

FIYTA Precision Technology Co., Ltd.

2020 First Quarter Report

April, 2020

Section 1 Important Notice

The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives hereby individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are neither material omissions nor errors which would render any statement misleading.

All the directors attended the board meeting for reviewing the Quarter Report.

Huang Yongfeng, the Company leader, Chen Zhuo, chief financial officer, and Tian Hui, the manager of the accounting department (treasurer) hereby confirm the authenticity and completeness of the financial report enclosed in this Quarter Report.

Section 2 Company Profile

I. Summary of Accounting/Financial Data

Does the Company need to make retroactive adjustment or restatement of the accounting data of the previous year

No

	Reporting period	Same period of the previous year	Year-on-year increase/decrease in the reporting period
Revenue in CNY	588,361,057.06	893,389,751.73	-34.14%
Net profit attributable to the Company's shareholders, in CNY	-12,974,795.53	64,359,084.45	-120.16%
Net profit attributable to the Company's shareholders less the non-recurring items, in CNY	-13,738,773.72	61,517,359.28	-122.33%
Net cash flows arising from operating activities, in CNY	-106,747,751.88	10,730,388.47	-1,094.82%
Basic earning per share (CNY/share)	-0.0294	0.1467	-120.04%
Diluted earning per share (CNY/share)	-0.0294	0.1453	-120.23%
Return on equity, weighted average	-0.49%	2.47%	-2.96%
	End of the reporting period	End of the previous year	Increase/decrease at the end of the year over the end of the previous year
Total assets (in CNY)	3,651,180,885.03	3,760,923,285.37	-2.92%
Net profit attributable to the Company's shareholders, in CNY	2,635,350,676.43	2,654,533,766.99	-0.72%

Non-recurring gain/loss items and the amount involved

In CNY

Items	Amount from the year beginning to the end of the reporting period	Note
Gain/loss from disposal of non-current assets, including the part offset from the provision for impairment of assets.	-62,305.15	
The government subsidies included in the profits and losses of the current period (excluding government grants which are closely related to the Company's business and conform with the national standard amount or quantity)	742,609.63	

Other non-operating income and expenses other than the aforesaid items	268,428.02	
Less: Amount affected by the income tax	184,754.31	
Total	763,978.19	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Inapplicable

II. Statement of total shareholders and shares held by the top 10 shareholders by the end of the reporting period

1. Quantity of the shares held by the common shareholders and preferred shareholders whose voting rights are restored and statement of shareholding by the top 10 shareholders

In shares

Total common shareholders at the end of the reporting period		37,827	Total preference shareholders with the voting power recovered at the end of the reporting period (if any)		0	
Shareholding by top 10 shareholders						
Names of the Shareholders	Nature of the shareholder	Shareholding proportion	Shareholding quantity	Number of the restricted shares held	Pledging or freezing	
					Status of the shares	Quantity
AVIC International Holding Limited	State corporate	36.79%	162,977,327	0		
#Yang Zugui	Domestic natural person	3.84%	17,018,806	0		
Yang Sancai	Domestic natural person	1.17%	5,202,700	0		
ZHONGYIN FUND - ICBC - Shanghai Haitong Securities & Assets Management Co., Ltd.	Domestic non-state-owned legal person	0.23%	999,200	0		
Zhang Xuewei	Domestic natural person	0.22%	958,000	0		

Penghua Fund - Minsheng Bank - Penghua Fund - Huili No. 1 Assets Management Plan	Domestic non-state-owned legal person	0.21%	951,700	0	
Ma Xinting	Domestic natural person	0.20%	900,000	0	
# Li Enhai	Domestic natural person	0.20%	883,500	0	
# Shen Xuewen	Domestic natural person	0.20%	883,420	0	
Liang Shaoyun	Domestic natural person	0.18%	781,312	0	
Shares held by top 10 shareholders of unrestricted shares					
Names of the Shareholders	Quantity of unrestricted shares held a	Share type			
		Share type	Quantity		
AVIC International Holding Limited	162,977,327	CNY ordinary shares	162,977,327		
#Yang Zugui	17,018,806	CNY ordinary shares	17,018,806		
Yang Sancai	5,202,700	CNY ordinary shares	5,202,700		
ZHONGYIN FUND - ICBC - Shanghai Haitong Securities & Assets Management Co., Ltd.	999,200	CNY ordinary shares	999,200		
Zhang Xuwei	958,000	CNY ordinary shares	958,000		
Penghua Fund - Minsheng Bank - Penghua Fund - Huili No. 1 Assets Management Plan	951,700	CNY ordinary shares	951,700		
Ma Xinting	900,000	CNY ordinary shares	900,000		
# Li Enhai	883,500	CNY ordinary shares	883,500		
# Shen Xuewen	883,420	CNY ordinary shares	883,420		
Liang Shaoyun	781,312	CNY ordinary shares	781,312		

Explanation on associated relationship or consistent action of the above shareholders	Inapplicable
Note to the top 10 shareholders involved in margin financing & securities lending (if any)	Inapplicable

Did the top ten common shareholders or top ten shareholders of unrestricted common shares conduct contractual repurchase during the reporting period?

