



GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED

INTERIM REPORT 2018

2018-037

August 2018

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Guangdong Jadiete Holdings Group Company Limited (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Ding Lihong, the Company’s legal representative, Chen Jincai, the Company’s Chief Financial Officer (CFO), and Zeng Zhihua, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

Except for the following directors, all the other directors attended in person the Board meeting for the review of this Report and its summary.

Name	Office title	Reason for not attending in person	Proxy entrusted to attend the meeting
Chen Honghai	Director	For reason of work	Ding Lihong

Any plans for the future or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as absolute promises of the Company to investors. Therefore, investors are reminded to exercise caution when making investment decisions.

Investors are kindly reminded to pay attention to “X Risks Facing the Company and Countermeasures” under “Part IV Operating Performance Discussion and Analysis” herein.

The Company has no interim dividend plan, either in the form of cash or stock.

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

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Definitions

Term	Definition
The “Company”, “JHG” or “we”	Guangdong Jadiete Holdings Group Company Limited and its consolidated subsidiaries, except where the context otherwise requires
CSRC	The China Securities Regulatory Commission
SZSE, the stock exchange	Shenzhen Stock Exchange
RMB, RMB'0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
The “Reporting Period” or “Current Period”	The period from 1 January 2018 to 30 June 2018
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.
Shengguorong Financing Guarantee	Shenzhen Shengguorong Financing Guarantee Co., Ltd.
Lianhua Huiren	Shenzhen Lianhua Huiren Industrial Co., Ltd.
Future Growing Business Fund	Shenzhen Future Growing Business Fund (Limited Partnership)

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	JHG-B	Stock code	200168
Stock exchange for stock listing	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	Chen Feifei
Address	9Q of No. 990 of Yiben E-commerce Building, Xili, Nanshan District, Shenzhen	9Q of No. 990 of Yiben E-commerce Building, Xili, Nanshan District, Shenzhen
Tel.	0755-82250045	0755-82250045
Fax	0755-82251182	0755-82251182
Email address	xw@200168.com	xw@200168.com

III Other Information

1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

☐ Applicable ☒ Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2017 Annual Report.

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

Indicate by tick mark whether any change occurred to the information disclosure media and the place for keeping the Company's

periodic reports in the Reporting Period.

☐ Applicable ☒ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2017 Annual Report.

IV Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

☐ Yes ☒ No

	H1 2018	H1 2017	Change (%)
Operating revenue (RMB)	94,049,651.75	190,460,084.85	-50.62%
Net profit attributable to the listed company's shareholders (RMB)	-5,004,199.91	-7,997,104.78	-37.42%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	-6,591,658.84	-3,280,270.04	100.95%
Net cash generated from/used in operating activities (RMB)	-1,205,691.43	3,132,874.45	-138.49%
Basic earnings per share (RMB/share)	-0.016	-0.025	-36.00%
Diluted earnings per share (RMB/share)	-0.016	-0.025	-36.00%
Weighted average return on equity (%)	-1.43%	-2.20%	0.77%
	30 June 2018	31 December 2017	Change (%)
Total assets (RMB)	541,997,469.73	723,587,997.04	-25.10%
Equity attributable to the listed company's shareholders (RMB)	347,487,457.89	352,491,657.80	-1.42%

V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity Differences under CAS and IFRS

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

2. Net Profit and Equity Differences under CAS and Foreign Accounting Standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

XI Exceptional Gains and Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Reporting Period	Note
Gain or loss on fair-value changes in trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	536.00	Investment income from the disposal of trading financial assets
Reversed portion of impairment allowance for accounts receivable which are tested individually for impairment	2,942,220.19	
Non-operating income and expense other than above	410,992.85	
Less: Income tax effects	764,267.57	
Non-controlling interests effects (net of tax)	1,002,022.54	
Total	1,587,458.93	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Core Business Scope of the Company in Reporting Period

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

Yes. Because the Company engages in jewelry, it is subject to the Guideline No. 11 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Jewelry.

The Company's core business in the Reporting Period is involved with gold jewelry, operated by its majority-owned subsidiary, Chinese Gold Nobility. The subsidiary has been selling gold, silver, platinum, diamond, jade and other jewelry for years.

(I) Macro-economy and industrial development

The macro-economic growth continues to decline. The growth rate of GDP in the second quarter is reduced to 6.7%, the lowest point of this economic rebound since 2016. It is only higher than the growth rate 6.4% of the first quarter of 2009, during the financial crisis in the past 10 years. From the three carriages, all are decelerating. The export growth rate representing external demand is reduced from 17.6% to 12.3%; the investment growth rate of internal demand is reduced from 7.6% to 5.2%; the consumption growth rate is reduced from 9.8% to 9% (reduced to 8.8% in July). Both the investment and consumption growth rates are the lowest over the years. At the same time, the tax growth rate of the first half year of 2018 is 14.4%, wherein the VAT has a year-on-year growth of 16.6%, the enterprise income tax 12.8%, and the personal income tax 20.3%, all of which are higher than 10% GDP nominal growth rate.

In the first half of 2018, the per capita disposable income of the country's residents was RMB14,063, actually increased by 6.6% than the same period of last year, wherein, the per capita disposable income of urban residents RMB19,770, actually increased by 5.8%, per capita disposable income of rural residents RMB7,142, actually increased by 6.8%. In the first half of 2018, the per capita consumption expenditure of the country's residents was RMB9,609, actually increased by 6.7% than the same period of last year, wherein, the per capita consumption expenditure of urban residents RMB12,745, actually increased by 4.7%, per capita consumption expenditure of rural residents RMB5,806, actually increased by 10.1%.

The data of the National Bureau of Statistics indicates that the total retail sales of consumer goods had a year-on-year growth of 8.8% and 9.3% in July and during January - July, 2018, the jewelry 8.2% and 7.5%. The latest statistics data issued by the China Gold Association indicates that in the first half of 2018, the national consumption amount of gold was 541.22 tons, increased by 0.31% than the same period of last year, wherein, gold jewelry 351.84 tons, year-on-year increased by 6.37%; the gold bar 133.61 tons, year-on-year decreased by 15.16%, the gold coin 4.10 tons, year-on-year decreased by 18.00%. Gold jewelry consumption keeps growing mainly because the supply-side reform of gold jewelry industry shows initial results. The traditional way of depending on low-end expansion and extensive development has turned into a high value-added, personalized and branded boutique gold jewelry route. At the same time, using "Internet+" innovative marketing mode and shortening intermediate links also realize gold jewelers' rapid response to the demand end. However, the domestic consumption amounts of gold bar and gold coin are reduced by more than 15%. On the one hand, along with the in-depth of financial deleveraging, people are holding a wait-and-see attitude toward all kinds of investment and financial management. Holding cash becomes the first choice of common people; on the other hand, it is the long-term narrow fluctuation of gold prices,

especially the strong performance of the US dollar index, which has led investors to lack confidence in the rise in gold prices.

(II) The Company's position and competitive edges in the jewelry industry

Chinese Gold Nobility is located in China's largest jewelry center, Shenzhen. Relying on the "Chinese Gold Nobility" brand and guided by market needs, it satisfies consumers' various demand through wholesale and retail sale on online and offline channels, including its Tmall flagship shop, mobile app, social media channels, etc. As consumers turn from gold jewelry to mosaic jewelry and diamond and value more things like the brand, the social status indicated by jewelry and experience, the jewelry industry is seeing increasing polarization with fiercer competition. Due to relative weakness in capital, brand, personnel, etc., as well as a relatively low position in the industry, Chinese Gold Nobility is under great pressure in competition.

(III) Performance of the Company's core business

During the Reporting Period, the Company mostly sold through wholesale, with no company-operated store sales. For H1 2018, the main business generated operating revenue of RMB92.8427 million with the cost of sales being RMB92.5850 million, meaning a gross profit margin of 0.28%.

1. Revenue by sales model (unit: RMB)

Sales model	Operating revenue	Cost of sales	Gross profit margin
Wholesale	92,377,534.55	92,127,278.87	0.27%
Retail sale	465,156.40	457,750.72	1.62%
Total	92,842,690.95	92,585,029.59	0.28%

2. Production and procurement

In the Reporting Period, the majority-owned subsidiary made 1,092 kilograms of jewelry, accounting for 100.00% of its output, mostly through outsourcing. And it purchased 2,110 kilograms of raw materials mostly in spot transactions at the cost of RMB105.2680 million, accounting for 100.00% of its total procurement.

II Material Changes in Major Assets

1. Material Changes in Major Assets

Major assets	Main reason for material changes
Equity assets	No material change
Fixed assets	No material change
Intangible assets	No material change
Construction in progress	No material change

2. Major Assets Overseas

☐ Applicable ☒ Not applicable

III Core Competitiveness Analysis

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

Yes, because the Company engages in jewelry.

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

Part IV Operating Performance Discussion and Analysis

I Overview

For H1 2018, the Company recorded operating revenue of RMB94.0497 million, down 50.62% from RMB190.4601 million a year ago; an operating profit of RMB-4.1503 million, a 43.45% increase in loss compared to RMB-2.8933 million of H1 2017; and a net profit attributable to the Company as the parent of RMB-5.0042 million, decreasing 37.42% in loss from RMB-7.9971 million of H1 2017. These were primarily resulted from the considerable decreases in Chinese Gold Nobility's operating revenue and profit caused by the general economic environment, the increasingly fierce competition across the jewelry industry, etc.

From the Reporting Period to the disclosure day of this report, the key work completed by the Company is as follows:

(I) Business, the Company actively boosts business upgrading and business structure adjustment. Gold jewelry business actively seeks for business upgrading, namely, while maintaining the existing business model, steadily seeking for extending to the fields related to K gold material, in order to improve the profitability and anti-risk capacity of business. Whereas the macro-economic growth is declining, the nickel metal trading business is suspended and the adjustment of e-commerce business under cultivation is being sought.

(II) Actively boost the solution work of the matters involved in the audit reservation in 2017.

1. The equity related to Shenzhen Shengguorong Financing Guarantee Co., Ltd. (hereinafter referred to as "Shengguorong Financing Guarantee"):

After the Company negotiated for many times, the equity transfer intention letter was signed with the actual controller of Shengguorong Financing Guarantee ZENG Bo, which mainly includes: (1) ZENG Bo or the subject appointed by ZENG Bo plans to acquire 30% equity of Shengguorong Financing Guarantee held by the Company by cash. (2) The transaction benchmark day is Dec. 31, 2017. (3) Negotiate and determine the transaction price of the target equity based on the business situation on Shengguorong Financing Guarantee's closing date. (4) The transferee shall meet the relevant laws and regulations of the financing guarantee company and shall have the conditions of good reputation and strong economic strength. (5) ZENG Bo or the subject appointed by ZENG Bo shall sign the official equity acquisition agreement.

After the intention letter was signed, the Company continues to actively boost the equity transfer work of Shengguorong Financing Guarantee and has conducted many times of discussion and negotiation on the design of the trading plan, evaluation of the trading object, trading method, payment of trading fund and other contents. Both parties have basically reached a consensus on principles. The official transfer document may be signed after partial details are confirmed.

2. Shares related to Shenzhen Future Growing Business Fund (Limited Partnership) (hereinafter referred to as "Future Growing Business Fund"):

The Company makes a supplementary disclosure of the specific situation of relevant equity acquisition by Future Growing Business Fund. The Company actively negotiates with the manager of Future Growing Business Fund, has reached a consensus on the relevant issues of Future Growing Business Fund and has perfected the relevant procedures. The Company is actively boosting the sales of the shares of Future Growing Business Fund held by the Company, has communicated with the interested party for many times

and basically has reached a consensus. The relevant agreement can be signed after relevant details and relevant conditions are met.

3. Anti-guarantee clause related to Puning Huafengqiang Trading Co., Ltd. and Puning Lailisheng Trading Co., Ltd.

(1) The Company continues to focus on the situation of the guaranteed person and anti-guarantee performance process, regularly collects the financial data or audit report of the latest period of the guaranteed person, regularly analyzes the property status and debt paying ability, focuses on production and operation, assets and liabilities, external guarantee, division and merger, change of legal representative and other situations and sets up relevant financial archives.

(2) The Company has strengthened the collection for relevant funds and obtained certain results. Puning Huafengqiang Trading Co., Ltd. paid the remaining anti-guarantee fund of RMB 14,850,000 to the Company on May 16, 2018. The anti-guarantee fund of RMB 17,000,000 that shall be received by the Company from Puning Huafengqiang Trading Co., Ltd. has been totally received. Puning Lailisheng Trading Co., Ltd. paid the remaining anti-guarantee fund of RMB 23,250,000 on Aug. 1, 2018. The anti-guarantee fund of RMB 24,000,000 that shall be received by the Company from Puning Lailisheng Trading Co., Ltd. has been totally received.

4. Funds related to Puning Yanlilai Trading Co., Ltd.:

The trading between the Company and Puning Yanlilai Trading Co., Ltd. has been fulfilled. The relevant funds have been taken back completely.

(III) Revision on perfecting relevant institutional setting and systems

The Company supplements and optimizes the existing systems based on the actual situation of daily operation. The 7th Board of Directors' 18th Meeting convened on Jun. 07, 2018 reviewed and approved the proposal on revising the relevant systems of the Company. The Company adjusts the management structure based on its own actual situation, sets up the corresponding risk control department and risk management committee and forms the corresponding operation mechanism to make up the deficiencies of internal control.

(IV) Strengthen cost control, reduce unnecessary expenditure, compress business scale, adjust personnel structure and overcome the difficulties together.

The Company is subject to the Guideline No. 11 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Jewelry.

(I) Online sales

In the Reporting Period, the Company's online sales took place on third-party sales platforms, with a turnover of RMB105,184.60 and operating revenue of RMB89,901.37.

