000,000.00		729.98						120,000,729.98	
Subtotal	149,998,221.71	120,000,000.00		17,054.22						270,015,275.93	
Total	149,998,221.71	120,000,000.00		17,054.22						270,015,275.93	

Other notes

The 7th meeting of 7th board of directors held on Jan. 17, 2017, reviewed and passed the *Proposal of participating and establishing a merger and acquisition fund: Shenzhen Future Growing Business Fund (Limited Partnership)*. The company participated and established the merger and acquisition fund: Shenzhen Future Growing Business Fund (Limited Partnership) with RMB 12 million on Mar. 14, 2017. After capital increase, the company takes up 30% of Shenzhen Future Growing Business Fund (Limited Partnership). For details please see (1) in Note XII.

18. Investment Property

(1) Investment Property Adopting the Cost Measurement Mode

□ Applicable √ Not applicable

(2) Investment Property Adopting Fair Value Measurement Mode

□ Applicable √ Not applicable

(3) Details of Investment Property without Certificate of Property Right

Unit: RMB

Item	Book value	Reason

Other notes

19. Fixed Assets

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic and other equipment	Total
I. Original book value					
1. Opening balance	75,424,039.96		3,638,278.11	1,525,484.27	80,587,802.34
2. Increased amount of the period					
(1) Purchase					
(2) Transfer of construction in progress					
(3) Increased from enterprise merger					
3. Decreased amount of the period					
(1) Disposal or Scrap					
4. Closing balance	75,424,039.96		3,638,278.11	1,525,484.27	80,587,802.34
II. Accumulative depreciation	34,343,519.23		1,883,250.46	348,671.27	36,575,440.96
1. Opening balance					
2. Increased amount of the period	998,532.90		174,998.94	136,359.01	1,309,890.85

(1) Withdrawal	998,532.90		174,998.94	136,359.01	1,309,890.85
3. Decreased amount of the period					
(1) Disposal or Scrap					
4. Closing balance	35,342,052.13		2,058,249.40	485,030.28	37,885,331.81
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	35,342,052.13		2,058,249.40	485,030.28	37,885,331.81
2. Opening book value	41,080,520.73		1,755,027.65	1,176,813.00	44,012,361.38

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original book value	Accumulative depreciation	Impairment provision	Book value	Notes
Houses and buildings	20,962,955.00	11,625,378.60		9,337,576.40	

(3) Fixed Assets Leased in from Financing Lease

Unit: RMB

Item	Original book value	Accumulative depreciation	Impairment provision	Book value

(4) Fixed Assets Leased out from Operation Lease

Unit: RMB

Item	Closing book value

(5) Details of Fixed Assets without Certificate of Property Right

Unit: RMB

Item	Book value	Reason

Other notes

①Current period depreciation: RMB 1,309,890.85

②Original price of fixed assets changed from projects under construction in current period.

③In current period, the situation of fixed assets being used as guaranties: on Jun. 30, 2017, houses and buildings with a book value of RMB 9,337,576.40 (original value: RMB 20,962,955.00) are used to provide guaranty to ICBC Jieyang Rongcheng Sub-branch. Please see 2 (1) in Note XI.

④In current period, “disposal or crapping” of “houses and buildings”, please see Note XIII for details.

20. Construction in Progress

(1) List of Construction in Progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

(2) Changes of Significant Construction in Progress

Unit: RMB

Name o f item	Estimated number	Opening balance	Increase	Amount that transferred to fixed assets of the period	Other decreased amount of the period	Closing balance	Proportion on estimated of the project accumulative input	Project progress	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the	Capitalization rate of the interests of the period	Capital resources

										period		

(3) List of the Withdrawal of the Impairment Provision of the Construction in Progress

Unit: RMB

Item	Amount of provision	Reason of provision

Other notes

21. Engineering Material

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

22. Liquidation of Fixed Assets

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

23. Productive Biological Assets

(1) Productive Biological Assets Adopting Cost Measurement Mode

□ Applicable √ Not applicable

(2) Productive Biological Assets Adopting Fair Value Measurement Mode

□ Applicable √ Not applicable

24. Oil and Gas Assets

□ Applicable √ Not applicable

25. Intangible Assets

(1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent right	Non-patent right	373,115.00	Total
I. Original book value					

1. Opening balance	13,863,200.00			373,115.00	14,236,315.00
2. Increased amount of the period					
(1) Purchase					
(2) Internal R &D					
(3) Increased from enterprise merger					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	13,863,200.00			373,115.00	14,236,315.00
II. Total accrued amortization					
1. Opening balance	4,507,779.24			373,115.00	4,880,894.24
2. Increased amount of the period	138,631.92				138,631.92
(1) Withdrawal	138,631.92				138,631.92
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	4,646,411.16			373,115.00	5,019,526.16
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	9,216,788.84				9,216,788.84
2. Opening book value	9,216,788.84				9,355,420.76

The proportion of the intangible assets formed from the internal R&D through the Company among the balance of the intangible assets at the period-end is 000%.

(2) Details of Land Use Right without Certificate of Property Right

Unit: RMB

Item	Book value	Reason

Other notes:

①In current period the amortization amount is RMB 138,631.92

②The situation of intangible assets being used as guaranties: on Jun. 30, 2017, a book value of RMB 2,061,759.21 (original value: RMB 3,206,000.00) is used to provide guaranty to ICBC Jieyang Rongcheng Sub-branch. Please see 2 (1) in Note XI.

③"Disposal" in current period, please see annotation Thirteen for details.

(2) No such cases of land use right without certificate of ownership in the Reporting Period.