No

2. Total preferred shareholders and the shareholding by the top 10 preferred shareholders

Inapplicable

Section 3 Significant Events

I. Changes of the major financial data and financial indicators during the reporting period and the causes

(I) Balance sheet items

Items	Amount at the end of the reporting period	Amount at the year beginning	Variation proportion (%)	Cause of the movement
Advance payments	17,670,023.88	10,847,962.28	62.89%	It was mainly due to increase of the advance payment during the reporting period over the year beginning
Accounts payable	109,655,368.72	279,772,787.37	-60.81%	It was mainly due to partial payment for goods procured during the reporting period
Advance receipts	11,669,963.64	23,433,463.57	-50.20%	It was mainly due to decrease of the advances on sales during the reporting period over the year beginning
Payroll payable	43,225,454.85	82,602,845.67	-47.67%	Mainly consists of the commissions of the previous year, the year-end bonus, etc. payable to employees during the reporting period

(II) Profit Statement Items

Items	Reporting period	Same period of the previous year	Variation proportion (%)	Cause of the movement
Operating revenue	588,361,057.06	893,389,751.73	-34.14%	Mainly due to the impact of COVID-19 epidemic upon the revenue from the watch industry
Taxes and surcharges	3,674,419.66	7,967,226.11	-53.88%	Mainly due to that affected by the decline of the revenue in the reporting period., the VAT, etc. decreased.
Other income	742,609.63	3,807,765.25	-80.50%	Mainly due to decrease of the government subsidy received during the reporting period
Operation profit	-18,792,471.52	82,187,315.46	-122.87%	Mainly due to decrease of the operation revenue during the reporting period

(III) Items of Cash Flow Statement

Items	Reporting period	Same period of the previous year	Variation proportion (%)	Cause of the movement
Net cash flows arising from operating activities	-106,747,751.88	10,730,388.47	-1094.82%	It mainly refers to the decrease of sales revenue collection during the reporting period affected by the decline in operation revenue
Net cash flow arising from investment activities	-24,341,946.96	-50,729,730.85	-52.02%	It mainly refers to the decrease of the capital input for store improvement during the reporting period compared with the same period of last year and the project payment paid for FIYTA Clock Building in the same period of the previous year.
Net cash flow arising from financing activities	82,992,799.27	22,731,443.97	265.10%	It was mainly due to the mild increase of the bank loans over the same period of the previous year during the reporting period
Net increase of cash and cash equivalents	-48,188,978.55	-17,400,331.36	176.94%	It mainly refers to the decrease of sales revenue collection during the reporting period affected by the decline in operation revenue

FIYTA's principal business activities are watch brand management and watch retails. The sudden outbreak of COVID-19 at the beginning of 2020 resulted in a serious negative impact on the offline consumption. During the reporting period, the company launched the "War System", strictly in accordance with the deployment of the central government and superiors, and did its best to prevent and control the epidemic. In order to cope with the impact of the epidemic on the business, the Company quickly adjusted its business strategy, made full efforts to promote cost control, and strengthened cash flow management. While carrying forward the resumption of work and production of offline channels, the Company also accelerated the investment in online platforms, and actively expanded community marketing and social marketing through WeChat, live show, etc. Judging from the performance of the operating data in each month of the first quarter, the Company showed a robust market recovery ability and strong adaptability to the adjustment. In February, the month worst affected by the epidemic, the Company's business revenue fell by more than 70% year on year and recorded a substantial loss. In March, with the operating environment still extremely difficult, the Company's revenue returned to about 70% of the level of the same period last year with only a slight deficit. It is expected that the Company as a whole may achieve monthly profit in April and gradually turn to normal in the second quarter. After the baptism with the epidemic, our team shall be further enhanced in its combat capability.