(II) Inventories

The Company's various inventories as of 30 June 2018 are shown in the table below (unit: RMB):

Type	Raw materials	Products
Balance	7,020,602.31	151,895,962.56
Including: Gold jewelry	6,966,157.53	151,058,678.49
Diamond jewelry	0.00	776,949.52
K-gold jewelry	0.00	60,334.55
Other jewelry	54,444.78	0.00

II Analysis of Core Businesses

See “I Overview” above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2018	H1 2017	Change (%)	Main reason for change
Operating revenue	94,049,651.75	190,460,084.85	-50.62%	Affected by the general economic environment, the increasingly fierce competition across the jewelry industry, etc.
Cost of sales	93,356,686.67	178,534,654.04	-47.71%	A decline in sales of majority-owned subsidiary Chinese Gold Nobility
Selling expense	1,129,119.53	1,434,407.39	-21.28%	
Administrative expense	6,096,595.06	7,324,503.57	-16.76%	
Finance costs	63,714.32	310,534.11	-79.48%	A decline in interest payments
Income tax expense	768,741.42	2,307,032.61	-66.68%	A decline in profit of majority-owned subsidiary Chinese Gold Nobility
Net cash generated from/used in operating activities	-1,205,691.43	3,132,874.45	-138.49%	A rise in cash used in operating activities
Net cash generated from/used in investing activities	-558,362.37	-120,001,252.72	-99.53%	A decline in investments
Net increase in cash and cash equivalents	-1,764,039.74	-116,868,768.94	-98.49%	A decline in investments
Accounts payable	76,046,059.98	206,507,636.62	-63.18%	A decline in the procurement amount
Other payables	41,177,516.07	88,422,479.70	-53.43%	An adjustment to the security deposit for dividend payable to Tianrui Trading
Fixed assets	40,543,929.42	29,961,223.62	35.32%	The transfer of the plant from investment property to fixed assets for it was

				not under lease in the Current Period
Investment property	0.00	15,057,817.47	-100.00%	The transfer of the plant from investment property to fixed assets for it was not under lease in the Current Period
Long-term prepaid expense	443,216.29	298,544.88	48.46%	A rise in such decoration expense of subsidiary Yunpeng Technology
Payroll payable	1,337,530.57	788,844.58	69.56%	Caused by the production and operating activities in the Current Period
Other payables	41,177,516.07	88,422,479.70	-53.43%	An adjustment to the security deposit for dividend payable to Tianrui Trading

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

☐ Applicable ☒ Not applicable

No such changes in the Reporting Period.

Breakdown of core businesses:

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Garments	1,206,960.80	771,657.08	36.07%	34.96%	23.61%	5.88%
Gold jewelry	92,842,690.95	92,585,029.59	0.28%	-44.71%	-41.02%	-6.23%
By product category						
Garments	1,206,960.80	771,657.08	36.07%	34.96%	23.61%	5.88%
Gold jewelry	92,842,690.95	92,585,029.59	0.28%	-44.71%	-41.02%	-6.23%
By operating segment						
Garment sales	1,206,960.80	771,657.08	36.07%	34.96%	23.61%	5.88%
Gold jewelry sales in Shenzhen	92,842,690.95	92,585,029.59	0.28%	-44.71%	-41.02%	-6.23%

III Analysis of Non-Core Businesses

☐ Applicable ☒ Not applicable

IV Analysis of Assets and Liabilities

1. Material Changes in Asset Composition

Unit: RMB

	30 June 2018		30 June 2017		Change in percentage (%)	Reason for material change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	1,192,159.64	0.22%	7,018,207.88	1.27%	-1.05%	
Accounts receivable	23,890,210.76	4.41%	18,387,843.59	3.32%	1.09%	
Inventories	162,187,727.56	29.92%	114,555,062.41	20.67%	9.25%	
Long-term equity investments	269,998,221.71	49.82%	270,015,275.93	48.73%	1.09%	
Fixed assets	40,543,929.42	7.48%	42,702,470.53	7.71%	-0.23%	

2. Assets and Liabilities at Fair Value

☐ Applicable ☒ Not applicable

3. Restricted Asset Rights as at Period-End

Not applicable

V Investments Made

1. Total Investment Amount

☒ Applicable ☐ Not applicable

Total investment amount of Reporting Period (RMB)	Total investment amount of same period of last year (RMB)	Change (%)
0.00	121,376,785.52	-100.00%

2. Significant Equity Investments Made in Reporting Period

☐ Applicable ☒ Not applicable

3. Significant Non-Equity Investments Ongoing in Reporting Period

☐ Applicable ☒ Not applicable

4. Financial Investments

(1) Securities Investments

√ Applicable □ Not applicable

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying amount	Gain/Loss on fair-value changes in Reporting Period	Accumulated fair-value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/loss in Reporting Period	Ending carrying amount	Accounting title	Funding source
Domestic/Foreign stock	603398	BBYZ	8,292.00	Fair value method	6,316.00	-960.00	-960.00	0.00	6,852.00	536.00	0.00	Transactional financial assets	Self-owned funds
Total			8,292.00	--	6,316.00	-960.00	-960.00	0.00	6,852.00	536.00	0.00	--	--
Disclosure date of announcement on Board's consent for securities investment													
Disclosure date of announcement on shareholders' meeting's consent for 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 Investments

1. Sale of Major Assets

□ Applicable √ Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Investments

☐ Applicable ☒ Not applicable

VII Major Majority- and Minority-Owned Subsidiaries

☒ Applicable ☐ Not applicable

Major majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Core business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Subsidiary	Gold jewelry	Gold jewelry	33,333,300.00	77,852,801.27	92,842,690.95	1,694,962.57	1,013,206.27
Shenzhen Rieys Industrial Co., Ltd.	Subsidiary	Investment and import & export trade	Investment and import & export trade	50,000,000.00	29,748,239.24	5,003.08	-417,599.21	-3,412.84

Subsidiaries obtained or disposed in the Reporting Period:

☐ Applicable ☒ Not applicable

Information about the major majority- and minority-owned subsidiaries:

For details, see 1. Equities among Subsidiaries in IX. Equities in Other Entities in Part X herein.

VIII Structured Bodies Controlled by the Company

☐ Applicable ☒ Not applicable

IX Performance Forecast for January-September 2018

Warning of forecast negative net profit for January-September 2018 or considerable YoY change therein, as well as the reasons:

☐ Applicable ☒ Not applicable

X Risks Facing the Company and Countermeasures

(I) The risk of great uncertainty in future operating earnings

During the reporting period, the Company realized net income attributable to the Company (as the parent company) of RMB-5.0042 million with this figure before non-recurring gains and losses being RMB-6.5917 million. Due to the downturn in macroeconomic growth, the Company's various businesses are facing greater competitive pressures in the current market capitalization mode. If there is no significant improvement in the main business in the second half year of 2018, there will be great uncertainty in future operating earnings. The Company is actively promoting business upgrades and adjusting the business structure.

(II) There is a risk of impairment of goodwill in the current year.

At the beginning and end values of the goodwill is RMB2.3958 million in the reporting period, and the goodwill is formed by the 2015 premium capital increase of Chinese Gold Nobility. During the reporting period, the revenue and profit of Chinese Gold Nobility decreased significantly due to the economic situation. If there is no significant improvement in the business of Chinese Gold Nobility in the second half of the year, when the Company conducts impairment test on goodwill at the end of the year, there will be a test result that the recoverable amount of the asset group containing goodwill is less than the book value of the asset group containing goodwill. Then there is a risk of impairment.

The Company actively promotes business upgrades of Chinese Gold Nobility, in order to improve its business in the second half of the year.

(III) The risk of "unqualified opinions" issued in the 2017 annual audit report and internal control audit report

The Asia Pacific (Group) Accounting Firm (Special General Partnership) issued an audit report on the Company's 2017 audit report, which issued a negative opinion on the Company's 2017 internal control audit report. The Company has major flaws in internal control. For details of the specific measures, please refer to "the important issues in the sixth of fifth section on explanation of the Board of Directors on the relevant situation of the "non-standard audit report" in the previous year.

Part V Significant Events

I Annual and Extraordinary General Meetings Convened during Reporting Period

1. General Meetings Convened during Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Date of resolution disclosure	Index to disclosed resolutions
2017 Annual General Meeting	Annual	51.56%	29 June 2018	30 June 2018	Resolution on the 2017 Annual General Meeting (2018-030) published on Securities Times , Hong Kong Ta Kung Pao and http://www.cninfo.co

2. Extraordinary General Meetings Convened at Request of Preferred Shareholders with Resumed Voting Rights

☐ Applicable ☒ Not applicable

II Interim Dividend Plan

☐ Applicable ☒ Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

III Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in Reporting Period or Ongoing at Period-End

☒ Applicable ☐ Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Period 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.		Will avoid or reduce the related transaction between it together with its related enterprise and the company 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	21 May 2015	Perpetual	In execution

			related transaction by the shareholders' general meeting which stipulated by Article of Association of Guangdong Rieys Group Company Ltd.			
	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.	21 May 2015	Perpetual	In execution
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	9 July 2015	Within 6 months after stock	Completed

		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.		resumption	
Executed in time	Yes				
Specific reasons for failing to fulfill commitments on time and plans for next step	N/A				

IV Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited?

☐ Yes ☒ No

The interim financial statements are unaudited.

V Explanations Given by Board of Directors and Supervisory Committee Regarding Independent Auditor's "Modified Opinion" for Reporting Period

☐ Applicable ☒ Not applicable

VI Explanations Given by Board of Directors Regarding Independent Auditor's "Modified Opinion" for Last Year

☒ Applicable ☐ Not applicable

The Asia Pacific (Group) Accounting Firm (Special General Partnership) issued a qualified audit report on the Company's 2017 financial report. The progress of the matters covered in the comments is as follows:

I. Matter "The Company's investment in Shenzhen Shengguorong Financing Guarantee Co., Ltd. is accounted for the equity method, and the carrying value is RMB149,998,221.71. Due to the limited scope of the audit, we are unable to obtain sufficient and appropriate audit evidence for the book value of the long-term equity investment. It is also impossible to determine whether it is necessary to adjust the amount of the impairment provision for the long-term equity investment."

The Company takes the following measures:

1. After many rounds of negotiations with the Company, Zeng Bo, the actual controller of Shenzhen Shengguorong Financing Guarantee Co., Ltd. (hereinafter referred to as “Shengguorong Financing Guarantee”), signed a letter of intent for equity transfer. The main contents of the letter of intent include: (1) Zeng Bo or Zeng Bo has specified the entity to acquire a 30% stake in the Shengguorong Financing Guarantee held by the Company in cash. (2) The transaction base date is 13 December 2017. (3) Negotiate and determine the transaction price of the underlying equity based on the operation of Shengguorong Financing Guarantee closing date. (4) The transferee shall meet the relevant laws and regulations of the financing guarantee company and shall have the conditions of good reputation and strong economic strength. (5) Zeng Bo or the subject specified by Zeng Bo signs the formal equity acquisition agreement with the Company.

After the signing of the letter of intent, the Company continued to actively promote the work of Shengguorong Financing Guarantee equity transfer, and conducted many negotiations on the design of the transaction plan, the valuation of the transaction target, the transaction method, and the transaction payment. Basically, a consensus has been reached, and the formal transfer document can be signed after some details confirmed.

2. Considering protecting the Company and the small and medium-sized investors, the actual controller of the Company promised that if the amount of the 30% equity of the Shengguorong Financing Guarantee is recovered in the future, and the amount recovered is less than RMB150 million. Within 1 month from the date of completion of the matter, it will be made up with cash. Before 30 November 2018, if the Company does not sign a formal equity transfer agreement with the counterparty, the entity specified by the actual controller will sign the corresponding equity transfer agreement with the Company. Before 31 December 2018, the received transfer amount is not less than RMB150 million.

II. Matter “The Company’s investment in Shenzhen Future Growing Business Fund (Limited Partnership) is accounted by the equity method with a book value of RMB120,000,000.00. As the equity transaction between the investment partnership and the related party of Guangdong Jadiete Holdings Group Company Limited was made in 2017, for the reporting period, the relevant announcement information of Guangdong Jadiete Holdings Group Company Limited was not seen, and the scope of the audit is limited, we are unable to obtain sufficient and appropriate audit evidence for the book value of the long-term equity investment, and are either unable to determine whether it is necessary to adjust the amount of the impairment provision for the long-term equity investment.

The Company takes the following measures:

1. To supplement and disclosure the specific circumstances of Shenzhen Future Industrial Development Fund Enterprise (Limited Partnership) (hereinafter referred to as “Future Industry Fund”) to acquire the equity of related parties of the Company.
2. The Company actively negotiated with the manager of Future Industrial Fund, reached a consensus on the issues related to future industrial funds, and improved relevant procedures.
3. The Company is actively promoting the sale of share of the future industry fund held by the Company. It has already communicated with the interested parties several times and basically reached a consensus. After the relevant details and relevant conditions are reached, the relevant agreement can be signed.
4. The actual controller of the Company, in consideration of the protection of the Company and the

small and medium-sized investors, promised that if the amount recovered by the Company from the future industrial fund share is less than RMB120 million, the actual controller shall make up 1 month from the date when this matter occurs. Before 30 November 2018, if the Company did not recover the investment or sign an agreement to sell the Shenzhen Future Industrial Development Fund enterprise shares held by the Company, the entity designated by the actual controller signs the corresponding transfer agreement with the Company. The transfer amount for this share that should be received before 31 December 2018 is not less than RMB120 million.

III. Matter “The Company respectively provides the building property mortgage guarantees for the loan made by Puning Huafengqiang Trade Co., Ltd. from ICBC Jieyang Rongcheng Sub-branch and the loan made by Puning Lailisheng Trade Co., Ltd. from ICBC Jieyang Branch. In accordance with the counter guarantee agreement between the Company and Puning Huafengqiang Trade Co., Ltd. and Puning Lailisheng Trade Co., Ltd., Puning Huafengqiang Trade Co., Ltd. and Puning Lailisheng Trade Co., Ltd. shall provide counter guarantee for the Company by means of the borrowed funds. By 31 December 2017, the companies above failed to transfer the borrowed fund from the bank into Guangdong Jadiete according to the agreement. Due to the limited scope of the audit, we are unable to obtain sufficient and appropriate audit evidence on the impact of this estimated liability.”

The Company takes the following measures:

1. The Company continually pays attention to the situation of the guaranteed party and the progress of performance of the counter guarantee, regularly collects the latest financial information or audit report of the guaranteed party, regularly analyzes its property status and solvency, concerns about its production and operation, assets and liabilities, external guarantees and separation, consolidation, legal representative changes, etc., and establishes relevant financial files.

2. The Company strengthened the collection of relevant funds and achieved a certain effect.

(1) Puning Huafengqiang Trade Co., Ltd. paid the remaining amount for counter guarantee, RMB14.85 million in total, to the Company on 16 May 2018. The amount for counter guarantee, RMB17 million the Company should collect from Puning Huafengqiang Trade Co., Ltd. has been received in full.