26. R&D Expenses

Unit: RMB

Item	Opening balance	Current increased amount	Current decreased amount	Closing balance

Other notes

27. Goodwill

(1) Original Book Value of Goodwill

Unit: RMB

Name of the invested units or events generating 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 invested units or events generating goodwill	Opening balance	Increase		Decrease		Closing balance
CHINESE GOLD NOBILITY						

Notes to the recognition methods of the goodwill impairment test process, parameters and 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 100% 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

28. Long-term Unamortized Expenses

Unit: RMB

Item	Opening balance	Increased amount	Amortization amount	Decreased amount	Closing balance

Other notes

29. 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	14,563,051.00	3,640,762.75	14,714,251.00	3,678,562.75
Trading financial assets	3,755,343.11	938,835.78	3,755,343.11	938,835.78
Total	18,318,394.11	4,579,598.53	18,469,594.11	4,617,398.53

(2) Deferred Income Tax Liabilities Had Not Been Off-set

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax 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	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		4,579,598.53		4,617,398.53

(4) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible losses	39,946,051.50	39,946,051.50
Total	39,946,051.50	39,946,051.50

(5) Deductible Losses of Unrecognized Deferred Income Tax Assets Will Due the Following Years

Unit: RMB

Years	Closing balance	Opening balance	Notes
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	2,439,938.30	2,439,938.30	
Total	39,946,051.50	39,946,051.50	--

Other notes:

30. Other Non-current Assets

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

31. Short-term Loans

(1) Category of Short-term Loans

Unit: RMB

Item	Closing balance	Opening balance

Notes of short-term loans category:

(2) List of the Overdue Short-term Loans

The amount of the overdue short-term loans at the period-end was of RMB000, of which the significant overdue short-term loans are as follows:

Unit: RMB

Borrower	Closing balance	Lending rate	Overdue time	Overdue rate

Other notes:

32. Financial Liabilities Measured by Fair Value and the Changes Included in the Current Gains and Losses

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

33. Derivative Financial Liabilities

□ Applicable √ Not applicable

34. Notes Payable

Unit: RMB

Category	Closing balance	Opening balance

The total amount of the due but not paid notes payable at the period-end was of RMB000.

35. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	19,318,197.56	25,524,801.45
Total	19,318,197.56	25,524,801.45

(2) Notes of the Significant Accounts Payable Aging over One Year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason

Other notes:

36. Advance from Customers

(1) List of Advance from Customers

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	32,362,367.65	482,960.95
Total	32,362,367.65	482,960.95

(2) Significant Advance from Customers Aging over One Year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason

(3) Particulars of Settled but Unfinished Projects Formed by Construction Contract at Period-end.

Unit: RMB

Item	Amount

Other notes:

37. Payroll Payable

(1) List of Payroll Payable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	412,376.20	2,171,660.75	2,183,779.23	400,257.72
II. Post-employment benefit-defined contribution plans		112,912.35	112,912.35	
Total	412,376.20	2,284,573.10	2,296,691.58	400,257.72

(2) List of Short-term Salary

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	412,376.20	1,940,891.86	1,953,010.34	400,257.72
2. Employee welfare		130,867.38	130,867.38	
3. Social insurance		57,692.63	57,692.63	
Of which: Medical insurance premiums		52,626.12	52,626.12	
Work-related injury insurance		2,230.66	2,230.66	
Maternity insurance		2,835.85	2,835.85	
4. Housing fund		30,821.95	30,821.95	
5. Labor union budget and employee education budget		11,386.93	11,386.93	
Total	412,376.20	2,171,660.75	2,183,779.23	400,257.72

(3) List of Drawing Scheme

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension benefits		107,308.82	107,308.82	
2. Unemployment insurance		5,603.53	5,603.53	

Total		112,912.35	112,912.35	

Other notes:

38. Taxes Payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	3,347,385.57	3,458,437.91
Corporate income tax	20,320,138.26	20,871,916.64
Business tax	781,313.74	781,313.74
Land VAT	2,560,000.00	2,560,000.00
Property tax	3,144,771.10	2,850,741.80
Land use tax	1,855,116.00	1,735,056.00
Others	1,818,430.67	1,708,432.53
Total	33,827,155.34	33,965,898.62

Other notes:

39. Interest Payable

Unit: RMB

Item	Closing balance	Opening balance

List of the significant overdue interest:

Unit: RMB

Borrower	Overdue amount	Overdue reasons

Other notes:

40. Dividends Payable

Unit: RMB

Item	Closing balance	Opening balance

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

41. Other Accounts Payable

(1) Other Accounts Payable Listed by Nature of the Account

Unit: RMB

Item	Closing balance	Opening balance
Intercourse funds	29,941,672.96	16,358,621.28

Bonus margin	38,002,013.82	38,002,013.82
Payment on behalf	67,448.40	360,771.83
Rental bond	380,000.00	380,000.00
Others	101,661.75	96,464.03
Total	68,492,796.93	55,197,870.96

(2) Other Significant Accounts Payable with Aging over One Year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason

Other notes

42. Liabilities Classified as Held-for-Sale

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

43. Non-current Liabilities Due within 1 Year

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

44. Other Current Liabilities

Unit: RMB

Item	Closing balance	Opening balance

Increase/decrease of the short-term bonds payable:

Unit: RMB

Bonds name	Face value	Issuing date	Bonds maturity	Amount	Opening balance	The current issue	Withdraw interest by face value	Overflow discount amortization	Pay in current period		Closing balance

Other notes:

45. Long-term Loan

(1) Category of Long-term Loan

Unit: RMB

Item	Closing balance	Opening balance

Notes of long-term loans category:

Other notes including interest rate range:

46. Bonds Payable

(1) Bonds Payable

Unit: RMB

Item	Closing balance	Opening balance

(2) Increase/Decrease of Bonds Payable (Excluding the Other Financial Instruments Classified as the Preference Shares, Perpetual Capital Securities of the Financial Liabilities)