At present, it is still uncertain about the development trend of the epidemic both at home and abroad and its subsequent impact on the consumer market. The Company shall pay close attention to and actively cope with the situation. Under the personal direction of General Secretary Xi Jinping, China has brought the epidemic under fundamental control. The

Chinese government is trying every means to support the whole people to get through this tough time with various policies and promote the economy recovery. At present, the Company has restored its production and operation basically to normal, the rate of employees' return to work has exceeded 96%, and there is no confirmed COVID-19 case; the Company's offline sales channels have been basically restored to operation, and the sales have been improved day by day. The order delivery of the Company's precision technology and smart watches and other innovative business as well as the launch of new smart watches are being carried out in an planned way and the Company is maintaining a good momentum of growth in its business. The Company shall continue to take "brand power, product power and channel power" as the core, speed up the digital transformation, strengthen the competitive superiority; shall increase investment in precision technology to build hard core strength; accelerate innovation-driven development, and promote the Company's overall business to smart retail and high-end precision technology transformation and upgrading. The Company believes that all the above work shall provide the Company with continuous impetus to meet market opportunities and sustainable development in the future.

II. Progress of significant events, their effects and analysis on the solutions

1. Repurchase and Cancellation of the Partially Restricted Shares Involved in 2018 A Share Restricted Stock Incentive Plan (Phase 1)

The 3rd session of the Ninth Board of Directors held on November 12, 2018 and 2019 1st Extraordinary General Meeting held on January 11, 2019 decided to start 2018 A-Share Restricted Stock Incentive Program (Phase I), which was later on reviewed and approved at the 5th session of the Ninth Board of Directors held on January 11, 2019, and the Company eventually granted 4.224 million restricted A-shares to 128 persons eligible for the incentive. For the detail, refer to the relevant announcement disclosed in the Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn on January 12, 2019. This part of A-share restricted shares was all granted and registered for listing by January 30, 2019.

As three original incentive objects of the above incentive plan, namely Wu Yue (27,000 shares granted), Yang Shuzhi (20,000 shares granted), Lin Yichao (20,000 shares granted) have resigned, according to the 2018 A-Share Restricted Stock Incentive Plan (Phase I) (Draft Revision), they have no longer met the incentive conditions. The 15th session of the Ninth Board of Directors held on January 10, 2020 and the 16th Session of the Board of Directors held on March 18, 2020 reviewed and approved the "Proposal on the Repurchase and Cancellation of Partial Restricted Shares in the 2018 A-Share Restricted Stock Incentive Plan (Phase I), according to which the Company was going to repurchase and cancel 67,000 A-share restricted shares held by the aforesaid three incentive objects, already granted but not yet lifted. The said proposal is still necessary to be submitted to 2020 1st Extraordinary General Meeting for approval before implementation.

General on Significant Events	Date of disclosure	Inquiry index of the provisional reports disclosed in the website.
Announcement on the Resolution of the 15th Session of the Ninth Board of Directors, 2020-003	January 11, 2020	www.cninfo.com.cn
Announcement on Repurchase and Cancellation of the Partially Restricted Shares Involved in 2018 A Share Restricted Stock Incentive Plan (Phase I) 2020-005	January 11, 2020	www.cninfo.com.cn

Announcement on the Resolution of the 16th Session of the Ninth Board of Directors, 2020-011	March 20, 2020	www.cninfo.com.cn
Announcement on Repurchase and Cancellation of the Partially Restricted Shares Involved in 2018 A Share Restricted Stock Incentive Plan (Phase I) 2020-016	March 20, 2020	www.cninfo.com.cn
Notice on Holding 2020 1st Extraordinary General Meeting 2020-018	March 27, 2020	www.cninfo.com.cn

Progress of implementation of the stock repurchase

The 7th session of the Ninth Board of Directors held on April 4, 2019 and 2019 2nd Extraordinary General Meeting held on April 23, 2019, reviewed and approved the "Proposal for the Repurchase of Partial Domestically Listed Foreign Shares (B-shares) in the Company, and subsequently the Company disclosed the repurchase report and published a series of announcements on the progress in accordance with relevant regulations. For detail of the above, please refer to the relevant announcements disclosed by the Company in the Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn.

As of the end of the reporting period, the Company repurchased 13,730,000 shares in the Company by way of centralized bidding, accounting for 3.10% of the Company's total capital stock; the highest transaction price of the repurchased shares was HK\$6.56 per share, and the lowest transaction price was HK\$5.55/share, the total amount paid has been HK\$83,367,947.33 (excluding stamp duty, commission, and other transaction expenses.) The Company's repurchase of the shares was in compliance with the relevant laws and regulations and in line with the Company's established repurchase program.

Progress of implementation of reduction of the holding size of the shares repurchased by centralized bidding

Inapplicable

III. Commitments unfinished in implementation by the Company's actual controller, shareholders, related parties, acquirer and the Company, etc. in the reporting period

Inapplicable

IV. Portfolio investment

Inapplicable

V. Entrusted financial management

Inapplicable

VI. Investment in derivatives

Inapplicable

VII. Registration Form of Activities of Reception for Investigation and Survey, Communications, Interviews, etc. in the Reporting Period

Time of Reception	Way of Reception	Types of Visitors Received	Index of Basic Information on the Investigation and Survey
January 08, 2020	Field survey	Institution	http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&orgId=gssz0000026

VIII. Outward guarantee against regulations

Inapplicable

IX. Non-operational Occupancy of the Company's Capital by the Controlling Shareholder and its Related Parties

Inapplicable

Section 4. Financial Statements

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by FIYTA Precision Technology Co., Ltd.