(2) Puning Lailisheng Trade Co., Ltd. paid the remaining amount for counter guarantee, RMB23.25 million in total, to the Company on 1 August 2018. The amount for counter guarantee, RMB24 million the Company should collect from Puning Lailisheng Trade Co., Ltd. has been received in full.

IV. Matter “Among other receivables, as a related party of Guangdong Jadiete, the ending balance of Puning Yanlilai Trading Co., Ltd. is RMB12 million. To withdraw bad debt provision according to aging combination, Guangdong Jadiete did not disclose the related transaction in time within report period.”

The transaction between the Company and Puning Yanlilai Trading Co., Ltd has been implemented, and relevant payment has been all recovered.

Meanwhile, the Company also takes the following measures, further improving the construction of internal control:

1. The Company strengthened internal audit and the construction of internal audit departments, further improved the internal audit process, and strictly required all departments to carry out work in accordance with the Company's system. The Audit Department carried out special verification of

the related transactions and relationship of counter guarantee. In order to prevent the recurrence of transaction control not in place and the lack of control over the progress of major issues, the Company's audit department and finance department closely monitored and tracked the use of large amounts of funds of the Company, and effectively supervised the counterparty before, during and after the event reporting to the board of directors in time.

2. The Company organized and studied the Compilation of Cases of Violation of Laws and Regulations by Listed Companies, strengthened the study of relevant knowledge of securities laws and regulations, and raised awareness of compliance with laws and regulations.

3. The Company further improved the relevant institutions through the establishment of the Investment Management Department and the Risk Control Department, and further strengthened the implementation and optimization of the existing system through the revision of relevant systems.

The Board of Directors will continue to follow up on unresolved issues, eliminate the impact of the matters involved in the reservations on the Company as soon as possible, and effectively protect the interests of investors, especially small and medium investors.

VII Insolvency and Reorganization

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Material lawsuits or arbitrations:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Other legal matters:

☐ Applicable ☒ Not applicable

IX Punishments and Rectifications

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

X Credit Quality 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 Major Related-Party Transactions

1. Continuing Related-Party Transactions

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

2. Related-Party Transactions Regarding Purchases or Sales of Assets or Equity Interests

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

3. Related-Party 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 Major Related-Party Transactions

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XIII Occupation of the Company's Capital by Controlling Shareholder or Its Related Parties for Non-Operating Purposes

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XIV Major Contracts and Their Execution

1. Entrustment, Contracting and Leases

(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) Leases

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

2. Major 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 Huafengqiang Trade Co., Ltd.	14 November 2014	1,700	22 May 2017	1,700	pledge	11 November 2014 to 11 November 2019	Yes	No
Puning Lailisheng Trade Co., Ltd.	8 September 2017	2,400	8 September 2017	2,400	pledge	8 September 2017 to 8 September 2022	No	No

Total external guarantee line approved during the Reporting Period (A1)			Total actual occurred amount of external guarantee during the Reporting Period (A2)		4100			
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)		2,400			
Guarantees provided by the Company for its 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
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)		4100			
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)		2,400			
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company			6.91%					
Of which:								
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee (if any)				N/A				
Explanation on provision of guarantees for external parties in violation of the prescribed procedure (if any)				N/A				

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 Major Contracts

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XV Corporate Social Responsibility (CSR)**1. Material Environmental Issues**

Is the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities?

The Company and its subsidiaries are not the major polluter by the environmental protection authorities.

2. Measures Taken for Targeted Poverty Alleviation

The Company took no such measures during the Reporting Period, nor does it have any such plan for now.

XVI Other Significant Events

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XVII Significant Events of Subsidiaries

☐ Applicable ☒ Not applicable

Part VI Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	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 legal person	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Shares held by overseas legal person	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. RMB-denominated 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	0	0.00%	0	0	0	0	0	0	0.00%

shares									
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 Shareholders and Their Holdings at Period-End

Unit: share

Number of ordinary shareholders		11,367		Number of preferred shareholders with resumed voting rights (if any) (see note 8)				
5% or greater ordinary shareholders or top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Ordinary shares	Increase /decrease in Reportin	Number of unlisted ordinary shares	Number of listed ordinary shares	Shares in pledge or frozen	
							Status	Shares

				g Period	held	held		
SHENZHEN SHENGHENG CHANG HUIFU INDUSTRIAL CO., LTD.	Domestic non-state-owned legal person	36.99%	117,855,000	0	117,855,000		Frozen	117,855,000
							In pledge	117,855,000
SHENZHEN RISHENG CHUANGYUAN N ASSET MANAGEMENT CO., LTD.	Domestic non-state-owned legal person	10.68%	34,020,000	0	34,020,000		In pledge	34,020,000
							Frozen	34,020,000
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	8.09%	25,772,950	-1,290,153	25,772,950			
SHENZHEN LIANHUA HUIREN INDUSTRIAL CO., LTD.	Domestic non-state-owned legal person	3.81%	12,150,000	0	12,150,000		In pledge	12,150,000
							Frozen	12,150,000
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	Foreign legal person	2.07%	6,600,346	88,700	6,600,346			
SU YOUHE	Domestic natural person	1.34%	4,282,262	-1,622,007	4,282,262			
CHINA EVERBRIGHT SECURITIES	Foreign legal person	1.33%	4,226,600	865,300	4,226,600			

(HK) LIMITED								
FAN JIONGYANG	Domestic natural person	0.58%	1,843,000	54,500		1,843,000		
CHEN JIANXING	Domestic natural person	0.42%	1,349,958	194,171		1,349,958		
WEI GUOBIN (NGAI KWOK PAN)	Foreign natural person	0.36%	1,145,816	0		1,145,816		
Strategic investors or the general legal person due to the placement of new shares become the top 10 ordinary shareholders (if any) (note 3)		N/A						
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 at the end of the period					Type of shares		
						Type	Shares	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	25,772,950					Domestically listed stock	foreign	25,772,950
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	6,600,346					Domestically listed stock	foreign	6,600,346
SU YOUHE	4,282,262					Domestically listed stock	foreign	4,282,262
CHINA EVERBRIGHT SECURITIES (HK) LIMITED	4,226,600					Domestically listed stock	foreign	4,226,600
FAN JIONGYANG	1,843,000					Domestically listed stock	foreign	1,843,000
CHEN JIANXING	1,349,958					Domestically		1,349,958

		listed foreign stock	
WEI GUOBIN (NGAI KWOK PAN)	1,145,816	Domestically listed foreign stock	1,145,816
QU CHEN	860,000	Domestically listed foreign stock	860,000
CHEN JINMING	765,500	Domestically listed foreign stock	765,500
HAN LIANG	711,458	Domestically listed foreign stock	711,458
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 common shareholders	Unknown		
Explanation on the top 10 shareholders participating in the margin trading business (if any) (see note 4)	N/A		

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.

Part VII Preferred Shares

☐ Applicable ☒ Not applicable

No preferred shares in the Reporting Period.

Part VIII Directors, Supervisors and Senior Management

I Changes in Shareholdings of Directors, Supervisors and Senior Management

√ Applicable □ Not applicable

Name	Office title	Incumbent /former	Beginning shareholding (share)	Increase in this Reporting Period (share)	Decrease in this Reporting Period (share)	Ending shareholding (share)	The number of the restricted shares granted at the period-begin (share)	The number of the restricted shares granted at the current period (share)	The number of the restricted shares granted at the period-end (share)
Ding Lihong	Chairman of the Board	Incumbent	0	0	0	0	0	0	0
Chen Hongcheng	Vice Chairman of the Board	Incumbent	0	0	0	0	0	0	0
Chen Honghai	Director	Incumbent	0	0	0	0	0	0	0
Chen Dongwei	Director	Incumbent	0	0	0	0	0	0	0
Pan Xiaochun	Independent director	Incumbent	0	0	0	0	0	0	0
Zhuang Weidong	Independent director	Incumbent	0	0	0	0	0	0	0
Liu Yong	Independent director	Incumbent	0	0	0	0	0	0	0
Yan Mingfei	Chairman of the Supervisory Committee	Incumbent	0	0	0	0	0	0	0
Huang Yanfang	Supervisor	Incumbent	0	2,000	0	2,000	0	0	0
Li Ning	Supervisor	Incumbent	0	8,700	0	8,700	0	0	0
Chen	CFO and	Incumbent	0	0	0	0	0	0	0

Jincai	vice president								
Xu Wei	Secretary of the Board and vice president	Incumbent	5,000	0	0	5,000	0	0	0
Total	--	--	5,000	10,700	0	15,700	0	0	0

II Change of 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 2017 Annual Report.

Part IX Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were undue before the date of this Report's approval or were due but could not be redeemed in full?

No.

Part X Financial Statements

I Independent Auditor's Report

Is this interim financial report audited by an independent auditor?

☐ Yes ☒ No

This interim financial report is unaudited by such an auditor.

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Guangdong Jadiete Holdings Group Company Limited

30 June 2018

Unit: RMB

Item	30 June 2018	31 December 2017
Current assets:		
Monetary assets	1,192,159.64	2,956,199.38
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss		6,316.00
Derivative financial assets		
Notes receivable		
Accounts receivable	23,890,210.76	153,954,425.28
Prepayments	2,520,536.01	2,436,902.27
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Interest receivable		
Dividends receivable		
Other receivables	2,055,749.16	51,173,077.48
Financial assets purchased under resale agreements		
Inventories	162,187,727.56	161,350,742.00

Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	24,258,479.69	23,930,553.25
Total current assets	216,104,862.82	395,808,215.66
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	269,998,221.71	269,998,221.71
Investment property		15,057,817.47
Fixed assets	40,543,929.42	29,961,223.62
Construction in progress		
Engineering materials		
Proceeds from disposal of fixed assets		
Productive living assets		
Oil and gas assets		
Intangible assets	8,939,525.00	5,742,427.70
R&D expense		
Goodwill	2,395,820.87	2,395,820.87
Long-term prepaid expense	443,216.29	298,544.88
Deferred income tax assets	3,571,893.62	4,325,725.13
Other non-current assets		
Total non-current assets	325,892,606.91	327,779,781.38
Total assets	541,997,469.73	723,587,997.04
Current liabilities:		
Short-term borrowings		
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		

Notes payable		
Accounts payable	76,046,059.98	206,507,636.62
Advances from customers	11,209,141.53	11,433,013.53
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	1,337,530.57	788,844.58
Taxes payable	23,617,067.14	23,317,798.05
Interest payable		
Dividends payable		
Other payables	41,177,516.07	88,422,479.70
Reinsurance payables		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	153,387,315.29	330,469,772.48
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		

Total liabilities	153,387,315.29	330,469,772.48
Owners' equity:		
Share capital	318,600,000.00	318,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	52,303,274.80	52,303,274.80
Less: Treasury shares		
Other comprehensive income		
Specific reserve		
Surplus reserves	86,036,260.20	86,036,260.20
General reserve		
Retained earnings	-109,452,077.11	-104,447,877.20
Total equity attributable to owners of the Company as the parent	347,487,457.89	352,491,657.80
Non-controlling interests	41,122,696.55	40,626,566.76
Total owners' equity	388,610,154.44	393,118,224.56
Total liabilities and owners' equity	541,997,469.73	723,587,997.04

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

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2018	31 December 2017
Current assets:		
Monetary assets	224,627.82	166,675.93
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Prepayments		
Interest receivable		
Dividends receivable		
Other receivables	20,206,834.33	66,228,472.94

Inventories		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets		
Total current assets	20,431,462.15	66,395,148.87
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	349,998,229.97	349,998,229.97
Investment property		15,057,817.47
Fixed assets	38,787,104.93	28,175,564.88
Construction in progress		
Engineering materials		
Proceeds from disposal of fixed assets		
Productive living assets		
Oil and gas assets		
Intangible assets	8,939,525.00	5,742,427.70
R&D expense		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets	2,591,594.52	2,683,594.52
Other non-current assets		
Total non-current assets	400,316,454.42	401,657,634.54
Total assets	420,747,916.57	468,052,783.41
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	19,442.64	19,442.64
Advances from customers	171,253.66	171,253.66
Payroll payable	925,842.49	459,301.04

Taxes payable	16,239,432.61	15,857,461.62
Interest payable		
Dividends payable		
Other payables	13,340,743.41	56,827,110.62
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	30,696,714.81	73,334,569.58
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	30,696,714.81	73,334,569.58
Owners' equity:		
Share capital	318,600,000.00	318,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	52,129,496.58	52,129,496.58
Less: Treasury shares		
Other comprehensive income		
Specific reserve		
Surplus reserves	86,036,260.20	86,036,260.20
Retained earnings	-66,714,555.02	-62,047,542.95

Total owners' equity	390,051,201.76	394,718,213.83
Total liabilities and owners' equity	420,747,916.57	468,052,783.41

3. Consolidated Income Statement

Unit: RMB

Item	H1 2018	H1 2017
1. Revenue	94,049,651.75	190,460,084.85
Including: Operating revenue	94,049,651.75	190,460,084.85
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	98,200,509.30	187,846,722.05
Including: Cost of sales	93,356,686.67	178,534,654.04
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	496,613.91	654,183.56
Selling expense	1,129,119.53	1,434,407.39
Administrative expense	6,096,595.06	7,324,503.57
Finance costs	63,714.32	310,534.11
Asset impairment loss	-2,942,220.19	-411,560.62
Add: Gain on changes in fair value ("-" for loss)	0.00	-5,539,925.21
Investment income ("-" for loss)	536.00	33,294.77
Including: Share of profit or loss of joint ventures and associates		
Foreign exchange gain ("-" for loss)		
Asset disposal income ("-" for loss)		
Other income		

3. Operating profit (“-” for loss)	-4,150,321.55	-2,893,267.64
Add: Non-operating income	600,000.00	0.33
Less: Non-operating expense	189,007.15	2,404.16
4. Profit before taxation (“-” for loss)	-3,739,328.70	-2,895,671.47
Less: Income tax expense	768,741.42	2,307,032.61
5. Net profit (“-” for net loss)	-4,508,070.12	-5,202,704.08
5.1 Net profit from continuing operations (“-” for net loss)		
5.2 Net profit from discontinued operations (“-” for net loss)		
Net profit attributable to owners of the Company as the parent	-5,004,199.91	-7,997,104.78
Net profit attributable to non-controlling interests	496,129.79	2,794,400.70
6. Other comprehensive income, net of tax		
Attributable to owners of the Company as the parent		
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss		
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
6.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
6.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gain/loss on cash flow hedges		

6.2.5 Differences arising from translation of foreign currency-denominated financial statements		
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	-4,508,070.12	-5,202,704.08
Attributable to owners of the Company as the parent	-5,004,199.91	-7,997,104.78
Attributable to non-controlling interests	496,129.79	2,794,400.70
8. Earnings per share		
8.1 Basic earnings per share	-0.016	-0.025
8.2 Diluted earnings per share	-0.016	-0.025

Where business combinations under common control occurred in the Current Period, the net profit achieved by the acquirees before the combinations was RMBXXX, with the amount for the same period of last year being RMBXXX.