Unit: RMB

(3) Notes to the Conditions and Time of the Shares Transfer of the Convertible Corporate Bonds

(4) Notes to the Other Financial Instruments Classified as Financial Liabilities

Basic situation of outstanding preferred stock, perpetual capital securities and other financial instrument at the period-end

Change in outstanding preferred stock, perpetual capital securities and other financial instrument at the period-end

Unit: RMB

Outstanding financial instrument	Opening period		Increase		Decrease		Closing period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Notes to judgment of other financial instrument classified as financial liabilities

Other notes:

47. Long-term Payables

(1) Long-term Payables Listed by the Nature of the Account

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

48. Long-term Payroll Payable

(1) Long-term Payroll Payable Chart

Unit: RMB

Item	Closing balance	Opening balance

(2) List of the Changes of Defined Benefit Plans

Obligation present value of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year

Plan assets:

Unit: RMB

Item	Reporting period	Same period of last year

Liabilities (net assets) of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year

Notes of influence of content of defined benefit plans and its relevant risks to the future cash flow, time and uncertainty of the Company:

Notes to the results of significant actuarial assumptions and sensitivity analysis of defined benefit plans:

Other notes:

49. Special Payable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reasons

Other notes:

50. Accrued Liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reasons

Other notes, including significant assumptions, valuation explanation related to significant estimated liabilities:

51. Deferred Revenue

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason

Item involving government subsidies:

Unit: RMB

Item	Opening balance	Amount of newly subsidy	Amount recorded into non-operating income in report period	Other changes	Closing balance	Related to assets/related income

Other notes:

52. Other Non-current Liabilities

Unit: RMB

Item	Closing balance	Opening balance

Other notes:

53. 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:

Notes: for more details, please refer to Note I. Basic Information of the Company.

54. Other Equity Instruments

(1) The Basic Information of Other Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

(2) The Statement of Changes in Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

Unit: RMB

Outstanding financial instruments	The beginning of the period		Increase		Decrease		The end of the period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

The current changes in other equity instruments and the corresponding reasons and the basis of the relevant accounting treatment

Other notes:

55. Capital Surplus

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	52,129,496.58	173,778.21		52,303,274.79
Total	52,129,496.58	173,778.21		52,303,274.79

Other notes, including changes and reason of change:

Due to the failure of Shenzhen Chinese Gold Nobility Jewelry Co., Ltd in fulfilling a net profit of RMB 10 million as indicated in performance commitment requirement, the shareholders: Zhang Jielin and Yu Shizhen will, as regulated in the performance commitment, provide accordingly Chinese Gold Nobility with a performance compensation of RMB 340,741.60, which has been transferred to the account of Chinese Gold Nobility on Apr. 20, 2017.

56. Treasury Stock

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance

Other notes, including changes and reason of change:

57. Other Comprehensive Income

Unit: RMB

Item	Opening balance	Reporting Period					Closing balance
		Amount before income tax in current period	Less: recorded in other comprehensive income in prior period and transferred to profit or loss in current period	Less: Income tax expense	Attributable to owners of the Company after tax	Attributable to minority shareholders after tax	

Other explanation, including the active part of the hedging gains/losses of cash flow transferred to initial reorganization adjustment for the arbitraged items:

58. Special Reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance

Other notes, including changes and reason of change:

59. 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 note, including changes and reason of change

60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Opening balance of retained profits before adjustments	-90,095,403.00	-92,329,076.97
Opening balance of retained profits after adjustments	-90,095,403.00	-92,329,076.97
Add: Net profit attributable to owners of the Company	-7,997,104.78	2,233,673.97
Closing retained profits	-98,092,507.78	-90,095,403.00

List of adjustment of opening retained profits:

1) RMB000 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.

2) RMB000 opening retained profits was affected by changes on accounting policies.

3) RMB000 opening retained profits was affected by correction of significant accounting errors.

4) RMB000 opening retained profits was affected by changes in combination scope arising from same control.

5) RMB000 opening retained profits was affected totally by other adjustments.

61. Revenues and Operating Costs

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	189,823,020.71	178,368,297.77	200,186,975.70	190,594,842.57
Other operations	637,064.14	166,356.27		

Total	190,460,084.85	178,534,654.04	200,186,975.70	190,594,842.57

62. Business Tax and Surcharges

Unit: RMB

Item	Reporting Period	Same period of last year
Consumption tax	4,062.05	1,171.35
Urban maintenance and construction tax	58,068.04	71,083.83
Education Surcharge	42,204.68	50,734.11
Property tax	294,029.30	
Land use tax	120,060.00	
Stamp duty	135,759.49	
Total	654,183.56	122,989.29

Other notes:

According to relevant provisions in “Provisions Concerning the Accounting Treatments on Value-Added Tax” (Caikuai No. [2016] 22) published by ministry of finance, item “business tax and surcharges” in profit statement is adjusted to “tax and surcharges”. House property tax, land use tax, vehicle and vessel use tax, stamp tax and relevant taxes, which were counted into management fees before, are now adjusted into the item “tax and surcharges” since May 1, 2016.