March 31, 2020

In CNY

Items	March 31, 2020	December 31, 2019
Current assets:		
Monetary capital	268,479,586.54	316,668,565.09
Settlement reserve		
Inter-bank lending		
Transactional financial assets		
Derivative financial assets		
Notes receivable	9,668,859.78	10,596,431.31
Accounts receivable	311,885,195.69	397,471,106.98
Financing with accounts receivable		
Advance payment	17,670,023.88	10,847,962.28
Receivable premium		
Reinsurance accounts receivable		
Reserve for reinsurance contract receivable		
Other receivables	49,717,683.27	47,239,844.58
Including: Interest receivable		
Dividends receivable		
Redemptory monetary capital for sale		
Inventories	1,843,415,903.86	1,808,820,089.92
Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	69,096,258.54	68,858,096.74

Total current assets	2,569,933,511.56	2,660,502,096.90
Non-current assets:		
Loan issuing and advance in cash		
Equity investment		
Other equity investment		
Long term accounts receivable		
Long-term equity investment	46,423,837.85	46,423,837.85
Investment in other equity instruments	85,000.00	85,000.00
Other non-current financial assets		
Investment-oriented real estate	403,692,645.30	407,503,307.24
Fixed assets	358,386,829.56	363,997,098.94
Construction-in-process		
Productive biological asset		
Oil and gas assets		
Use right assets		
Intangible assets	38,829,425.07	38,711,821.26
Development expenses		
Goodwill		
Long-term expenses to be apportioned	140,138,381.10	152,587,491.33
Deferred income tax asset	87,494,206.01	83,739,383.37
Other non-current assets	6,197,048.58	7,373,248.48
Total non-current assets	1,081,247,373.47	1,100,421,188.47
Total assets	3,651,180,885.03	3,760,923,285.37
Current liabilities:		
Short term borrowings	678,466,219.71	567,908,833.21
Borrowings from central bank		
Loans from other banks		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	109,655,368.72	279,772,787.37
Advance receipts	11,669,963.64	23,433,463.57
Contract liabilities		

Income from sale of the repurchased financial assets		
Deposits taking and interbank placement		
Acting trading securities		
Income from securities underwriting on commission		
Payroll payable	43,225,454.85	82,602,845.67
Taxes payable	23,288,035.07	24,064,803.00
Other payables	140,620,055.32	119,616,721.63
Including: interest payable		
Dividends payable	848,233.27	848,233.27
Service charge and commission payable		
Payable reinsurance		
Held-for-sale liabilities		
Non-current liabilities due within a year	360,530.00	360,140.00
Other current liabilities		
Total current liabilities	1,007,285,627.31	1,097,759,594.45
Non-current liabilities:		
Reserve for insurance contract		
Long-term borrowings	4,236,227.50	4,321,680.00
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease liabilities		
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	3,046,090.60	3,046,090.60
Deferred income tax liability	1,256,242.49	1,256,242.49
Other non-current liabilities		
Total non-current liabilities	8,538,560.59	8,624,013.09
Total liabilities	1,015,824,187.90	1,106,383,607.54
Owner's equity:		

Capital stock	442,968,881.00	442,968,881.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital Reserve	1,083,156,650.58	1,081,230,215.32
Less: shares in stock	91,957,211.65	71,267,118.78
Other comprehensive income	-932,506.16	-940,209.09
Special reserve		
Surplus Reserve	235,701,180.14	235,701,180.14
Reserve against general risks		
Retained earnings	966,413,682.52	966,840,818.40
Total owners' equity attributable to the parent company	2,635,350,676.43	2,654,533,766.99
Minority shareholders' equity	6,020.70	5,910.84
Total owner's equity	2,635,356,697.13	2,654,539,677.83
Total liabilities and owners' equity	3,651,180,885.03	3,760,923,285.37

Legal representative: Huang Yongfeng
Accounting Department: Tian Hui

Chief Financial Officer: Chen Zhuo Person in charge of the

2. Balance Sheet (Parent Company)

In CNY

Items	March 31, 2020	December 31, 2019
Current assets:		
Monetary capital	225,509,931.03	270,673,346.02
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	7,728,736.59	2,848,025.39
Financing with accounts receivable		
Advance payment		
Other receivables	878,915,557.85	783,647,732.22
Including: Interest receivable		
Dividends receivable		
Inventories		

Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	14,570,623.48	12,380,243.67
Total current assets	1,126,724,848.95	1,069,549,347.30
Non-current assets:		
Equity investment		
Other equity investment		
Long term accounts receivable		
Long-term equity investment	1,382,285,766.91	1,380,895,239.27
Investment in other equity instruments	85,000.00	85,000.00
Other non-current financial assets		
Investment-oriented real estate	326,845,239.02	329,970,083.18
Fixed assets	235,429,318.87	238,594,698.50
Construction-in-process		
Productive biological asset		
Oil and gas assets		
Use right assets		
Intangible assets	29,842,987.17	30,925,974.54
Development expenses		
Goodwill		
Long-term expenses to be apportioned	11,267,085.29	12,106,759.98
Deferred income tax asset	1,125,840.75	1,125,840.75
Other non-current assets	5,246,834.86	4,707,236.86
Total non-current assets	1,992,128,072.87	1,998,410,833.08
Total assets	3,118,852,921.82	3,067,960,180.38
Current liabilities:		
Short term borrowings	650,746,476.67	540,650,622.50
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,484,563.53	12,952,934.93
Advance receipts	2,679,507.07	3,434,407.04
Contract liabilities		

Payroll payable	13,021,118.57	19,019,554.57
Taxes payable	1,835,031.11	1,713,130.68
Other payables	65,132,401.16	82,631,590.46
Including: interest payable		
Dividends payable	848,233.27	848,233.27
Held-for-sale liabilities		
Non-current liabilities due within a year		
Other current liabilities		
Total current liabilities	734,899,098.11	660,402,240.18
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease liabilities		
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	3,046,090.60	3,046,090.60
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities	3,046,090.60	3,046,090.60
Total liabilities	737,945,188.71	663,448,330.78
Owner's equity:		
Capital stock	442,968,881.00	442,968,881.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital Reserve	1,088,812,191.68	1,086,885,756.42
Less: shares in stock	91,957,211.65	71,267,118.78
Other comprehensive income		
Special reserve		
Surplus Reserve	235,701,180.14	235,701,180.14
Retained earnings	705,382,691.94	710,223,150.82

Total owner's equity	2,380,907,733.11	2,404,511,849.60
Total liabilities and owners' equity	3,118,852,921.82	3,067,960,180.38

Legal representative: Huang Yongfeng
Accounting Department: Tian Hui

Chief Financial Officer: Chen Zhuo Person in charge of the

3. Consolidated Profit Statement

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Turnover	588,361,057.06	893,389,751.73
Including: operating income	588,361,057.06	893,389,751.73
Interest income		
Earned insurance premium		
Service charge and commission income		
II. Total operating costs	608,046,690.52	815,055,386.73
Including: Operating costs	354,482,460.46	532,797,117.99
Interest payment		
Service charge and commission payment		
Surrender Value		
Compensation expenses, net		
Appropriation of deposit for duty, net		
Payment of policy dividend		
Reinsurance expenses		
Taxes and surcharges	3,674,419.66	7,967,226.11
Sales costs	183,463,601.55	199,499,630.53
Administrative expenses	49,093,729.64	55,752,416.90
R & D expenditures	9,810,864.52	9,953,936.60
Financial expenses	7,521,614.69	9,085,058.60
Where: Interest cost	6,565,834.69	6,209,488.02
Interest income	710,713.51	429,095.38
Plus: Other income	742,609.63	3,807,765.25
Investment income (loss is stated with "-")		

Including: return on investment in associate and joint venture		
Income from the derecognition of the financial assets measured at amortised cost		
Exchange income (loss stated with "-")		
Net exposure hedge income (loss stated with "-")		
Income from change of fair value (loss is stated with "-")		
Loss from impairment of credit (loss is stated with "-")	212,857.46	95,827.25
Loss from impairment of assets (loss is stated with "-")		
Income from disposal of assets (loss is stated with "-")	-62,305.15	-50,642.04
III. Operating Profit (loss is stated with "-")	-18,792,471.52	82,187,315.46
Plus: Non-operating income	273,393.02	32,398.46
Less: non-operating expenditures	4,965.00	224,800.40
IV. Total profit (total loss is stated with "-")	-18,524,043.50	81,994,913.52
Less: Income tax expense	-5,549,247.97	17,635,829.07
V. Net Profit (net loss is stated with "-")	-12,974,795.53	64,359,084.45
(I) Classification based on operation sustainability		
1. Net Profit from sustainable operation (net loss is stated with "-")	-12,974,795.53	64,359,084.45
2. Net Profit from termination of operation (net loss is stated with "-")		
(II) Classification by ownership		
1. Net profit attributable to the parent company's owner	-12,974,795.53	64,359,084.45
2. Minority shareholders' gain/loss		
VI. Net of other comprehensive income after tax	7,812.79	-3,567,296.18
Net of other comprehensive income after tax attributable to the parent company's owner	7,702.93	-3,567,150.95