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

4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2018	H1 2017
1. Operating revenue	0.00	637,064.14
Less: Cost of sales	0.00	166,356.27
Taxes and surtaxes	414,000.00	418,155.62
Selling expense		
Administrative expense	4,495,612.33	5,868,665.93
Finance costs	33,208.37	536,679.17
Asset impairment loss	-368,000.00	0.00
Add: Gain on changes in fair value ("-" for loss)		
Investment income ("-" for loss)		17,054.22
Including: Share of profit or loss of joint ventures and associates		
Asset disposal income ("-" for loss)		
Other income		

2. Operating profit (“-” for loss)	-4,574,820.70	-6,335,738.63
Add: Non-operating income	0.00	0.00
Less: Non-operating expense	191.37	
3. Profit before taxation (“-” for loss)	-4,575,012.07	-6,335,738.63
Less: Income tax expense	92,000.00	0.00
4. Net profit (“-” for net loss)	-4,667,012.07	-6,335,738.63
4.1 Net profit from continuing operations (“-” for net loss)		
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified into profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit or loss under equity method		
5.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
5.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gain/loss on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		

6. Total comprehensive income	-4,667,012.07	-6,335,738.63
7. Earnings per share		
7.1 Basic earnings per share	-0.015	-0.020
7.2 Diluted earnings per share	-0.015	-0.020

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2018	H1 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	242,538,551.98	279,104,141.77
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Net increase in proceeds from disposal of financial assets at fair value through profit or loss		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	2,173.89	
Cash generated from other operating activities	32,140,506.72	35,298,621.21
Subtotal of cash generated from operating activities	274,681,232.59	314,402,762.98
Payments for commodities and services	239,773,853.88	280,323,737.91
Net increase in loans and advances to		

customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	3,430,108.55	2,049,087.43
Taxes paid	520,780.47	3,962,251.90
Cash used in other operating activities	32,162,181.12	24,934,811.29
Subtotal of cash used in operating activities	275,886,924.02	311,269,888.53
Net cash generated from/used in operating activities	-1,205,691.43	3,132,874.45
2. Cash flows from investing activities:		
Proceeds from disinvestment	6,852.00	1,326,057.76
Investment income		50,187.43
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets		
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	6,852.00	1,376,245.19
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	565,214.37	
Payments for investments		121,377,497.91
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	565,214.37	121,377,497.91
Net cash generated from/used in investing activities	-558,362.37	-120,001,252.72

3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Payments for interest and dividends		
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities		
Net cash generated from/used in financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents	14.06	-390.67
5. Net increase in cash and cash equivalents	-1,764,039.74	-116,868,768.94
Add: Cash and cash equivalents, beginning of the period	2,956,199.38	123,886,976.82
6. Cash and cash equivalents, end of the period	1,192,159.64	7,018,207.88

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2018	H1 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services		
Tax rebates		
Cash generated from other operating activities	29,815,585.86	36,632,375.31
Subtotal of cash generated from operating activities	29,815,585.86	36,632,375.31

Payments for commodities and services		
Cash paid to and for employees	487,587.87	846,506.12
Taxes paid	39,194.45	27,707.62
Cash used in other operating activities	29,230,851.65	28,198,951.18
Subtotal of cash used in operating activities	29,757,633.97	29,073,164.92
Net cash generated from/used in operating activities	57,951.89	7,559,210.39
2. Cash flows from investing activities:		
Proceeds from disinvestment		
Investment income		
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets		
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities		
Payments for acquisition of fixed assets, intangible assets and other long-lived assets		
Payments for investments		120,000,000.00
Net payments for acquisition of 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
Net cash generated from/used in investing activities	0.00	-125,000,000.00
3. Cash flows from financing activities:		
Capital contributions received		
Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from		

financing activities		
Repayment of borrowings		
Payments for interest and dividends		
Cash used in other financing activities		
Sub-total of cash used in financing activities		
Net cash generated from/used in financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	57,951.89	-117,440,789.61
Add: Cash and cash equivalents, beginning of the period	166,675.93	119,117,878.02
6. Cash and cash equivalents, end of the period	224,627.82	1,677,088.41

7. Consolidated Statements of Changes in Owners' Equity

H1 2018

Unit: RMB

Item	H1 2018												
	Equity attributable to owners of the Company as the parent										Non-co ntrollin g interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasur y shares	Other compre hensive income	Specific reserve	Surplus reserves	General reserve			Retaine d earnin gs
		Prefer red shares	Perpet ual bonds	Other									
1. Balances as of end of prior year	318,60 0,000. 00				52,303, 274.80				86,036, 260.20		-104,44 7,877.2 0	40,626, 566.76	393,118 ,224.56
Add: Adjustments for changed accounting policies													
Adjustments for corrections of previous errors													
Adjustments for business combinations													

under common control													
Other adjustments													
2. Balances as of beginning of the year	318,600,000.				52,303,274.80				86,036,260.20		-104,447,877.20	40,626,566.76	393,118,224.56
3. Increase/decrease in the period (“-” for decrease)											-5,004,199.91	496,129.79	-4,508,070.12
3.1 Total comprehensive income											-5,004,199.91	496,129.79	-4,508,070.12
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 Share-based payments included in owners’ equity													
3.2.4 Other													
3.3 Profit distribution													
3.3.1 Appropriation to surplus reserves													
3.3.2 Appropriation to general reserve													
3.3.3 Appropriation to owners (or shareholders)													
3.3.4 Other													

3.4 Carryforwards within owners' equity													
3.4.1 Increase in capital (or share capital) from capital reserves													
3.4.2 Increase in capital (or share capital) from surplus reserves													
3.4.3 Surplus reserves used to make up losses													
3.4.4 Other													
3.5 Specific reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used during the period													
3.6 Other													
4. Balances as of end of the period	318,60 0,000. 00				52,303, 274.80				86,036, 260.20		-109,45 2,077.1 1	41,122, 696.55	388,610 ,154.44

H1 2017

Unit: RMB

Item	H1 2017												
	Equity attributable to owners of the Company as the parent											Non-co ntrollin g interest s	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasur y shares	Other compre hensive income	Specific reserve	Surplus reserves	General reserve	Retaine d earnings		
		Prefer red shares	Perpet ual bonds	Other									
1. Balances as of end of prior year	318,60 0,000. 00				52,129, 496.58				86,036, 260.20		-90,095, 403.00	37,940, 417.64	404,610 ,771.42
Add: Adjustments for changed													

accounting policies													
Adjustments for corrections of previous errors													
Adjustments for business combinations under common control													
Other adjustments													
2. Balances as of beginning of the year	318,600,000.				52,129,496.58				86,036,260.20		-90,095,403.00	37,940,417.64	404,610,771.42
3. Increase/decrease in the period (“-” for decrease)					173,778.22						-14,352,474.20	2,686,149.12	-11,492,546.86
3.1 Total comprehensive income											-14,352,474.20	2,519,185.74	-11,833,288.46
3.2 Capital increased and reduced by owners					173,778.22							166,963.38	340,741.60
3.2.1 Ordinary shares increased by shareholders													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based payments included in owners’ equity													
3.2.4 Other					173,778.22							166,963.38	
3.3 Profit distribution													
3.3.1 Appropriation to													

surplus reserves													
3.3.2 Appropriation to general reserve													
3.3.3 Appropriation to owners (or shareholders)													
3.3.4 Other													
3.4 Carryforwards within owners' equity													
3.4.1 Increase in capital (or share capital) from capital reserves													
3.4.2 Increase in capital (or share capital) from surplus reserves													
3.4.3 Surplus reserves used to make up losses													
3.4.4 Other													
3.5 Specific reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used during the period													
3.6 Other													
4. Balances as of end of the period	318,600,000.				52,303,274.80				86,036,260.20		-104,447,877.20	40,626,566.76	393,118,224.56

8. Statements of Changes in Owners' Equity of the Company as the Parent

H1 2018

Unit: RMB

Item	H1 2018
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	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
1. Balances as of end of prior year	318,600,000.00				52,129,496.58				86,036,260.20	-62,047,542.95	394,718,213.83
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the year	318,600,000.00				52,129,496.58				86,036,260.20	-62,047,542.95	394,718,213.83
3. Increase/decrease in the period ("-" for decrease)										-4,667,012.07	-4,667,012.07
3.1 Total comprehensive income										-4,667,012.07	-4,667,012.07
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 Share-based payments included in owners' equity											
3.2.4 Other											
3.3 Profit distribution											

3.3.1 Appropriation to surplus reserves											
3.3.2 Appropriation to owners (or shareholders)											
3.3.3 Other											
3.4 Carryforwards within owners' equity											
3.4.1 Increase in capital (or share capital) from capital reserves											
3.4.2 Increase in capital (or share capital) from surplus reserves											
3.4.3 Surplus reserves used to make up losses											
3.4.4 Other											
3.5 Specific reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other											
4. Balances as of end of the period	318,600, 000.00				52,129,49 6.58				86,036,26 0.20	-66,714, 555.02	390,051,2 01.76

H1 2017

Unit: RMB

Item	H1 2017										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehe nsive income	Specific reserve	Surplus reserves	Retaine d earnings	Total owners' equity
		Preferre d shares	Perpetu al bonds	Other							
1. Balances as of	318,600,				52,129,49				86,036,26	-51,833,	404,932,2

end of prior year	000.00				6.58				0.20	550.50	06.28
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of 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 (“-” for decrease)										-10,213,992.45	-10,213,992.45
3.1 Total comprehensive income										-10,213,992.45	-10,213,992.45
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 Share-based payments included in owners' equity											
3.2.4 Other											
3.3 Profit distribution											
3.3.1 Appropriation to surplus reserves											
3.3.2 Appropriation to											

owners (or shareholders)											
3.3.3 Other											
3.4 Carryforwards within owners' equity											
3.4.1 Increase in capital (or share capital) from capital reserves											
3.4.2 Increase in capital (or share capital) from surplus reserves											
3.4.3 Surplus reserves used to make up losses											
3.4.4 Other											
3.5 Specific reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other											
4. Balances as of end of the period	318,600,000.00				52,129,496.58				86,036,260.20	-62,047,542.95	394,718,213.83

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 17 November 1997, which established by five enterprises including Puning Haicheng Industrial Co., Ltd. (this company changed its name to Shenzhen Shenghengchang Industrial Co., Ltd. after relocating in Shenzhen; in 2007 this company was renamed as Guangzhou Shenghengchang Investment Co., Ltd.; in 2008 this company was renamed as Guangzhou Shenghengchang Trade and Development Co., Ltd.; on 28 January 2010 this company was renamed as Puning Shenghengchang Trade Development Co., Ltd.; on 26 July 2013,

this company was renamed as Shenzhen Shenghengchang Huifu Industrial Co., Ltd. as relocation), an original Sino-foreign cooperated enterprise of Hongxing Weaving Garment Co., Ltd. Under approval of Guangdong Province Administration for Industry and Commerce, the Company registered with the registration number of the license of the business corporation of: 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 Company as the parent 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 17 November 1997.

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

As at 30 June 2018, the Company's total share capital was 318,600,000 shares, including 164,025,000 non-tradable legal shares (representing 51.48% of total shares and 154,575,000 domestic listed foreign shares (stock B) (representing 48.52% of total shares).

2. Operating scope

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

renting out the Company. Hotel management. Engages in the technique development, design and sales of the gold, silver, platinum, diamond, jade, jewelry, hardstone article and so on.

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

Naught

4. Business nature and major operating activities of the Company

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

5. Approval of the presentation of the financial statements

The financial statements and the notes to the financial statements were approved by the 19th Meeting of the 7th Board of Directors of the Company on 27 August 2018.

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

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 30 June 2018, as well as the merger, business results and the merger and cash flows for the first half year of 2018.

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

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

(3) Business combination not under the same control

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

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

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

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

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

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

In a business combination not under same control realized by two or more transactions of exchange, according to about the 5th Notice about the Treasury Issuing the Accounting Standards for Enterprises (Finance accounting) [2012] No. 19 and Article 51 of Accounting Standards for Enterprises No. 33—Consolidated Financial Statements of 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 loses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, it needs to distinguish the Company's loss of 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 loses 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 loses 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
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	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
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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%
3 to 4 years	80.00%	80.00%
4 to 5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(3) Accounts Receivable with an Insignificant Single Amount but for Which the Bad Debt Provision is Made Individually

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

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

Yes

Related industry of jewelry

The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 11 - Listed Companies Engaged in Related Jewelry Business

(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 period, 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. Assets Held for Sale

When a company relies mainly on selling (including the exchanges of non-monetary assets with commercial substance) instead of continuing to use a non-current asset or disposal group to recover its book value, the non-current asset or disposal group is classified as asset held for sale. Both of the following conditions shall be met when non-current assets or disposal group is classified as asset held for sale:

(1) Assets or disposal groups can be sold immediately under current conditions based on the practice of selling such assets or disposal groups in similar transactions;

(2) Sales are highly likely to occur, that is, the enterprise has already made a resolution on a sale plan and obtained a certain purchase commitment, and the sale is expected to will be completed within one year, and the sale shall have been approved if relevant regulations require relevant authority or regulatory authority of the enterprise to approve it.

The recognized purchase commitment refers to the purchase agreement signed by enterprise with other parties with legal binding, which includes important terms, such as transaction price, time, and severe punishment. It is highly unlikely that the agreement will be significantly adjusted or withdrawn.

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 be enjoyed or undertook of the investees.