63. Sale Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Salary	669,390.73	658,210.13
Office expenses	28,406.15	2,048.00
Depreciation	16,854.16	15,631.58
Business entertainment fees	14,088.40	29,936.80
Social security premiums	44,068.52	57,162.44
Business travel charges	10,830.60	57,635.40
Testing fees	1,810.00	62,651.00
Software expenses	216,912.77	94,273.08
Rental fees	270,270.29	
Others	161,775.77	212,344.03
Total	1,434,407.39	1,189,892.46

Other notes:

64. Administration Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Depreciation	1,126,680.42	1,903,295.30
Salary	1,262,796.56	1,284,020.04
Charge for fund management	1,200,000.00	
Automobile expenses	335,203.77	475,858.98
Rental fees	578,986.10	1,055,680.49
Auditing fees	411,527.23	
Welfare fees	130,867.38	377,624.98
Entertainment expenses	243,390.31	326,342.90
Office expenses	222,043.08	556,227.81
Social security premiums	134,483.43	134,414.08
Water & electricity fees	140,232.92	159,475.84
Amortization of intangible assets	138,631.92	336,594.12
Others	1,399,660.45	351,957.20
Total	7,324,503.57	6,961,491.74

Other notes:

65. Financial Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expenses	605,207.50	645,695.56
Less: Interest income	88,059.03	17,501.15
Exchange loss	16,755.99	104,650.69
Less: exchange earning	241,014.94	14,180.07
Handling and other	17,644.59	21,268.83
Total	310,534.11	739,933.86

Other notes:

66. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
I. Bad debt loss	-411,560.62	167,333.77

Total	-411,560.62	167,333.77

Other notes:

67. Gains and Losses from Changes in Fair Value

Unit: RMB

Sources of changes in fair value gains	Reporting period	Same period of last year
Financial assets measured by fair value and the changes be included in the current profits and losses	-5,539,925.21	
Total	-5,539,925.21	0.00

Other notes:

68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Income received from long-term equity investment by equity method	17,054.22	
Investment income arising from disposal of long-term equity investments	16,240.55	-1,522.94
Total	33,294.77	-1,522.94

Other notes:

69. Other Income

Unit: RMB

Sources of other income	Reporting period	Same period of last year

70. Non-operating Gains

Unit: RMB

Item	Reporting Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total	0.33	0.44	

Government subsidies recorded into current profits and losses

Unit: RMB

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

				current profits and losses or not				

Other notes:

71. 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	
Fine for delaying payment	2,404.16		2,404.16
Total	2,404.16	200,000.00	2,404.16

Other notes:

72. Income Tax Expense

(1) Lists of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	2,269,232.61	1,848,553.62
Deferred income tax expense	37,800.00	
Total	2,307,032.61	1,848,553.62

(2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Reporting Period
Total profits	-2,895,671.47
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in Reporting Period.	1,384,981.30
Profit and loss of joint ventures and associated enterprises accounted by equity method	17,054.22
Others	867,197.09
influence of using unrecognized deductible losses and deductible temporary differences of previous years (“-“ means loss)	37,800.00
Income tax expenses	2,307,032.61

Other notes

73. Other Comprehensive Income

See note.

74. Information of Cash Flow Statement

(1) Other Cash Received Relevant to Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Other intercourse fund	30,187,830.43	612,825,000.00
Amount related business activities	5,110,790.78	80,230.54
Total	35,298,621.21	612,905,230.54

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	19,500,000.00	604,410,000.00
Audit intermediary fees, etc	356,000.00	800,000.00
Amount related business activities	5,078,811.29	3,367,429.24
Total	24,934,811.29	608,577,429.24

Note to other cash paid relevant to operating activities:

(3) Other Cash Received Relevant to Investment Activities

Unit: RMB

Item	Reporting Period	Same period of last year

Note to other cash received relevant to investment activities:

(4) Other Cash Paid Relevant to Investment Activity

Unit: RMB

Item	Reporting Period	Same period of last year

Note to other cash paid relevant to investment activities:

(5) Other Cash Received Relevant to Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year

Note to other cash received relevant to financing activities:

(6) Other Cash Paid Relevant to Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year

Note to other cash paid relevant to financing activities:

75. Supplemental Information for Cash Flow Statement

(1) Supplemental Information for Cash Flow Statement

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	-5,202,704.08	-1,639,584.11
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	1,309,890.85	1,918,926.88
Amortization of intangible assets	138,631.92	336,594.12
Losses on changes in fair value (gains: negative)	5,539,925.21	
Financial cost (gains: negative)		-66.00
Investment loss (gains: negative)	-33,294.77	1,522.94
Decrease in deferred income tax assets (gains: negative)	37,800.00	
Decrease in inventory (gains: negative)	-39,615,980.25	-7,203,140.64
Decrease in accounts receivable from operating activities (gains: negative)	65,800,489.84	481,536,676.02
Increase in payables from operating activities (decrease: negative)	-25,183,016.54	-471,157,114.26
Others	341,132.27	
Net cash flows generated from operating activities	3,132,874.45	3,793,814.95
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	7,018,207.88	303,874,987.30
Less: Opening balance of cash	123,886,976.82	301,471,305.21
Net increase in cash and cash equivalents	-116,868,768.94	2,403,682.09

(2) Net Cash Paid of Obtaining the Subsidiary

Unit: RMB

	Amount
Including:	--
Including:	--
Including:	--

Other notes:

(3) Net Cash Receive from Disposal of the Subsidiary

Unit: RMB

	Amount
Including:	--
Including:	--
Including:	--

Other notes:

(4) Cash and Cash Equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	7,018,207.88	123,886,976.82
Including: Cash on hand	525,024.48	1,208,935.64
Bank deposit on demand	6,491,008.82	302,636,688.39
Other monetary funds on demand	2,174.58	29,363.27
III. Closing balance of cash and cash equivalents	7,018,207.88	123,886,976.82

Other notes:

76. Note to Items in the Statement of Change in Equity

Particulars about the name of the item of “Other” adjusting last closing balance and the adjustment amount:

Not applicable

77. Assets with Restricted Ownership and Right to Use

Unit: RMB

Item	Closing book value	Restricted reason
Fixed assets	9,337,576.40	External guaranty
Intangible assets	2,061,759.21	External guaranty
Total	11,399,335.61	--

Other notes:

78. 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	64.28	6.7744	435.45
HKD	4,462.65	0.86792	3,873.22
Including: USD	863,226.47	6.7744	5,847,841.40
Other accounts receivable			
Including: USD	20,000.00	6.7744	135,488.00
EUR			
HKD	55,780.00	0.86792	48,412.58

Other notes:

(2) Note to Oversea Entities Including: for Significant Oversea Entities, Shall Disclose Main Operating Place, Recording Currency and Selection Basis, if there Are Changes into Recording Currency, Shall Also Disclose the Reason.