(I) Other comprehensive income which cannot be re-classified into gain and loss		
1. Movement of the net liabilities and net assets re-measured for setting the beneficial plan		
2. Other comprehensive income which cannot be converted into gain and loss based on the equity method		
3. Movement of the fair value of the investment in other equity instruments		
4. Movement of the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income which shall be re-classified into gain and loss	7,702.93	-3,567,150.95
1. Other comprehensive income which can be converted into gain and loss based on the equity method		
2. Movement of the fair value of the investment in other debt instruments		
3. Amount of the reclassified financial assets counted to the other comprehensive income		
4. Provision for impairment of the credit of the other debt investment		
5. Reserve for cash flow hedge		
6. Conversion difference in foreign currency statements	7,702.93	-3,567,150.95
7. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders	109.86	-145.23
VII. Total comprehensive income	-12,966,982.74	60,791,788.27
Total comprehensive income attributable to the parent company's owner	-12,967,092.60	60,791,933.50
Total comprehensive income attributable to minority shareholders	109.86	-145.23
VIII. Earnings per share:		

(I) Basic earnings per share	-0.0294	0.1467
(II) Diluted earnings per share	-0.0294	0.1453

Legal representative: Huang Yongfeng
Accounting Department: Tian Hui

Chief Financial Officer: Chen Zhuo Person in charge of the

4. Statement of Profit, Parent Company

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Revenue	26,379,756.89	32,237,822.48
Less: Operating cost	8,821,367.61	5,353,494.43
Taxes and surcharges	727,419.42	1,101,258.73
Sales costs	262,850.91	
Administrative expenses	15,775,264.67	17,701,057.40
R & D expenditures	3,807,693.17	4,976,563.54
Financial expenses	1,890,037.46	1,785,619.37
Where: Interest cost	2,556,955.67	2,092,544.95
Interest income	650,773.18	358,260.51
Plus: Other income	61,679.85	2,126,000.00
Investment income (loss is stated with "-")		
Including: return on investment in associate and joint venture		
Gain from the derecognition of the financial assets measured at amortised cost (loss is stated with "-")		
Net exposure hedge income (loss stated with "-")		
Income from change of fair value (loss is stated with "-")		
Loss from impairment of credit (loss is stated with "-")		
Loss from impairment of assets (loss is stated with "-")		
Income from disposal of assets (loss is stated with "-")		-2,074.20
II. Operating Profit (loss is stated with "-")	-4,843,196.50	3,443,754.81

Plus: Non-operating income	2,737.62	12,000.00
Less: non-operating expenditures		200,000.00
III. Total profit (total loss is stated with "-")	-4,840,458.88	3,255,754.81
Less: Income tax expense		
IV. Net Profit (net loss is stated with "-")	-4,840,458.88	3,255,754.81
(I) Net Profit from sustainable operation (net loss is stated with "-")	-4,840,458.88	3,255,754.81
(II) Net Profit from termination of operation (net loss is stated with "-")		
V. Net of other comprehensive income after tax		
(I) Other comprehensive income which cannot be re-classified into gain and loss		
1. Movement of the net liabilities and net assets re-measured for setting the beneficial plan		
2. Other comprehensive income which cannot be converted into gain and loss based on the equity method		
3. Movement of the fair value of the investment in other equity instruments		
4. Movement of the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income which shall be re-classified into gain and loss		
1. Other comprehensive income which can be converted into gain and loss based on the equity method		
2. Movement of the fair value of the investment in other debt instruments		
3. Amount of the reclassified financial assets counted to the other comprehensive income		
4. Provision for impairment of the credit of the other debt investment		

5. Reserve for cash flow hedge		
6. Conversion difference in foreign currency statements		
7. Others		
VI. Total comprehensive income	-4,840,458.88	3,255,754.81
VII. Earnings per share:		
(I) Basic earnings per share	-0.0110	0.0074
(II) Diluted earnings per share	-0.0110	0.0073

Legal representative: Huang Yongfeng
Accounting Department: Tian Hui

Chief Financial Officer: Chen Zhuo Person in charge of the

5. Consolidated Cash Flow Statement

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Net cash flows arising from operating activities:		
Cash received from sales of goods and supply of labor service	717,413,076.16	975,041,907.75
Net increase of customers' deposit and due from banks		
Net increase of borrowings from the central bank		
Net increase of borrowings from other financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from the reinsurance business		
Net increase of the reserve from policy holders and investment		
Cash received from interest, service charge and commission		
Net increase of loan from other banks		
Net increase of fund from repurchase business		