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

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

Disposal of the long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses. As for the long-term equity investment measured by adopting the equity method, when disposing the investment, should adopt

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

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

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

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

If the Company jointly control certain arrangement according to the relevant agreement with the other participants and owns the activity decision-making with significant influences on the return of the arrangement, which only exists through the consensus of the participants with enjoy and control right, should regard the Company and other participants jointly control certain arrangement and the arrangement is the joint venture arrangement.

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

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

(4) Impairment testing and impairment provision methods

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

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 depreciation
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%

(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

Not applicable

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

Payroll refers to all kinds of remuneration or compensation given by the Company to acquire the service from employees or to sever labor relation. Payroll includes short-term compensation, welfare after demission, demission welfare, and welfare of other long-term staffs.

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

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

(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 happened 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?

Yes

Related industry of jewelry

The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 11 - Listed Companies Engaged in Related Jewelry Business

29. Government Subsidies

(1) Judgment Basis and Accounting Treatment of Government Subsidies Related to Assets

Government grants related to assets are recognized as deferred income after offsetting the carrying value of related assets. Government grants related to assets recognized as deferred income are recorded into gains and losses by stage through reasonable and systematic methods during related assets' useful life. Government grants measured at nominal amount are directly recorded into the current gains and losses.

If related assets were sold, transferred, scrapped or damaged before useful life ended, balance of undistributed deferred income shall be shifted to current gains and losses.

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

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 or offset

the relevant costs upon recognizing related costs or losses;

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 or offset the relevant costs.

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.

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

The Company as the lease: 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 lessee

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

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

Naught

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
Corporate income tax	Income tax payable	25
VAT	Revenue of sales of real estate (after 1 May	5

	2016, apply a simplified method)	
Business tax	Revenue of sales of real estate (before 30 April 2016)	5

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

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

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

VII. Notes on Major Items in Consolidated Financial Statements of the Company

1. Monetary Funds

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	91,659.42	45,033.57
Bank deposits	617,310.41	2,468,303.12
Other monetary funds	483,189.81	442,862.69
Total	1,192,159.64	2,956,199.38

Other notes:

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

2. Financial Assets at Fair Value through Profit or Loss

Unit: RMB

Item	Ending balance	Beginning balance
Trading financial assets		6,316.00
Equity tool investment		6,316.00
Total		6,316.00

Other notes:

3. Derivative Financial Assets

□ Applicable √ Not applicable

4. Notes Receivable**(1) Notes Receivable Listed by Category**

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Notes Receivable Pledged by the Company at the Period-end

Unit: RMB

Item	Pledged amount at the period-end
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(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
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(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	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	

				n						
Accounts receivable with significant single amount for which bad debt provision separately accrued	9,935,928.89	28.02%	9,935,928.89	100.00%	0.00	9,864,799.03	5.87%	9,864,799.03	100.00%	0.00
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	25,108,807.83	70.81%	1,218,597.07	4.85%	23,890,210.76	157,818,372.40	93.88%	3,863,947.12	2.45%	153,954,425.28
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	414,548.51	1.17%	414,548.51	100.00%	0.00	414,548.51	0.25%	414,548.51	100.00%	0.00
Total	35,459,285.23	100.00%	11,569,074.47	32.63%	23,890,210.76	168,097,719.94	100.00%	14,143,294.66	8.41%	153,954,425.28

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)	Ending balance			
	Account receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Victoria International(USA) INC	5,711,624.26	5,711,624.26	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	9,935,928.89	9,935,928.89	--	--

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

√ Applicable □ Not applicable

Unit: RMB

Aging	Ending balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Sub-item within 1 year			
Subtotal within 1 year	24,342,493.21	495,852.32	2.04%

1 to 2 years	39,012.61	3,095.17	7.93%
2 to 3 years	14,442.76	7,221.38	50.00%
Over 3 years	712,859.25	712,428.20	99.94%
Total	25,108,807.83	1,218,597.07	4.85%

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-2,574,220.19; the amount of the reversed or collected part during the Reporting Period was of RMBXXX.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of the entity	Amount	Method
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(3) The Actual Write-off Accounts Receivable

Unit: RMB

Item	Amount
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Of which the significant write-off accounts receivable:

Unit: RMB

Name	Nature	Amount	Reason	Procedure	Whether produced by related transaction
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Notes of accounts receivable write-off:

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

Name	Amount	Bad debt provision	Proportion %
Shanghai Zhaoke Trading Co., Ltd	24,214,993.65	484,299.87	68.29
Victoria International(USA) INC	5,711,624.26	5,711,624.26	16.11
Hong Kong Jinhua Trade Limited	4,224,304.63	4,224,304.63	11.91
Hong Kong Heyi Co., Ltd	452,499.70	452,499.70	1.28
Guangzhou Chen Shunqin	335,904.80	335,904.80	0.95
Total	34,939,327.04	11,208,633.26	98.53

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

Not applicable

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

Not applicable

Other notes:

Not applicable

6. Prepayment**(1) List by Aging Analysis**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	2,520,536.01	100.00%	2,436,902.27	100.00%
Total	2,520,536.01	--	2,436,902.27	--

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

(2) Top 5 of the Ending Balance of the Prepayment Collected According to the Prepayment Target

Name of the entity	Ending amount	Proportion (%)	Time	Reason
Shenzhen Minglong Trade Co.,Ltd	1,575,035.30	62.49	Y2017	The contract is not fulfilled
Shenzhen Zhaokang Investment Co., Ltd	313,656.70	12.44	Y2017	The contract is not fulfilled
Shanghai Jiancheng Trading Co., Ltd	216,323.59	8.58	Y2017	The contract is not fulfilled
Alipay (China) Internet Technology Co., Ltd	120,000.00	4.76	Y2017	The contract is not fulfilled
Mcs Outfitters (Shanghai) Limited	114,644.64	4.55	Y2017	The contract is not fulfilled
Total	2,339,660.23	92.82	-	-

Other notes:

7. Interest Receivable**(1) Category of Interest Receivable**

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Significant Overdue Interest

Borrowing unit	Ending balance	Time	Reason	Impairment or not and its judgment basis
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Other notes:

8. Dividend Receivable**(1) Dividend Receivable**

Unit: RMB

Item (or investee unit)	Ending balance	Beginning balance
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(2) Significant Dividend Receivable with Aging over 1 Year

Unit: RMB

Item (or investee unit)	Ending balance	Aging	Reason	Impairment or not and its judgment basis
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Other notes:

9. Other Accounts Receivable**(1) Other Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable with significant single amount for which	2,331,608.20	22.10%	2,331,608.20	100.00%	0.00	40,333,622.03	67.18%	2,331,608.20	5.78%	38,002,013.83

bad debt provision separately accrued										
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	6,366,806.33	60.34%	4,684,179.74	73.57%	1,682,626.59	17,620,318.99	29.35%	4,870,739.74	27.64%	12,749,579.25
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	1,853,283.38	17.56%	1,480,160.81	79.87%	373,122.57	2,083,085.21	3.47%	1,661,600.81	79.77%	421,484.40
Total	10,551,697.91	100.00%	8,495,948.75	80.52%	2,055,749.16	60,037,026.23	100.00%	8,863,948.75	14.76%	51,173,077.48

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

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

√ Applicable □ Not applicable

Unit: RMB

Aging	Ending balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Sub-item within 1 year			
Subtotal within 1 year	1,825,491.30	253,380.08	13.88%
1 to 2 years	90,941.50	9,094.15	10.00%
2 to 3 years	137,060.11	68,530.07	50.00%
Over 3 years	4,313,313.42	4,353,175.44	100.92%
Total	6,366,806.33	4,684,179.74	73.57%

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 RMB-368,000.00; the amount of the reversed or collected part during the Reporting Period was of RMBXXX.

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
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(3) The Actual Write-off Other Accounts Receivable

Unit: RMB

Item	Amount
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Of which the significant write-off other accounts receivable:

Unit: RMB

Name	Nature	Amount	Reason	Procedure	Whether produced by related transaction
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Notes of other accounts receivable write-off:

(4) Other Account Receivable Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Petty cash	22,169.00	99,183.33
The cash pledge and guarantee	130,538.75	261,372.20
Payment on behalf	50,610.63	2,280,091.58
Intercourse funds	8,016,640.85	17,062,626.61
Bonus	0.00	38,002,013.83
Tax	2,331,738.68	2,331,738.68
Total	10,551,697.91	60,037,026.23

(5) Top 5 of the Ending Balance of the Other Accounts Receivable Collected According to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion%	Ending balance of bad debt provision
Refund of tax for export receivable-VAT	Tax	2,331,608.20	Over 5 years	22.10%	2,331,608.20
Yu Liqun	Intercourse funds	1,082,920.16	Within 1 year	10.26%	150,654.10
Suning Banhe Chemical Fiber Fabric Simulation Co., Ltd.	Intercourse funds	800,000.00	Over 5 years	7.58%	800,000.00
Guangzhou Panyu Tanzhou Zhenyu Textile Printing and Dyeing Co., Ltd	Intercourse funds	800,000.00	Over 5 years	7.58%	800,000.00
Guangdong Yuanfeng Trade Development Co., Ltd	Intercourse funds	700,000.00	Over 5 years	6.63%	700,000.00
Total	--	5,714,528.36	--	54.16%	4,782,262.30

(6) Accounts Receivable Involved with Government Subsidies

Unit: RMB

Name of the units	Projects name	Ending balance	Ending aging	Estimated time, amount and basis
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(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

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price	Carrying value	Carrying amount	Falling price	Carrying value

		reserves			reserves	
Raw materials	7,020,602.31		7,020,602.31	7,535,249.08		7,535,249.08
Inventory goods	155,167,125.25		155,167,125.25	152,530,909.16		152,530,909.16
Delivery commodity				1,284,583.76		1,284,583.76
Total	162,187,727.56		162,187,727.56	161,350,742.00		161,350,742.00

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	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reserve or write-off	Other	

Not applicable

(3) Notes to Inventories with Capitalized Borrowing Expense in Ending Balance

Not applicable

(4) Complete but Unsettled Assets Generated from Construction Contract at the Period-end

Unit: RMB

Item	Amount
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Other notes:

Not applicable

11. Assets Classified as Held-for-sale

Unit: RMB

Item	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time
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Other notes:

12. Current Portion of Non-current Assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Input tax to be verified	24,258,479.69	23,930,553.25
Total	24,258,479.69	23,930,553.25

Other notes:

Ministry of Finance issued Regulations of VAT Accounting Treatment (CK [2016] No. 22) on 3 December 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	Ending balance			Beginning balance		
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying 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 debt instruments		Total
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(3) Available-for-sale Financial Assets Measured by Cost at the Period-end

Unit: RMB

Investee	Carrying amount				Depreciation reserve				Shareholding proportion in the investee	Cash bonus of the Reporting Period
	Period-beginning	Increase	Decrease	Period-end	Period-beginning	Increase	Decrease	Period-end		

(4) Changes in Depreciation of 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 debt instruments		Total
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(5) Notes to the Available-for-sale Equity Instrument with Serious Fall or Non-transient Fall in Ending Fair Value but without Provisions for Impairment

Unit: RMB

Item of available-for-sale equity instruments	Investment cost	Ending fair value	Falling scope of fair value against the cost	Duration of falling (month)	Withdrawn impairment amount	Reason for not withdrawing the impairment
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Other notes

15. Held-to-maturity Investment**(1) List of Held-to-maturity Investment**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

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

Unit: RMB

Item	Par value	Coupon rate	Actual interest rate	Due date
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(3) Re-classified Held-to-maturity Investment in the Current Period

Other notes

16. Long-term Receivables**(1) List of Long-term Receivables**

Unit: RMB

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying	Bad debt	Carrying value	Carrying	Bad debt	Carrying value	

	amount	provision		amount	provision		
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(2) Long-term Receivables Derecognized Due to the Transfer of Financial Assets**(3) Amount of Assets and Liabilities Generated from the Transfer and Continuous Involvement of Long-term Receivables**

Other notes

17. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation reserves
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of depreciation reserves	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Shengguorong Financing Guarantee Co., Ltd.	149,998,21.71									149,998,21.71	
Shenzhen Future Growing Business Fund (Limited Partnership)	120,000,000.00									120,000,000.00	
Subtotal	269,998,21.71									269,998,21.71	
Total	269,998,21.71									269,998,21.71	

Other notes

18. Investment Property

(1) Investment Property Adopting the Cost Measurement Mode

√ Applicable □ not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	12,054,800.79	3,403,805.28		15,458,606.07
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer from inventory\fixed assets\construction in progress				
(3) Enterprise combination increase				
3. Decreased amount of the period	12,054,800.79	3,403,805.28		15,458,606.07
(1) Disposal				
(2) Other transfer	12,054,800.79	3,403,805.28		15,458,606.07
4. Ending balance				
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	332,712.54	68,076.06		400,788.60
2. Increased amount of the period				
(1) Withdrawal or amortization				
3. Decreased amount of the period	332,712.54	68,076.06		400,788.60
(1) Disposal				

(2) Other transfer	332,712.54	68,076.06		400,788.60
4. Ending balance				
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value				
2. Beginning carrying value	11,722,088.25	3,335,729.22		15,057,817.47

(2) Investment Property Adopting Fair Value Measurement Mode

☐ Applicable ☒ not applicable

(3) Investment Property Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
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Other notes

Part of properties for lease in former plant area has been recovered by the Company since 1 January 2018. From the recovery date on, houses and land accounted under investment property has been transferred to fixed assets and intangible assets to account.

19. Fixed Assets

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Transportation	Electronic equipment and others	Total
I. Original carrying value				
1. Beginning balance	63,369,239.17	3,638,278.11	1,824,047.93	68,831,565.21
2. Increased amount of the period		210,034.19		210,034.19
(1) Purchase		210,034.19		210,034.19
(2) Transfer from construction in progress				
(3) Enterprise combination increase				
Other transfer	12,054,800.79			12,054,800.79
3. Decreased amount of the period				
(1) Disposal or Scrap				
4. Ending balance	75,424,039.96	3,848,312.30	1,824,047.93	81,096,400.19
II. Accumulative depreciation				
1. Beginning balance	36,007,872.49	2,233,248.34	629,220.76	38,870,341.59
2. Increased amount of the period	1,331,245.44	183,316.30	167,567.44	1,682,129.18
(1) Withdrawal	998,532.90	183,316.30	167,567.44	1,349,416.64
Other transfer	332,712.54			332,712.54
3. Decreased amount of the period				
(1) Disposal or Scrap				
4. Ending balance	37,339,117.93	2,416,564.64	796,788.20	40,552,470.77
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of				

the period				
(1) Disposal or Scrap				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	38,084,922.03	1,431,747.66	1,027,259.73	40,543,929.42
2. Beginning carrying value	27,361,366.68	1,405,029.77	1,194,827.17	29,961,223.62

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value	Note
Houses and buildings	75,424,039.96	37,339,117.93		38,084,922.03	-

(3) Fixed Assets Leased in by Financing Lease

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
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(4) Fixed Assets Leased out by Operation Lease

Unit: RMB

Item	Ending carrying value
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(5) Fixed Assets Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
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Other notes

① Depreciation of the Reporting Period was RMB1,349,416.64.