□ Applicable √ Not applicable

79. Arbitrage

Disclosure of arbitrage items according to the category of arbitrage and the qualitative and quantitative information of related arbitrage tools and hedging risk:

Not applicable

80. Other

Not applicable

VIII. Change of Consolidation Scope

1. Business Combination Not under the Same Control

(1) Business Combination Not under the Same Control during the Reporting Period

Unit: RMB

Name of the acquiree	Time of the acquisition of the stock	Cost of the acquisition of the stock	Proportion of the acquisition of the stock	Way of the acquisition of the stock	Date of acquisition	The determination basis of acquisition date	The income of the acquiree from the acquisition date to the end of the period	The net profit of the acquiree from the acquisition date to the end of the period

Other notes:

No such cases in the Reporting Period.

(2) Combination Cost and Goodwill

Unit: RMB

Cost of business combination	

The explanations on the contingent consideration and its changes as well as the determination method of the fair value of the cost of business combination:

The main reason for the formation of large goodwill:

Other notes:

(3) The Identifiable Assets and Liabilities of Acquiree at Purchase Date

Unit: RMB

	The fair value of the Purchase date	The book value of the purchase date

The determination method of the fair value of the recognizable assets and liabilities:

Not applicable

The contingent liabilities of the acquiree undertaken in business combination:

Not applicable

Other notes:

Not applicable

(4) The Profit or Loss from Equity Held by the Date before Acquisition in Accordance with the Fair Value Measured Again

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the Reporting Period

□ Yes √ No

(5) The Explanations on the Situation in which the Merger Price Cannot Be determined Rationally at the Date of Acquisition or the End of the Period of Merger and Explanations on the Fair Value of the Acquiree's Recognizable Assets and Liabilities

Not applicable

(6) Other Notes

Not applicable

2. Business Combination under the Same Control

(1) Business Combination under the Same Control during the Reporting Period

Unit: RMB

Name of the merged party	Proportion of equity acquired in business combination	Basis of the enterprise merger under the same control	Date of merger	Determination basis of the date of merger	Income of the merged party from the beginning of the period of merger to the date of merger	Net profits of the merged party from the beginning of the period of merger to the date of merger	Income of the merged party during the period of comparison	Net profits of the merged party during the period of comparison

Other notes:

Not applicable

(2) Combination Cost

Unit: RMB

Combination cost	

Explanations on contingent consideration and its changes:

Other notes:

Not applicable

(3) The Book Value of the Assets and Liabilities of the Combined Party at Combining Date

Unit: RMB

	At combining date	At the end of last period

The contingent liabilities of the merged party undertaken in enterprise merger:

Not applicable

Other notes:

Not applicable

3. Counter Purchase

The basic information of transactions, the constitutive basis of counter purchase, whether the retained assets and liabilities of listed companies constitute the business or not and the relevant basis, the determination of the cost of merger, the amount and accounting of the equity adjusted when treated as equity transaction:

Not applicable

4. The Disposal of Subsidiary

Whether there is such a situation where the control power of the subsidiary is lost for a single disposal of the investment to the subsidiary

□Yes √ No

Whether there is such a situation where many transactions are made to dispose the investment to the subsidiary in phases losing the control power of it during the report period

□Yes √ No

5. Other Reasons for the Changes in Combination Scope

Explanations on changes in consolidation scope caused by other reasons (such as the establishment of new subsidiary and liquidation of subsidiary) and the relevant information:

6. Other

IX. 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	Shenzhen	Shenzhen	Trading	90.00%		100.00

Industrial Co., Ltd.						
TIANRUI (HK) TRADING COMPANY LIMITED	Hong Kong	Hong Kong	Trading	100.00%		Combination
Chinese Gold Nobility	Shenzhen	Shenzhen	Trading	100.00%		Combination
Shanghai Yunpeng Network Technology Co., Ltd.	Shanghai	Shanghai	Technical service, development, consulting, transfer of network technology etc.	60.00%		Set-up

Notes: holding proportion in subsidiary different from voting proportion:

Not applicable

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:

Not applicable

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

Not applicable

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

Not applicable

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 Rieys Industrial Co., Ltd.	10.00%	-593,234.95		3,265,258.85
Chinese Gold Nobility	49.00%	3,387,635.65		37,636,522.88

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 liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Rieys Industrial Co., Ltd.	49,949,759.41	2,863,717.42	52,813,476.83	52,813,476.83		20,160,888.38	50,919,308.96	3,000,947.92	53,920,256.88	15,335,318.97		15,335,318.97
Chinese Gold Nobility	130,659,876.81	159,450.28	130,819,327.09	54,010,096.72		54,010,096.72	98,646,482.14	219,218.75	98,865,700.89	29,310,754.26		29,310,754.26

Unit: RMB

Name	Reporting period				The same period of last year			
	Operation revenue	Net profit	Total consolidated income	Cash flow from operating activities	Operation revenue	Net profit	Total consolidated income	Cash flow from operating activities
Shenzhen Rieys Industrial Co., Ltd.	21,009,771.23	-5,932,349.46	-5,932,349.46	-2,925,265.06	47,950,476.66	-1,503,299.26	-1,503,299.26	-26,948,658.07
Chinese Gold Nobility	167,918,918.82	6,913,542.14	6,913,542.14	1,189.55	305,270,090.96	9,659,258.40	9,659,258.40	-667,194.24