Net cash received from securities trading on commission		
Rebated taxes received	257,310.78	1,702,739.93
Other operation activity related cash receipts	9,436,996.31	20,886,425.52
Subtotal of cash flow in from operating activity	727,107,383.25	997,631,073.20
Cash paid for purchase of goods and reception of labor services	559,509,759.87	641,518,556.89
Net increase of loans and advances to customers		
Net increase of due from central bank and due from other banks		
Cash from payment for settlement of the original insurance contract		
Net increase of the lending capital		
Cash paid for interest, service charge and commission		
Cash for payment of policy dividend		
Cash paid to and for staff	168,291,839.52	180,290,878.29
Taxes paid	36,992,378.49	62,198,665.36
Other business activity related cash payments	69,061,157.25	102,892,584.19
Subtotal of cash flow out from operating activity	833,855,135.13	986,900,684.73
Net cash flows arising from operating activities	-106,747,751.88	10,730,388.47
II. Net cash flow arising from investment activities:		
Cash received from recovery of investment		
Cash received from investment income		
Net cash from disposal of fixed assets, intangible assets and recovery of other long term assets	2,912.82	36,918.89
Net cash received from disposal of subsidiaries and other operating units		

Other investment related cash receipts		
Subtotal of cash flow in from investment activity	2,912.82	36,918.89
Cash paid for purchase/construction of fixed assets, intangible assets and other long term assets	24,344,859.78	50,766,649.74
Cash paid for investment		
Net increase of the pledged loan		
Net cash paid for acquisition of subsidiaries and other operation units		
Other investment related cash payments		
Subtotal of cash flow out from investment activity	24,344,859.78	50,766,649.74
Net cash flow arising from investment activities	-24,341,946.96	-50,729,730.85
III. Net cash flow arising from financing activities:		
Cash received from absorbing investment		18,585,600.00
Incl.: Cash received from the subsidiaries' absorption of minority shareholders' investment		
Cash received from loans	200,000,000.00	210,000,000.00
Other fund-raising related cash receipts		
Subtotal of cash flow in from fund raising activity	200,000,000.00	228,585,600.00
Cash paid for debt repayment	90,000,000.00	199,632,048.06
Cash paid for dividend/profit distribution or repayment of interest	6,304,375.08	6,222,107.97
Including: Dividend and profit paid by the subsidiaries to minority shareholders		
Cash paid for other financing activities	20,702,825.65	
Sub-total cash flow paid for financing activities	117,007,200.73	205,854,156.03
Net cash flow arising from financing activities	82,992,799.27	22,731,443.97

IV. Influence of the change of exchange rate on the cash and cash equivalents	-92,078.98	-132,432.95
V. Net increase of cash and cash equivalents	-48,188,978.55	-17,400,331.36
Plus: Opening balance of cash and cash equivalents	315,093,565.09	162,623,059.97
VI. Ending balance of cash and cash equivalents	266,904,586.54	145,222,728.61

Legal representative: Huang Yongfeng

Chief Financial Officer: Chen Zhuo

Person in charge of the

Accounting Department: Tian Hui

6. Cash Flow Statement, Parent Company

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Net cash flows arising from operating activities:		
Cash received from sales of goods and supply of labor service	21,432,068.81	34,539,681.84
Rebated taxes received		
Other operation activity related cash receipts	867,764,855.43	875,652,514.96
Subtotal of cash flow in from operating activity	889,196,924.24	910,192,196.80
Cash paid for purchase of goods and reception of labor services		
Cash paid to and for staff	18,989,965.73	23,140,836.36
Taxes paid	4,030,582.74	2,725,897.25
Other business activity related cash payments	980,594,240.37	900,850,128.56
Subtotal of cash flow out from operating activity	1,003,614,788.84	926,716,862.17
Net cash flows arising from operating activities	-114,417,864.60	-16,524,665.37
II. Net cash flow arising from investment activities:		
Cash received from recovery of investment		