② Original price of fixed assets transferred from construction in progress in the Reporting Period was RMB0.00.

③ In Current Period, the particulars of fixed assets used as guaranties: on 30 June 2018, houses and buildings with a carrying value of RMB19,270,301.23 (original value: RMB40,281,405.99) are used to provide the pledge guarantee for Jieyang Rongcheng Branch of ICBC and Jieyang Branch of ICBC. Please refer to Note XI-2-(1) for details.

20. Construction in Progress**(1) List of Construction in Progress**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

(2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Item	Budget	Beginning balance	Increase amount	Transferred in fixed assets	Other decrease amount	Ending balance	Proportion of accumulated investment in constructions to budget	Job schedule	Accumulated amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
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(3) List of the Withdrawal of the Impairment Provision for Construction in Progress

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
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Other notes:

21. Engineering Materials

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

22. Proceeds from Disposal of Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

23. Productive Living Assets**(1) Productive Living Assets Adopting Cost Measurement Mode**

☐ Applicable ☒ Not applicable

(2) Productive Living 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	Computer software	Total
I. Original carrying value					
1. Beginning balance	10,459,394.72			373,115.00	10,832,509.72
2. Increased amount of the period	3,403,805.28				3,403,805.28
(1) Purchase					
(2) Internal R&D					
(3) Business combination increase					
(4) Other transfer	3,403,805.28				3,403,805.28
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	13,863,200.00			373,115.00	14,236,315.00
II. Accumulated amortization					
1. Beginning balance	4,716,967.02			373,115.00	5,090,082.02
2. Increased amount of the period	206,707.98				206,707.98

(1) Withdrawal	138,631.92				138,631.92
(2) Other transfer	68,076.06				68,076.06
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	4,923,675.00			373,115.00	5,296,790.00
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value	8,939,525.00				8,939,525.00
2. Beginning carrying value	5,742,427.70				5,742,427.70

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets was XXX.

(2) Land Use Right with Certificate of Title Uncompleted

Unit: RMB

Item	Carrying value	Reason
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Other notes:

①The amount of amortization of the Reporting Period was RMB138,631.92.

②The particulars of intangible assets used as guaranties: on 30 June 2018, a carrying value of RMB 8,939,525.00 (original value: RMB13,863,200.00) is used to provide a mortgage guarantee for Jieyang Branch of ICBC. Please refer to Note XI-2-(1) for details.

(2) There Was No Land Use Right with Certificate of Title Uncompleted during the Reporting Period

26. R&D Expense

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
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Other notes

27. Goodwill**(1) Original Carrying Value of Goodwill**

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
SHENZHEN CHINESE GOLD NOBILITY JEWELRY CO., LTD.	2,395,820.87					2,395,820.87
Total	2,395,820.87					2,395,820.87

(2) Impairment Provision for Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase	Decrease	Ending balance
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Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

After test, the recoverable goodwill was not less than RMB2,395,820.87, thus, the impairment provision for goodwill would not been withdrawn in Reporting Period.

Other notes:

28. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
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Decoration expense	298,544.88	355,180.18	210,508.77		443,216.29
Total	298,544.88	355,180.18	210,508.77		443,216.29

Other notes:

29. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets that Had not Been Set-off

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	14,287,574.48	3,571,893.62	17,300,924.52	4,325,231.13
Trading financial assets			1,976.00	494.00
Total	14,287,574.48	3,571,893.62	17,302,900.52	4,325,725.13

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	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	Ending balance of deferred income tax assets or liabilities after off-set	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Beginning balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		3,571,893.62		4,325,725.13

(4) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible losses	40,742,265.03	
Total	40,742,265.03	

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

Unit: RMB

Years	Ending amount	Beginning amount	Notes
Y2017			
Y2018	19,429,361.72	19,429,361.72	
Y2019	14,209,131.72	14,209,131.72	
Y2020	2,439,938.30	2,439,938.30	
Y2021			
Y2022	4,663,833.29	5,418,164.79	
Total	40,742,265.03	41,496,596.53	--

Other notes:

30. Other Non-current Assets

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

31. Short-term Borrowings**(1) Category of Short-term Borrowings**

Unit: RMB

Item	Ending balance	Beginning balance
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Notes of short-term borrowings category

(2) List of the Short-term Borrowings Overdue but Not Returned

The amount of the overdue unpaid short-term borrowings at the period-end was of RMBXXX, of which the significant overdue unpaid short-term borrowings are as follows:

Unit: RMB

Borrower	Ending balance	Interest rate	Overdue time	Overdue charge rate
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Other notes:

32. Financial Liabilities at Fair Value through Profit or Loss

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

33. Derivative Financial Liabilities

□ Applicable √ Not applicable

34. Notes Payable

Unit: RMB

Category	Ending balance	Beginning balance
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The total amount of the due but not paid notes payable at the end of the period was of RMBXXX.

35. Accounts Payable**(1) List of Accounts Payable**

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	76,046,059.98	206,439,280.91
Rent		68,355.71
Total	76,046,059.98	206,507,636.62

(2) Significant Accounts Payable Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
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Other notes:

36. Advances from Customers**(1) List of Advances from Customers**

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	11,209,141.53	11,433,013.53
Total	11,209,141.53	11,433,013.53

(2) Significant Advances from Customers Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
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(3) Settled but Uncompleted Projects Formed by Construction Contracts at the Period-end

Unit: RMB

Item	Amount
------	--------

Other notes:

37. Payroll Payable**(1) List of Payroll Payable**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	780,689.58	2,203,626.56	1,656,746.81	1,327,569.33
II. Post-employment benefit-defined contribution plans	8,155.00	117,801.54	115,995.30	9,961.24
Total	788,844.58	2,321,428.10	1,772,742.11	1,337,530.57

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	776,758.58	1,980,342.54	1,435,451.01	1,321,650.11
2. Employee welfare		125,365.70	125,365.70	
3. Social insurance	3,931.00	56,794.32	55,516.10	5,209.22
Of which: 1. Medical insurance premiums	3,303.00	51,076.62	49,873.82	4,505.80
Work-related injury insurance	293.00	2,401.24	2,383.36	310.88
Maternity insurance	335.00	3,316.46	3,258.92	392.54
4. Housing fund		41,124.00	40,414.00	710.00
Total	780,689.58	2,203,626.56	1,656,746.81	1,327,569.33

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits	7,946.00	113,578.78	111,874.78	9,650.00

2. Unemployment insurance	209.00	4,222.76	4,120.52	311.24
Total	8,155.00	117,801.54	115,995.30	9,961.24

Other notes:

38. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	566,139.95	678,297.88
Corporate income tax	18,061,917.66	18,070,536.48
Business tax	781,313.74	781,313.74
Property tax	1,625,139.92	1,625,139.92
Land use tax	442,980.00	442,980.00
Other	2,139,575.87	1,719,530.03
Total	23,617,067.14	23,317,798.05

Other notes:

39. Interest Payable

Unit: RMB

Item	Ending balance	Beginning balance
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List of the significant overdue unpaid interest:

Unit: RMB

Borrower	Overdue amount	Overdue reasons
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Other notes:

40. Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes, including significant dividends payable unpaid for over one year, the unpaid reason shall be disclosed:

41. Other Payables

(1) Other Payables Listed by Nature of Account

Unit: RMB

Item	Ending balance	Beginning balance
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Intercourse funds	39,122,861.74	49,006,606.49
Bonus margin	0.00	38,002,013.82
Payment on behalf	283,357.35	106,938.08
Rental bond	580,000.00	380,000.00
Other	1,191,296.98	926,921.31
Total	41,177,516.07	88,422,479.70

(2) Significant Other Payables Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/Un-carry-over reason
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Other notes

42. Liabilities Directly Associated with Assets Classified As Held-for-sale

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

Not applicable

43. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

Not applicable

44. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Increase/decrease of the short-term bonds payable:

Unit: RMB

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance	The current issue	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the Reporting Period		Ending balance
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Other notes:

Not applicable

45. Long-term Borrowings

(1) Category of Long-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
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Notes to the category of long-term borrowings:

Not applicable

Other notes, including the interval of interest rate:

Not applicable

46. Bonds Payable

(1) List of Bonds Payable

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Increase/Decrease of Bonds Payable (Excluding Other Financial Instrument Classified as Financial Liabilities such as Preferred Shares and Perpetual Bonds)

Unit: RMB

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

(4) Notes to Other Financial Instrument Classified as Financial Liabilities

Basic situation of other financial instrument such as preferred shares and perpetual bonds outstanding at the period-end

Changes in financial instrument such as preferred shares and perpetual bonds outstanding at the period-end

Unit: RMB

Outstanding financial instrument	Period-beginning		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

Notes to basis for the classification of other financial instrument as financial liabilities

Other notes

47. Long-term Payables**(1) Long-term Payables Listed by Nature of Account**

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

48. Long-term Payroll Payable**(1) List of Long-term Payroll Payable**

Unit: RMB

Item	Ending balance	Beginning balance
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(2) Changes in Defined Benefit Pension Schemes

Obligation present value of defined benefit pension schemes:

Unit: RMB

Item	Reporting Period	Same period of last year
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Plan assets:

Unit: RMB

Item	Reporting Period	Same period of last year
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Net liabilities (net assets) of defined benefit pension schemes:

Unit: RMB

Item	Reporting Period	Same period of last year
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Notes of influence of content of defined benefit pension schemes and its relevant risks to the future cash flow, time and uncertainty of the Company:

Notes to the significant actuarial assumptions and result of sensitivity analysis of defined benefit pension schemes:

Other notes:

49. Specific Payables

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
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Other notes:

50. Provisions

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
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Other notes, including notes to related significant assumptions and evaluation of significant provisions:

51. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
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Items related to government subsidies:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related income
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Other notes:

52. Other Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

53. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	318,600,000.00						318,600,000.00

Other notes:

54. Other Equity Instrument

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

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

Unit: RMB

Outstanding financial instruments	Period-beginning		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

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

Other notes:

55. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	52,129,496.58			52,129,496.58
Other capital reserves	173,778.22			173,778.22
Total	52,303,274.80			52,303,274.80

Other notes, including changes and reason of change:

56. Treasury Shares

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
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Other notes, including changes and reason of change:

57. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Reporting Period					Ending balance
		Income before taxation in the Current Period	Less: recorded in other comprehensive income in prior period and transferred	Less: Income tax expense	Attributable to owners of the Company as the parent after	Attributable to non-control ling interests after tax	

			in profit or loss in the Current Period		tax		
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Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

58. Specific Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
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Other notes, including changes and reason of change:

59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending 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

Notes, including changes and reason of change:

60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	-104,447,877.20	-90,095,403.00
Beginning balance of retained earnings after adjustments	-104,447,877.20	-90,095,403.00
Add: Net profit attributable to owners of the Company as the parent	-5,004,199.91	-14,352,474.20
Dividend of ordinary shares payable	-109,452,077.11	-104,447,877.20

List of adjustment of beginning retained earnings:

- (1) RMBXXX beginning retained earnings was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMBXXX beginning retained earnings was affected by changes in accounting policies.
- (3) RMBXXX beginning retained earnings was affected by correction of significant accounting errors.

(4) RMBXXX beginning retained earnings was affected by changes in combination scope arising from same control.

(5) RMBXXX beginning retained earnings was affected totally by other adjustments.

61. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same Period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	94,049,651.75	93,356,686.67	189,823,020.71	178,368,297.77
Other operations			637,064.14	166,356.27
Total	94,049,651.75	93,356,686.67	190,460,084.85	178,534,654.04

62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same Period of last year
Consumption tax	268.68	4,062.05
Urban maintenance and construction tax	15,163.41	58,068.04
Education Surcharge	10,831.00	42,204.68
Property tax	55,745.82	294,029.30
Land use tax	90,045.00	120,060.00
Vehicle and vessel use tax	605.00	
Stamp duty	323,955.00	135,759.49
Total	496,613.91	654,183.56

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 the income statement is adjusted to “Taxes and Surtaxes”. Property tax, land use tax, vehicle and vessel use tax, stamp duty and relevant taxes, which were recorded into administrative expense before, are now adjusted into the item “Taxes and Surtaxes” since 1 May 2016.