Other notes:

(4) Significant Restrictions of Using Enterprise Group Assets and Paying Off Enterprise Group Debt

(5) Provide Financial Support or Other Support for Structure Entities Incorporate into the Scope of Consolidated Financial Statements

Other notes:

X. The Risk Related Financial Instruments

Not applicable

XI. The Disclosure of the Fair Value

1. Closing Fair Value of Assets and Liabilities Calculated by Fair Value

Unit: RMB

Item	Fair value at the end of the reporting period			
	First level Fair value measurement	Second level Fair value measurement	Third level Fair value measurement	Total
I. Sustaining fair value measurement	--	--	--	--
(2) equity instruments investment	9,977,189.76			9,977,189.76
Total assets continuously measured at fair value	9,977,189.76			9,977,189.76
II. Non-Sustaining fair value measurement	--	--	--	--

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

Based on the stock trade price in SZSE and SSE.

3. Consistent and Inconsistent Fair value Measurement Items at Level 2, Valuation Techniques Adopted, the Qualitative and Quantitative Information of Important Parameters

Not applicable

4. Consistent and Inconsistent Fair Value Measurement Items at Level 3, Valuation Techniques Adopted, the Qualitative and Quantitative Information of Important Parameters

Not applicable

5. Consistent Fair Value Measurement Items at Level 3, the Adjustment Information of the Opening and Closing Book Value, and the Sensitivity Analysis of Unobservable Parameters

Not applicable

6. Consistent Fair Value Measurement Items, Conversion between All Levels during the Reporting Period, the Reasons for Conversion and Policies at the Time of Determination of Conversion

Not applicable

7. Change and Change Reason of Valuation Techniques in the Reporting Period

Not applicable

8. Particulars about the Fair Value of the Financial Assets and Financial Liabilities Not Measured at Fair Value

Not applicable

9. Other

Not applicable

XII. 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.	Room No. 1805 of Nepstar Building in Yuehai Street, Nanshan District, Shenzhen	Trading	9800	36.99%	36.99%

Notes: Information on the parent company:

There was no change in the registered capital of the parent company during the Reporting Period.

The final controller of the Company is Chen Hongcheng.

Other notes:

2. Subsidiaries of the Company

For more details, please refer to Note IX. 1. Equity in Subsidiaries.

3. Information on the Joint Ventures and Associated Enterprises of the Company

For information of the major joint ventures or associated enterprises of the Company, please refer to note

List of other joint ventures and associated enterprises that made related-party transactions with the Company generating balance during or before the report period:

Name of the joint venture or associated enterprise	Relationship with the Company

Other notes

4. 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 relative of Chen Hongcheng
Ding Lihong	Board chairman of the Company, relative of Chen Hongcheng

Other notes

5. List of Related-party Transactions

(1) Information on Acquisition of Goods and Reception of Labor Service (Unit: Ten Thousand Yuan)

Information on acquisition of goods and reception of labor service

Unit: RMB

Related-party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year

Information of sales of goods and provision of labor service

Unit: RMB

Related-party	Content	Reporting Period	Same period of last year

Information on related-party transactions of sales of goods and provision and reception of labor service

(2) Relating Commissioned Management/Contract and Entrusted Management/Outsourcing

List of commissioned management/contract of the Company:

Unit: RMB

Name of the entrusting party/contract-out party	Name of the commissioned party/contractor	Type of the commissioned/contracted assets	Start date of commissioned management/contract	End date of commissioned management/contract	Pricing basis of commissioned management revenue/contract revenue	Revenue from commissioned management/contract confirmed in the report period

Explanations on relating commissioned management/contract

List of entrusted management/outsourcing:

Unit: RMB

Name of the entrusting party/contract-out party	Name of the commissioned party/contractor	Type of the entrusted/outsourced assets	Start date of entrusted management/outsourcing	End date of entrusted management/outsourcing	Pricing basis of trustee fee/expense on outsourcing	Trustee fee/expense on outsourcing confirmed in the

						report period

Explanations on relating management/outsourcing

(3) Information of Related Lease

The Company serves as the lessor:

Unit: RMB

Name of leasee	Type of leased assets	Rental income confirmed in the Report period	Rental income confirmed in the same period of last year

The Company serves as the leasee:

Unit: RMB

Name of lessor	Type of leased assets	Rental expense confirmed in the report period	Rental expense confirmed in the same period of last year

Explanations on related-party lease

(4) Related-party Guarantee

The Company serves as the guarantee

Unit: RMB

Secured party	Amount	Start date	Maturity date	Fulfill or not

The Company serves as the secured party

Unit: RMB

Guarantee	Amount	Start date	Maturity date	Fulfill or not

Explanations on related-party guarantee

(5) Borrowing and Lending of Related Parties

Unit: RMB

Related party	Amount	Start date	Maturity date	notes
Borrowing				
Lending				

(6) Related Party Asset Transfer and Debt Restructuring

Unit: RMB

Related party	Contents of related-party transactions	Reporting period	Same period of last year

(7) Rewards for the Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
Rewards for the key management personnel	337,000.00	253,000.00

(8) Other Related-party Transactions

6. Receivables and Payables of Related Parties

(1) Receivables

Unit: RMB

Name o f item	Related-party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision

(2) Payables

Unit: RMB

Name o f item	Related-party	Closing book balance	Opening book balance
Other accounts payable	Chen Xuewen	177,923.60	64,404.72
	64,404.72	10,570,000.00	

7. Related Party Commitment

There was no related party commitment for the Company to disclose.