Cash received from investment income		
Net cash from disposal of fixed assets, intangible assets and recovery of other long term assets		23,000.00
Net cash received from disposal of subsidiaries and other operating units		
Other investment related cash receipts		
Subtotal of cash flow in from investment activity		23,000.00
Cash paid for purchase/construction of fixed assets, intangible assets and other long term assets	13,830,945.06	29,300,461.40
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other operation units		
Other investment related cash payments		
Subtotal of cash flow out from investment activity	13,830,945.06	29,300,461.40
Net cash flow arising from investment activities	-13,830,945.06	-29,277,461.40
III. Net cash flow arising from financing activities:		
Cash received from absorbing investment		18,585,600.00
Cash received from loans	200,000,000.00	210,000,000.00
Other fund-raising related cash receipts		
Subtotal of cash flow in from fund raising activity	200,000,000.00	228,585,600.00
Cash paid for debt repayment	90,000,000.00	195,000,000.00
Cash paid for dividend/profit distribution or repayment of interest	6,242,457.22	5,887,220.50
Cash paid for other financing activities	20,702,825.65	
Sub-total cash flow paid for financing activities	116,945,282.87	200,887,220.50

Net cash flow arising from financing activities	83,054,717.13	27,698,379.50
IV. Influence of the change of exchange rate on the cash and cash equivalents	30,677.54	-40,167.58
V. Net increase of cash and cash equivalents	-45,163,414.99	-18,143,914.85
Plus: Opening balance of cash and cash equivalents	269,098,346.02	134,970,466.27
VI. Ending balance of cash and cash equivalents	223,934,931.03	116,826,551.42

Legal representative: Huang Yongfeng Chief Financial Officer: Chen Zhuo Person in charge of the Accounting Department: Tian Hui

II. Note to the Adjustment of the Financial Statements

1. Adjustment of the relevant financial statements at the current year beginning according to the new standards for revenues and the new standards for lease initially implemented commencing from 2020

Consolidated Balance Sheet

In CNY

Items	December 31, 2019	January 01, 2020	Amount involved in the adjustment
Current assets:			
Monetary capital	316,668,565.09	316,668,565.09	
Notes receivable	10,596,431.31	10,596,431.31	
Accounts receivable	397,471,106.98	397,471,106.98	
Advance payments	10,847,962.28	10,847,962.28	
Other receivables	47,239,844.58	47,239,844.58	
Inventories	1,808,820,089.92	1,808,820,089.92	
Other current assets	68,858,096.74	68,858,096.74	
Total current assets	2,660,502,096.90	2,660,502,096.90	
Non-current assets:			
Long-term equity investment	46,423,837.85	46,423,837.85	
Investment in other equity instruments	85,000.00	85,000.00	
Investment-oriented real estate	407,503,307.24	407,503,307.24	

Fixed assets	363,997,098.94	363,997,098.94	
Intangible assets	38,711,821.26	38,711,821.26	
Long-term expenses to be apportioned	152,587,491.33	152,587,491.33	
Deferred income tax asset	83,739,383.37	83,739,383.37	
Other non-current assets	7,373,248.48	7,373,248.48	
Total non-current assets	1,100,421,188.47	1,100,421,188.47	
Total assets	3,760,923,285.37	3,760,923,285.37	
Current liabilities:			
Short term borrowings	567,908,833.21	567,908,833.21	
Accounts payable	279,772,787.37	279,772,787.37	
Advance receipts	23,433,463.57	3,434,407.04	-19,999,056.53
contract liability		19,999,056.53	19,999,056.53
Payroll payable	82,602,845.67	82,602,845.67	
Taxes payable	24,064,803.00	24,064,803.00	
Other payables	119,616,721.63	119,616,721.63	
Dividends payable	848,233.27	848,233.27	
Non-current liabilities due within a year	360,140.00	360,140.00	
Total current liabilities	1,097,759,594.45	1,097,759,594.45	
Non-current liabilities:			
Long-term borrowings	4,321,680.00	4,321,680.00	
Deferred income	3,046,090.60	3,046,090.60	
Deferred income tax liability	1,256,242.49	1,256,242.49	
Total non-current liabilities	8,624,013.09	8,624,013.09	
Total liabilities	1,106,383,607.54	1,106,383,607.54	
Owner's equity:			
Capital stock	442,968,881.00	442,968,881.00	
Capital reserve	1,081,230,215.32	1,081,230,215.32	
Less: shares in stock	71,267,118.78	71,267,118.78	
Other comprehensive income	-940,209.09	-940,209.09	
Surplus reserve	235,701,180.14	235,701,180.14	

Retained earnings	966,840,818.40	966,840,818.40	
Total owners' equity attributable to the parent company	2,654,533,766.99	2,654,533,766.99	
Minority shareholders' equity	5,910.84	5,910.84	
Total owner's equity	2,654,539,677.83	2,654,539,677.83	
Total liabilities and owners' equity	3,760,923,285.37	3,760,923,285.37	

Note to the Adjustment

Inapplicable

2. Note to the retroactive adjustment of the previous comparative data according to the new standards for revenue and the new standards for lease to be implemented commencing from year 2020

Inapplicable

III. Auditor's Report

Has the first quarter report been audited

No