63. Selling Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Salary	449,769.85	669,390.73
Rent	225,225.21	270,270.29

Software charge	31,162.92	216,912.77
Service charge	286,282.84	
Social security premiums	33,122.20	44,068.52
Office expenses	24,066.51	28,406.15
Depreciation	12,936.11	16,854.16
Business travel charges	20,404.46	10,830.60
Business entertainment fees	49.50	14,088.40
Testing fees	0.00	1,810.00
Other	46,099.93	161,775.77
Total	1,129,119.53	1,434,407.39

Other notes:

64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Salary	1,365,644.18	1,262,796.56
Depreciation	1,336,480.53	1,126,680.42
Rental	343,057.27	578,986.10
Audit fee	405,000.00	411,527.23
Expense on securities affairs	312,000.00	110,800.00
Automobile expenses	101,306.53	335,203.77
Business travel charges	164,975.51	240,386.63
Water & electricity fees	119,384.11	140,232.92
Expense on financial consultant	800,000.00	325,000.00
Membership fees for the Board of Directors and Supervisory Committee	197,500.00	197,500.00
Office expenses	87,482.30	222,043.08
Entertainment expenses	68,099.86	243,390.31
Welfare fees	122,010.60	130,867.38
Social security premiums	150,289.59	134,483.43
Expense on evaluation	0.00	350,000.00
Amortization of intangible assets	138,631.92	138,631.92
Other	384,732.66	1,375,973.82
Total	6,096,595.06	7,324,503.57

Other notes:

65. Finance Costs

Unit: RMB

Item	Reporting Period	Same Period of last year
Interest expense	30,666.37	605,207.50
Less: Interest income	4,716.00	88,059.03
Foreign exchange profit or loss	30,810.86	-224,258.95
Handling charge and other	6,953.09	17,644.59
Total	63,714.32	310,534.11

Other notes:

66. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same Period of last year
I. Bad debt loss	-2,942,220.19	-411,560.62
Total	-2,942,220.19	-411,560.62

Other notes:

67. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Financial assets at fair value through profit or loss	0.00	-5,539,925.21
Total	0.00	-5,539,925.21

Other note:

68. Investment Income

Unit: RMB

Item	Reporting Period	Same Period of last year
Long-term equity investment income accounted by equity method		17,054.22
Investment income from disposal of long-term equity investment	536.00	16,240.55
Total	536.00	33,294.77

Other notes:

69. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
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70. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
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71. Non-operating Income

Unit: RMB

Item	Reporting Period	Same Period of last year	Amount recorded in the current non-recurring profit or loss
Other	600,000.00	0.33	600,000.00
Total	600,000.00	0.33	

Government subsidies recorded into current profit or loss

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Specific subsidy or not	Reporting Period	Same period of last year	Related to assets/related income
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Other notes:

“Other” was mainly compensation income for default.

72. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same Period of last year	Amount recorded in the current non-recurring profit or loss
Penalty and fine for delaying payment	189,007.15	-2,404.16	189,007.15
Total	189,007.15	2,404.16	

Other notes:

“Other” was mainly expense on compensation for default.

73. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Current income tax expense	14,909.91	2,269,232.61
Deferred income tax expense	753,831.51	37,800.00
Total	768,741.42	2,307,032.61

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

Unit: RMB

Item	Reporting Period
Profit before taxation	-3,739,328.70
Current income tax expense accounted at statutory/applicable tax rate	-934,832.18
Influence of deductible loss of unrecognized deferred income tax assets in prior period	-3,013,350.05
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	4,664,333.29
Income tax expense	768,741.42

Other notes

It is unnecessary for Tianrui (HK) Trading Co., Ltd. to pay the corporate income tax since it is an overseas company. Therefore, other event refers to the adjustment of current income tax expense by Tianrui (HK) Trading Co., Ltd.

74. Other Comprehensive Income

Refer to Note for details.

75. Cash Flow Statement

(1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Other intercourse funds received	31,982,807.35	30,187,830.43
Accounts generated from operating	157,699.37	5,110,790.78

activities		
Total	32,140,506.72	35,298,621.21

Notes:

(2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Other intercourse funds paid	27,851,000.00	19,500,000.00
Commission paid such as audit fee	2,205,000.00	356,000.00
Expense used in operating activities	2,106,181.12	5,078,811.29
Total	32,162,181.12	24,934,811.29

Notes:

(3) Cash Generated from Other Investing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
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Notes:

Not applicable

(4) Cash Used in Other Investing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
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Notes:

Not applicable

(5) Cash Generated from Other Financing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
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Notes:

Not applicable

(6) Cash Used in Other Financing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
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Notes:

Not applicable

76. 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	-4,508,070.12	-5,202,704.08
Add: Provision for impairment of assets	-2,942,220.19	
Depreciation of fixed assets, oil-gas assets, and productive living assets	1,349,416.64	1,309,890.85
Amortization of intangible assets	138,631.92	138,631.92
Amortization of long-term prepaid expenses	210,508.77	
Losses on changes in fair value (gains: negative)		5,539,925.21
Investment loss (gains: negative)	-536.00	-33,294.77
Decrease in deferred income tax assets (gains: negative)	753,831.51	37,800.00
Decrease in inventories (gains: negative)	-836,985.56	-39,615,980.25
Decrease in accounts receivable generated from operating activities (gains: negative)	227,104,771.45	65,800,489.84
Increase in accounts payable used in operating activities (decrease: negative)	-222,475,025.79	-25,183,016.54
Other	-14.06	341,132.27
Net cash generated from/used in operating activities	-1,205,691.43	3,132,874.45
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	1,192,159.64	7,018,207.88
Less: beginning balance of cash	2,956,199.38	123,886,976.82
Net increase in cash and cash equivalents	-1,764,039.74	-116,868,768.94

(2) Net Cash Paid For Acquisition of Subsidiaries

Unit: RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

(3) Net Cash Receive from Disposal of the Subsidiaries

Unit: RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

(4) Cash and Cash Equivalent

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	1,192,159.64	2,956,199.38
Including: Cash on hand	91,659.42	525,024.48
Bank deposit on demand	617,310.41	6,491,008.82
Other monetary assets on demand	483,189.81	2,174.58
III. Ending balance of cash and cash equivalents	1,192,159.64	2,956,199.38

Other notes:

77. Notes to Items of the Statements of Changes in Owners' Equity

Notes to the name of "Other" of ending balance of the same period of last year adjusted and the amount adjusted:

78. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Fixed assets	19,270,301.23	External guaranty

Intangible assets	8,939,525.00	External guaranty
Total	28,209,826.23	--

Other notes:

79. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	
Including: USD	64.28	6.6166	425.32
EUR			
HKD	851.75	0.8431	718.11
Accounts receivable	--	--	
Including: USD	901,781.63	6.6166	5,966,728.33
EUR			
HKD			
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			
Other receivables			
Including: USD	20,000.00	6.6166	132,332.00
EUR			
HKD	55,780.00	0.8431	47,028.12

Other notes:

(2) Notes to Overseas Entities Including: for Significant Oversea Entities, Main Operating Place, Recording Currency and Selection Basis Shall Be Disclosed; if there Are Changes in Recording Currency, Relevant Reasons Shall Be Disclosed.

☐ Applicable ☒ Not applicable

80. Arbitrage

Qualitative and quantitative information of relevant arbitrage instruments, hedged risk in line with the type of arbitrage to disclose:

81. Other**VIII. Changes 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 acquiree	Time and place of gaining the equity	Cost of gaining the equity	Proportion of equity	Way to gain the equity	Purchase date	Recognition basis of purchase date	Income of acquiree from the purchase date to period-end	Net profits of acquiree from the purchase date to period-end
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Other notes:

Not applicable

(2) Combination Cost and Goodwill

Unit: RMB

Combination cost	
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Note to determination method of the fair value of the combination cost, consideration and changes:

Not applicable

The main formation reason for the large goodwill:

Not applicable

Other notes:

Not applicable

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

Unit: RMB

	<table> <tr> <th>Fair value on purchase date</th><th>Carrying value on purchase date</th></tr> </table>	Fair value on purchase date	Carrying value on purchase date
Fair value on purchase date	Carrying value on purchase date		

The determination method of the fair value of identifiable assets and liabilities

Not applicable

Contingent liability of acquiree undertaken in the business combination

Not applicable

Other notes:

Not applicable

(4) Gains or losses from Re-measurement of Equity Held before the Purchase Date at Fair Value

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

☐ Yes ☒ No

(5) Notes to Reasonable Consideration or Fair Value of Identifiable Assets and Liabilities of the Acquiree that Cannot Be Determined on the Acquisition Date or during the Period-end of the Merger

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

Combined party	Proportion of the equity	Basis	Combination date	Recognition basis of combination date	Income from the period-beginning to the combination date of the acquiree	Net profits from the period-beginning to the combination date of the acquiree	Income of the acquiree during the period of comparison	Net profits of the acquiree during the period of comparison
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Other notes:

(2) Combination Cost

Unit: RMB

Combination cost	
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Note to contingent consideration and other changes:

Other notes:

(3) The Carrying Value of Assets and Liabilities of the Combined Party on the Combination Date

Unit: RMB

	Combination date
	Period-end of the last period

Contingent liabilities of the combined party undertaken in the business combination

Other notes:

3. Counter Purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process:

4. The Disposal of Subsidiary

Whether there is a single disposal of the investment to the subsidiary and lost control?

☐ Yes ☒ No

Whether there are several disposals of the investment to the subsidiary and lost controls?

☐ Yes ☒ No

5. Changes in Combination Scope for Other Reasons

Note to changes in combination scope for other reasons (such as newly establishment or liquidation of subsidiaries, etc.) and relevant information:

6. Other

IX. Equity in Other Entities

1. Equity in Subsidiary

(1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shenzhen Rieys Industrial Co., Ltd.	Shenzhen	Shenzhen	Trading	90.00%		Set-up
TIANRUI (HK) TRADING COMPANY LIMITED	Hong Kong	Hong Kong	Trading	100.00%		Merger
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Shenzhen	Shenzhen	Sales of gold jewelry	51.00%		Merger

Shanghai Yunpeng Network Technology Co., Ltd.	Shanghai	Shanghai	Technical service, development, consulting, transfer of network technology etc.	60.00%		Set-up
Wuxi Yunpeng Business Management Co., Ltd.	Wuxi	Wuxi	Business management service, R&D, technical service, consulting and transfer of network technology, ICT, and computer software & hardware		60.00%	Set-up

Notes: holding proportion in subsidiary different from voting proportion:

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

Basis for control over significant structured entities included into the combination scope:

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

Other notes:

(2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Shenzhen Rieys Industrial Co., Ltd.	10.00%	10.00	-341.29	
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	49.00%	49.00	496,471.07	

Holding proportion in subsidiary different from voting proportion:

Other notes:

(3) The Main Financial Information of Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Shenzhen Rieys Industrial Co., Ltd.	29,051,747.52	1,721,134.57	30,772,882.09	1,024,642.85		1,024,642.85	37,993,675.26	37,993,675.26	39,852,534.33	10,100,882.25		10,100,882.25
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	182,570,093.91	108,781.02	182,678,874.93	104,826,073.66		104,826,073.66	315,002,707.66	784,465.20	315,787,172.86	238,947,577.86		238,947,577.86

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Rieys Industrial Co., Ltd.	5,003.08	-3,412.84	-3,412.84	-110,146.16	89,128,220.12	-8,833,285.83	-8,833,285.83	-12,980,220.19
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	92,842,690.95	1,013,206.27	1,013,206.27	-86,327.48	471,002,217.43	6,943,906.77	6,943,906.77	67,927.52

Other notes:

(4) Significant Restrictions on Using the Assets and Liquidating the Liabilities of the Company**(5) Financial Support or Other Supports Provided to Structural Entities Incorporated into the Scope of Consolidated Financial Statements**

Other notes:

2. The Transaction of the Company with Its Owner's Equity Share Changed but Still Controlling the Subsidiary

(1) Note to the Owner's Equity Share Changed in Subsidiary

(2) The Transaction's Influence on the Equity of Non-controlling Interests and the Owner's Equity Attributable to the Company as the Parent

Unit: RMB

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Other notes

3. Equity in Joint Ventures or Associated Enterprises

(1) Significant Joint Ventures or Associated Enterprises

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

(2) Main Financial Information of Significant Joint Ventures

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year

Other notes

(3) Main Financial Information of Significant Associated Enterprise

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year

Other notes

(4) Summary Financial Information of Insignificant Joint Ventures or Associated Enterprises

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes

(5) Note to the Significant Restrictions on the Ability of Joint Ventures or Associated Enterprises to Transfer Funds to the Company**(6) The Excess Loss of Joint Ventures or Associated Enterprises**

Unit: RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses (or the share of net profit) in Reporting Period	The accumulative unrecognized losses in Reporting Period
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Other notes

(7) The Unrecognized Commitment Related to Investment to Joint Ventures**(8) Contingent Liabilities Related to Investment to Joint Ventures or Associated Enterprises****4. Significant Common Operation**

Name	Main operating place	Registration place	Nature of business	Proportion /share portion	
				Directly	Indirectly

Notes to holding proportion or share portion in common operation different from voting proportion:

For common operation as a single entity, basis of being classified as common operation:

Other notes

5. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements

Notes to the structured entity excluded in the scope of consolidated financial statements:

6. Other**X. The Risk Related to Financial Instruments****XI. The Disclosure of Fair Value****1. Ending Fair Value of Assets and Liabilities at Fair Value**

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
II. Inconsistent fair value measurement	--	--	--	--

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1**3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2****4. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3****5. Sensitiveness Analysis on Unobservable Parameters and Adjustment Information between Beginning and Ending Carrying Value of Consistent Fair Value Measurement Items at Level 3****6. Explain the Reason for Conversion and the Governing Policy when the Conversion Happens if Conversion Happens among Consistent Fair Value Measurement Items at Different Levels****7. Changes in the Valuation Technique in the Current Period and the Reason for Such Changes****8. Fair Value of Financial Assets and Liabilities Not Measured at Fair Value****9. Other****XII. Connected Party and Connected Transaction****1. Information Related to the Company as the Parent of the Company**

Name	Registration place	Nature of business	Registered capital	Proportion of share	Proportion of voting
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				held by the Company as the parent against the Company (%)	rights owned by the Company as the parent against the Company (%)
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Room 1611-A, E Building, West Sea Pearl Garden, Taoyuan Road, Taoyuan Street, Nanshan District, Shenzhen	Trading	9800	36.99%	36.99%

Notes to information on the Company as the parent of the Company:

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

The final controller of the Company was Chen Hongcheng.

Other notes:

2. Subsidiaries of the Company

Refer to Note VIII. 1-Equity in Subsidiaries for details.

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

Refer to Note for details of significant joint ventures or associated enterprises of the Company.