8. Other

XIII. Share-based Payment

1. General Share-based Payment

□ Applicable √ Not applicable

2. Shared-based Payment Settled by Equity

□ Applicable √ Not applicable

3. Shared-based Payment Settled by Cash

□ Applicable √ Not applicable

4. Modification and Termination on Share-based Payment

Not applicable

5. Other

Not applicable

XIV. Commitments and Contingencies

1. Significant Commitments

Significant commitments at balance sheet date

As of June 30, 2017, there were no significant commitments to be disclosed.

2. Contingencies

(1) Significant Contingencies at Balance Sheet Date

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 November 11, 2014 to November 11, 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. on May 22, 2017, which was the guarantee for the Company. The borrowing period was for 12 months. The Huafengqiang Trade Co., Ltd. provided counter guarantee for the Company with this loan.

As of June 30, 2017, the Company provide guarantee for non-related party were as followed:

Entity	Events	Amount involved (RMB'0,000)	Period	Notes
Huafengqiang Trade Co., Ltd.	Bank loan pledge	1,700.00	05/22/2017-05/19/2018	-
Total	-	**1,700.00**	-	-

As of June 30, 2017, there was no contingencies such as pending litigation, external guarantee for the Company to disclose.

As of June 30, 2017, there was no other contingency to disclose for the Company except for the aforesaid event.

(2) If the Company Has No Significant Contingency to Disclose, Relevant Explanations Should Also Be Given

There was no significant contingency for the Company to disclose.

3. Other

XV. Events after Balance Sheet Date

1. Significant Non-adjusting Events

Unit: RMB

Item	Content	Effects on financial condition and operating result	Reason for inability to estimate the influence number

2. Profit Distribution

Unit: RMB

3. Sales Return

4. Notes of Other Events after Balance Sheet Date

Shenzhen Rieys Industrial Co., Ltd. a subsidiary of the company, has sold by lots 465364 shares of BanBao Educational Toys own by the former from July 28 to August 4, 2017, the stock trade of which has caused an investment loss of RMB7,069,898.22. Up to Aug. 28, 2017, there are 6600 shares of BanBao Educational Toys left on the paper.

Up to Aug. 28, 2017, (date of report approval by the board), apart from the above important items, the company has no other events after the balance sheet date that should be disclosed.

XVI. Other Significant Events

1. The Accounting Errors Correction in Previous Period

(1) Retroactive Restatement

Unit: RMB

Contents of the correction of accounting errors	Procedures of processing	Name of each affected item of statement during the period of comparison	Cumulative effects

(2) Prospective Application

Contents of the correction of accounting errors	Procedures of approval	Reason for adopting method of prospective application

2. Debt Restructuring

Not applicable

3. Assets Replacement

(1) Exchange of Non-monetary Assets

Not applicable

(2) Replacement of Other Assets

Not applicable

4. Annuity Plan

Not applicable

5. Discontinued Operation

Unit: RMB

Item	Income	Expense	Total profits	Income tax expense	Net profits	Profits generated from discontinued operation attributable to owners' of the Company

Other notes

Not applicable

6. Segment Information

(1) Recognition Basis and Accounting Policies of Reportable Segment

Not applicable

(2) The Financial Information of Reportable Segment

Unit: RMB

Item		Offset between segments	Total

(3) If There Is No Reportable Segment, or the Total Amount of Assets and Liabilities of Each Part of Reportable Segment Cannot Be Disclosed, the Relevant Reasons Should Be Given

Not applicable

(4) Other Notes

Not applicable

7. Other Important Transactions and Events that Have an Impact on Investors' Decision-making

Not applicable

8. Other

Not applicable

XVII. Notes of Main Items in the Financial Statements of the Company

1. Accounts Receivable

(1) Accounts Receivable Classified 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 significant 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%		4,608,276.88	100.00%	4,608,276.88	100.00%	

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

√ Applicable □ Not applicable

Unit: RMB

Accounts receivable (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
Total	4,608,276.88	4,608,276.88	--	--

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) Accounts Receivable Withdrawn, Reversed or Collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB000; the amount of the reversed or collected part during the Reporting Period was of RMB000.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of unit	Collected or reversed amount	Way

(3) Particulars about Accounts Receivable Actually Verified during the Reporting Period

Unit: RMB

Item	Amount of verification

The verification of significant accounts receivable:

Unit: RMB

Name of unit	Nature of other	Amount of	Reason for	Procedures of verification	Whether the accounts are

	accounts receivable	verification	verification	performed	generated from related-party transactions or not

Notes of the verification of accounts receivable:

(4) Accounts Receivable of the Top 5 of the Closing Balance Collected According to the 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
Total	**4,608,276.88**	**4,608,276.88**	**100.00**

(5) Accounts Receivable Derecognized for the Transfer of Financial Assets

(6) Amount of Assets and Liabilities Generated from the Transfer of Accounts Receivable and Continued Involvement

Other notes:

2. Other Accounts Receivable

(1) Other Accounts Receivable Classified 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 significant single amount for which bad debt provision separately accrued	69,709,477.93	95.36%	2,931,608.20	4.21%	66,777,869.73	75,469,176.05	5.94%	2,931,608.20	36.94%	72,537,567.85
Other accounts	1,594,82	2.18%	1,485,34	93.14%	109,482.1	4,877,7	5.94%	1,801,879	36.94%	3,075,885.8

receivable withdrawn bad debt provision according to credit risks characteristics	6.10		3.96		4	65.85		.96		9
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	1,794,763.36	2.46%	1,794,763.36	100.00%		1,794,763.36	2.19%	1,478,227.36	82.36%	316,536.00
Total	73,099,067.39	100.00%	6,211,715.52	8.50%	66,887,351.87	82,141,705.26	100.00%	6,211,715.52	7.56%	75,929,989.74

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.	57,707,092.85			Included in consolidated related party did not withdraw bad debt provision
Shenzhen Rieys Industrial Co., Ltd.	9,070,776.88			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	69,709,477.93	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			

Subtotal within 1 year	49,814.10	58,199.26	116.83%
1 to 2 years	40,201.83	4,020.18	10.00%
2 to 3 years	8,298.65	4,149.33	50.00%
Over 3 years	1,496,511.52	1,418,975.19	94.82%
Total	1,594,826.10	1,485,343.96	93.14%

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) The Bad-debt Provision Withdrawn, Reversed or Collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB000; the amount of the reversed or collected part during the Reporting Period was of RMB000.