Information on other joint venture or associated enterprise occurring connected transactions with the Company in Reporting Period, or forming balance due to connected transactions made in previous period:

Name	Relationship with the Company
------	-------------------------------

Other notes:

4. Information on Other Connected Parties

Name	Relationship with the Company
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	The shareholder holding 10.68% shares of the Company and the affiliated enterprise controlled by Chen Hongcheng
Shenzhen Lianhua Huiren Industrial Co., Ltd.	The shareholder holding 3.81% shares of the Company and the affiliated enterprise controlled by Chen Hongcheng's relatives
Chen Xuewen	Direct relative of Chen Hongcheng
Ding Lihong	Board Chairman of the Company and relative of Chen Hongcheng

Yu Liquan	Key management personnel of the Company and shareholder of subsidiary
Wuxi Hengye Technology Co., Ltd.	Actually controlled by the key management personnel of the Company
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Shareholder of subsidiary

Other notes

5. List of Connected Transactions

(1) Information on Acquisition of Goods and Reception of Labor Service

Information on acquisition of goods and reception of labor service

Unit: RMB

Connected party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
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Information of sales of goods and provision of labor service

Unit: RMB

Connected party	Content	Reporting Period	Same period of last year
Wuxi Hengye Technology Co., Ltd.	Operation service	432,737.28	441,967.71

Notes

(2) Information on Connected Trusteeship/Contract

Lists of related trusteeship/contract:

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Income recognized in this Reporting Period
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Notes

Lists of entrust/contractee:

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Charge recognized in this Reporting Period
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Notes

(3) Information on Connected Lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the same period of last year
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The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
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Notes

(4) Information on Connected Guarantee

The Company was guarantor:

Unit: RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
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The Company was secured party

Unit: RMB

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not
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Notes

(5) Information on Inter-bank Lending of Capital of Connected Parties

Unit: RMB

Connected party	Amount	Start date	End date	Note
Borrowing				
Lending				

(6) Information on Assets Transfer and Debt Restructuring by Connected Party

Unit: RMB

Connected party	Content	Reporting period	Same period of last year
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(7) Information on Remuneration for Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
Remuneration for key management personnel	360,000.00	337,000.00

(8) Other Connected Transactions**6. Accounts Receivable and Payable of Connected Party****(1) Accounts Receivable**

Unit: RMB

Item	Connected party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Wuxi Hengye Technology Co., Ltd.	76,783.68		380,036.66	
Other receivables	Yu Liqun	1,082,920.16		150,654.10	

(2) Accounts Payable

Unit: RMB

Item	Connected party	Ending carrying amount	Beginning carrying amount
Other payables			
	Ding Lihong	193,771.70	68,455.00
	Yu Liqun	82,652.04	82,652.04
	Chen Xuewen	387,699.54	251,608.91
	Wuxi Hengye Technology Co., Ltd.	100,000.00	100,000.00
	Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	20,960.00	3,630,960.00
	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	17,699,000.00	17,500,000.00

7. Commitments of Connected Party

No such cases in the Reporting Period.

8. Other**XIII. Stock Payment****1. The Overall Situation of Stock Payment**

□ Applicable √ Not applicable

2. The Stock Payment Settled in Equity

☐ Applicable ☒ Not applicable

3. The Stock Payment Settled in Cash

☐ Applicable ☒ Not applicable

4. Modification and Termination of the Stock Payment

Nil

5. Other

Not applicable

XIV. Commitments and Contingency**1. Significant Commitments**

Significant commitments on the balance sheet date

As of 30 June 2018, there was no significant commitment for the Company to disclose.

2. Contingency**(1) Significant Contingency on Balance Sheet Date****A. Contingent Liabilities Generated from Providing Debt Guarantee for Other Entities and their Financial Impacts**

①The Company provided the mortgage guarantee for the loan contract of maximum amount (RCZH2014GDZNo.3632, duration: 11 Nov. 2014-11 Nov. 2019) signed by Puning Huafengqiang Trading Co., Ltd. with Jieyang Rongcheng Branch of ICBC pledged by the real estate (with evaluation of RMB36.32 million). On 17 November 2016, Puning Huafengqiang Trading Co., Ltd. signed with Jieyang Rongcheng Branch of ICBC the renewal loan contract of RMB15 million with the duration of six months. When the said loan expired, RMB17 million was renewed on 22 May 2017 with a loan contract of 12 months. Puning Huafengqiang Trading Co., Ltd. provided a counter guarantee with this borrowing for the Company. As of 20 May 2018, Puning Huafengqiang Trading Co., Ltd. has paid off the aforesaid borrowing of RMB17 million.

②The Company provided the mortgage guarantee for the loan contract of maximum amount (0201900134-2017XQ[D]ZNo.0042; duration: 8 Sep. 2017-8 Sep. 2022) signed by Puning Lailisheng Trading Co., Ltd. with Jieyang Branch of ICBC pledged by the real estate (with evaluation of RMB47,704,862). On 8 September 2017, Puning Lailisheng Trading Co., Ltd. signed the small-business loan contract of RMB24 million with Jieyang Branch of ICBC with the duration of 12 months. Puning Lailisheng Trading Co., Ltd. provided a counter guarantee with this borrowing for the Company.

As of 30 June 2018, the guarantees provided by the Company for loans by non-connected parties were listed as follows:

Secured party	Event	Amount (RMB'0,000)	Duration	Note
Puning Lailisheng Trading Co.,	Pledge for bank	2,400.00	8 Sep. 2017 to 8 Sep.	

Ltd.	borrowings		2018	
Total	-	2,400.00	-	-

B. As of 30 June 2018, there was no contingency such as pending action or guarantee etc. for the Company to disclose.

As of 30 June 2018, there was no other contingency for the Company to disclose other than the above-mentioned contingencies.

(2) In Despite of no Significant Contingency to Disclose, the Company Shall Also Make Relevant Statements

There was no significant contingency for the Company to disclose.

3. Other

XV. Events after Balance Sheet Date

1. Significant Non-adjusted Events

Unit: RMB

Item	Content	Influence number to the financial position and operating results	Reason of inability to estimate influence number
------	---------	--	--

2. Profit Distribution

Unit: RMB

3. Sales Return

4. Notes to Other Events after Balance Sheet Date

As of 27 August 2018 (Approval date of the Interim Report by the Board), there was no other event after balance sheet date for the Company to disclose.

XVI. Other Significant Events

1. The Accounting Errors Correction in Previous Period

(1) Retrospective Restatement

Unit: RMB

Content	Processing program	Name of the influenced report items during comparison period	accumulative impact
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(2) Prospective Application

Content	Processing program	Reason for adopting prospective application
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2. Debt Restructuring

Not applicable

3. Assets Replacement**(1) Non-monetary Assets Exchange**

Not applicable

(2) Other Assets Replacement

Not applicable

4. Pension Plan

Not applicable

5. Discontinued Operations

Unit: RMB

Item	Income	Expense	Profit before taxation	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the Company as the parent
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Other notes

Not applicable

6. Segment Information**(1) Determination Basis and Accounting Policies of Reportable Segment**

Not applicable

(2) The Financial Information of Reportable Segment

Unit: RMB

Item		Offset among segment	Total
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(3) If there Was no Reportable Segment, or the Total Amount of Assets and Liabilities of Each Reportable Segment Could not Be Reported, Relevant Reasons Shall Be Clearly Stated

Not applicable

(4) Other Notes

Not applicable

7. Other Significant Transactions and Events with Influence on Investors' Decision-making

Not applicable

8. Other

In accordance with the Note XI-2-(1), the Company provided a mortgage guarantee for the borrowing by Puning Lailisheng Trading Co., Ltd. from Jieyang Branch of ICBC pledge by real estate. In line with the counter guarantee agreement signed by the Company with Puning Lailisheng Trading Co., Ltd., the latter shall provide a counter guarantee for the Company with the borrowing. As of 30 June 2018, RMB750,000.00 of counter guarantee has been received from Puning Lailisheng Trading Co., Ltd.

As of 0 June 2018, there was no other significant event for the Company to disclose.

XVII. Notes of Main Items in the Financial Statements of the Company as the Parent**1. Accounts Receivable****(1) Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount for which bad debt	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

provision separately accrued										
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 significant single amount for which bad debt provision separately accrued at the period-end:

☒ Applicable ☐ Not applicable

Unit: RMB

Accounts receivable (by unit)	Ending balance			
	Accounts 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) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

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

Of which the bad debt provision reversed or recovered with significant amount in the Reporting Period:

Unit: RMB

Name of the entity	Amount	Way of recovery
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(3) Accounts Receivable with Actual Verification during the Reporting Period

Unit: RMB

Item	Amount verified
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Of which the verification of significant accounts receivable:

Unit: RMB

Name	Nature	Amount verified	Reason for verification	Verification procedures performed	Whether generated from connected transactions
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Notes:

(4) Top 5 Accounts Receivable in Ending Balance Collected according to the Arrears Party

Name	Ending balance	Bad debt provision with drawn	Proportion to total accounts receivable (%)
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 due to the Transfer of Financial Assets

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

Other notes:

2. Other Receivables

(1) Other Receivables Disclosed by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other receivables with significant	22,636,687.23	87.36%	2,931,608.20	12.95%	19,705,079.03	68,645,635.74	94.95%	2,931,608.20	4.27%	65,714,027.54

single amount for which bad debt provision separately accrued										
Other receivables withdrawn bad debt provision according to credit risks characteristics	1,795,494.94	6.93%	1,293,739.64	72.05%	501,755.30	2,176,185.04	3.01%	1,661,739.64	76.36%	514,445.40
Other receivables with insignificant single amount for which bad debt provision separately accrued	1,478,227.36	5.71%	1,478,227.36	100.00%	0.00	1,478,227.36	2.04%	1,478,227.36	100.00%	
Total	25,910,409.53	100.00%	5,703,575.20	22.01%	20,206,834.33	72,300,048.14	100.00%	6,071,575.20	8.40%	66,228,472.94

Other receivables with significant single amount for which bad debt provision separately accrued at the period-end

√ Applicable □ Not applicable

Unit: RMB

Other receivables (unit)	Ending balance			
	Other receivables	Bad debt provision	Withdrawal proportion	Withdrawal reason
Tianrui (HK) Trading Co., Ltd.	19,705,079.03			Included in consolidated connected party and 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	22,636,687.23	2,931,608.20	--	--

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

√ Applicable □ Not applicable

Unit: RMB

Aging	Ending balance		
	Other receivables	Bad debt provision	Withdrawal proportion
Subentry within 1 year			

Subtotal of within 1 year	369,328.88	6,800.38	2.00%
1 to 2 years	11,257.92	1,125.79	10.00%
2 to 3 years	40,201.83	20,100.92	50.00%
Over 3 years	1,374,706.31	1,265,712.55	92.07%
Total	1,795,494.94	1,293,739.64	72.05%

Notes to the determination basis for the Group:

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(2) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB-368,000.00; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

Of which the bad debt provision reversed or recovered with significant amount during the Reporting Period:

Unit: RMB

Name of entity	Amount reversed or recovered	Way of recovery
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(3) Other Receivables with Actual Verification during the Reporting Period

Unit: RMB

Item	Amount verified
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Of which the verification of significant other accounts receivable:

Unit: RMB

Name of entity	Nature	Amount verified	Reason for verification	Verification procedures performed	Whether generated from connected transactions
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Notes:

(4) Other Receivables Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Fund of connected party	19,705,079.03	65,714,027.54
Intercourse funds	3,835,312.59	4,236,451.07
Tax	2,331,608.20	2,331,608.20
Payment on behalf	33,240.71	12,792.33

Guarantee deposit and cash deposit	3,000.00	3,000.00
Petty cash	2,169.00	2,169.00
Total	25,910,409.53	72,300,048.14

(5) Top 5 Other Receivables in Ending Balance Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables	Ending balance of bad debt provision
Tianrui (HK) Trading Co., Ltd.	Intercourse fund of connected party	19,705,079.03	Over 5 years	76.05%	
Refund of tax for export receivable	Tax	2,331,608.20	Over 5 years	9.00%	2,331,608.20
Guangdong Yuanfeng Trade Co., Ltd.	Intercourse fund	700,000.00	Over 5 years	2.70%	700,000.00
Shenzhen Zhao Tong Investment Co., Ltd.	Intercourse fund	600,000.00	Over 5 years	2.32%	600,000.00
Guangzhou Nanxiang Construction Engineering Company	Intercourse fund	500,000.00	Over 5 years	1.93%	500,000.00
Total	--	23,836,687.23	--	92.00%	4,131,608.20

(6) Accounts Receivable Related to Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Ending aging	Estimated recovering time, amount and basis
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(7) Other Receivables Derecognized due to the Transfer of Financial Assets**(8) Amount of Assets and Liabilities Generated from the Transfer and Continuous Involvement of Other Receivables**

Other notes:

3. Long-term Equity Investment

Unit: RMB

Item	Ending balance	Beginning balance
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	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	80,000,008.26		80,000,008.26	80,000,008.26		80,000,008.26
Investment to joint ventures and associated enterprises	269,998,221.71		269,998,221.71	269,998,221.71		269,998,221.71
Total	349,998,229.97		349,998,229.97	349,998,229.97		349,998,229.97

(1) Investment to the Subsidiaries

Unit: RMB

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Shenzhen Rieys Industrial Co., Ltd.	45,000,000.00			45,000,000.00		
Tianrui (HK) Trading Co., Ltd.	8.26			8.26		
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	30,000,000.00			30,000,000.00		
Shanghai Yunpeng Network Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Total	80,000,008.26			80,000,008.26		

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											

II. Associated enterprises											
Shenzhen Shengguorong Financing Guarantee Co., Ltd.	149,998,221.71									149,998,221.71	
Shenzhen Future Growing Business Fund (Limited Partnership)	120,000,000.00									120,000,000.00	
Subtotal	269,998,221.71									269,998,221.71	
Total	269,998,221.71									269,998,221.71	

(3) Other Notes

4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Other operations			1,280,401.28	400,788.60
Total			1,280,401.28	400,788.60

Other notes:

5. Investment Income

Unit: RMB

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

6. Other

XVIII. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Gain/Loss on changes in fair value arising from holding of trading financial assets and liabilities and investment income from disposal of trading financial assets, financial liabilities and available-for-sale financial assets other than effective hedge business related to the Company's normal operating businesses	536.00	Investment income from disposal of trading financial assets
Reverse of bad debt provision of accounts receivable individually conducting impairment test	2,942,220.19	
Other non-operating income and expense other than the above	410,992.85	
Less: Income tax effects	764,267.57	
Non-controlling interests effects (after tax)	1,002,022.54	
Total	1,587,458.93	--

Explain the reasons if the Company classifies an item as an non-recurring profit or loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Profit or Loss, or classifies any extraordinary profit or loss item mentioned in the said explanatory announcement as a recurrent profit or loss item

□ Applicable √ Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	-1.29%	-0.016	-0.016
Net profit attributable to ordinary shareholders of the Company after	-1.74%	-0.0191	-0.0191

deduction of non-recurring profit or loss			
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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 any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

Not applicable

4. Other

Not applicable

Part XI Documents Available for Reference

I. The financial statements with the signatures and stamps 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.)