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

Unit: RMB

Name of unit	Collected or reversed amount	Way

(3) Other Accounts Receivable Actually Verified during the Reporting Period

Unit: RMB

Item	Amount of verification

The verification of significant other accounts receivable:

Unit: RMB

Name of unit	Nature of other accounts receivable	Amount of verification	Reason for verification	Procedures of verification performed	Whether the accounts are generated from related-party transactions or not

Notes of the verification of other accounts receivable:

(4) Other Accounts Receivable Classified by Account Nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Fund of related party	66,777,869.73	72,537,567.85
Intercourse funds	3,780,300.83	4,014,013.16
Tax	2,331,608.20	2,331,608.20

Payment on behalf	209,288.63	2,938,980.05
Margin		319,536.00
Total	73,099,067.39	82,141,705.26

(5) The Top Five Other Account Receivable Classified by Debtor at Period-end

Unit: RMB

Name of unit	Nature of accounts	Closing balance	Aging	Proportion to the total of closing balance of other accounts receivable	Closing balance of bad-debt provision
Tianrui (HK) Trading Co., Ltd.	Intercourse of related party	57,707,092.85	Over 5 years	78.94%	
Shenzhen Rieys Industrial Co., Ltd.	Intercourse of related party	9,070,776.88	Within 1 year	12.41%	
Refund of tax for export receivable	Tax	2,331,608.20	Over 5 years	3.19%	2,331,608.20
Guangdong Yuanfeng Trade Co., Ltd.	Intercourse funds	700,000.00	Over 5 years	0.96%	700,000.00
Shenzhen Zhao Tong Investment Co., Ltd.	Intercourse funds	600,000.00	Over 5 years	0.82%	600,000.00
Total	--	70,409,477.93	--	96.32%	3,631,608.20

(6) Account Receivable Involving Government Subsidies

Unit: RMB

Name of unit	Name of the government subsidy item	Closing balance	Account-age at the end of the period	Estimated time, amount and basis of charge

(7) Other Account Receivable Derecognized Due To the Transfer of Financial Assets

(8) Amount of Assets and Liabilities Generated from the Transfer of Other Accounts Receivable and Continued Involvement

Other notes:

3. Long-term Equity Investment

Unit: RMB

Item	Closing balance	Opening balance

	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment to the subsidiary	80,000,008.26		80,000,008.26	75,000,008.26		75,000,008.26
Investment to joint ventures and associated enterprises	270,015,275.93		270,015,275.93	149,998,221.71		149,998,221.71
Total	350,015,284.19		350,015,284.19	224,998,229.97		224,998,229.97

(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		
Tianrui (HK) Trading Co., Ltd.	8.26			8.26		
Chinese Gold Nobility	30,000,000.00			30,000,000.00		
Shanghai Yunpeng Network Technology Co., Ltd.		5,000,000.00		5,000,000.00		
Total	75,000,008.26	5,000,000.00		80,000,008.26		

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

The investor	Opening balance	Increase/decrease								Closing balance	Closing balance for impairment provisions
		Additional investments	Reduced investments	Profit and loss on investments confirmed according to equity law	Adjustment of other comprehensive income	Changes in other equity	Cash, dividends and profits declared to issue	Impairment provisions	Others		

I. Joint ventures											
II. Associated enterprises											
Shenzhen Shenguorong Financing Guarantee Co., Ltd.	149,998,221.71			16,324.24						150,014,545.95	
Shenzhen Future Growing Business Fund (Limited Partnership)				729.98						120,000,729.98	
Subtotal	149,998,221.71			17,054.22						270,015,275.93	
Total	149,998,221.71			17,054.22						270,015,275.93	

(3) Other Notes

Not applicable

4. Revenues and Operating Costs

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Other operations	637,064.14	166,356.27		
Total	637,064.14	166,356.27		

Other notes:

The current other operations income was generated from the housing lease.

5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income	17,054.22	

accounted by equity method		
Total	17,054.22	

6. Other

XVIII. Supplementary Materials

1. Items and Amounts of Extraordinary Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Explanation
Government subsidies recorded into the current gains and losses (excluding the government subsidies that are closely relative to business and enjoyed in normed way or quantitatively in accordance with the national standards)	-5,523,684.66	(1) gains and losses of changes in fair value generated from holding trading financial assets was RMB-5,539,925.21 (2) investment income received from the disposal of trading financial assets was RMB16,240.55
Write-back of impairment provision of accounts receivable with separate impairment test	411,560.62	
Other non-operating income and expenses other than the above	14,650.39	
Less: amount affected by income tax	72,063.56	
Minority interests effects	-452,702.47	
Total	-4,716,834.74	--

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 Net 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	-2.21%	-0.030	-0.030
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit	-0.90%	-0.0103	-0.0103

and loss			

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

(3) Explain Reasons for the Differences between Accounting Data under Domestic and Overseas Accounting Standards, for Audit Data Adjusting Differences Had Been Foreign Audited, Should Indicate the Name of the Foreign Institutions

4. Other

Section XI 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.)