GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED
ANNUAL REPORT 2019

2020-006

April 2020

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the "Board"), the Supervisory Board as well as the Directors, Supervisors and senior management of Guangdong Jadiete Holdings Group Company Limited (the "Company") hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its abstract, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions in this Report and its abstract.

HongCheng Chen, the Company's legal representative, Jincai Chen, 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 the following Directors of the The Company, others have attended the Board meeting for the review of this Report and its abstract.

Name	Title	Reason	Consignee
Honghai Chen	Director	Other work	Dongwei Chen

Asia Pacific (Group) CPAs (Special General Partnership) issued a qualified opinion with explanatory notes on the Company's 2018 audit report. the Board of Directors, the Supervisory Committee have explained the relevant matters in detail, please pay attention to reading.

Asia Pacific (Group) CPAs (Special General Partnership) issued negative opinions on the company's 2019 internal control audit report, the company has Significant deficiencies in internal control, the Supervisory Committee have explained the relevant matters in detail, please pay attention to reading.

the company has suffered losses for two consecutive years 2017-2018,the company's qualified audit report was issued by the auditor with explanatory notes. The influence of the notes on the company is uncertain.

The risk of great uncertainty in future operating earnings. The risk of great uncertainty in future operating earnings: For the Reporting Period, the Company realized net income attributable to the Company (as the parent company) of RMB-12,006,826.15 with this figure before non-recurring gains and losses being RMB-12,006,826.15. The Company's existing main business scope covers gold and jewelry and garments e-commerce. In recent years, the gold and jewelry industry has been highly competitive and its profits have declined year by year. The garments e-commerce is constrained by less investment and effectiveness will take a long time. In addition, the pandemic since 2020 has had a huge impact on the entire consumer industry, which further exacerbates the uncertainty of the company's future operating profit.

The company didn't receive the transfer payment of 30% equity of Shenzhen Shenguorong Finance Guarantee Co., Ltd. on schedule, please refer to relevant contents in this report for details.

Shenzhen future industry development fund enterprise (limited partnership) didn't receive 45% equity transfer payment of Shenzhen Jinshitonghe Investment Co., Ltd. on schedule,

resulting in failure to implement profit distribution as agreed. Please refer to relevant contents in this report for details.

The company failed to sign corresponding anti-guarantee agreements with Puning Huafengqiang Trade Co., Ltd. and Puning Lailisheng Trade Co., Ltd. for the loans borrowed during the term of mortgage guarantee, As of the date of this report, The company also failed to release the mortgage guarantee provided for **Puning Huafengqiang Trade Co., Ltd. and Puning Lailisheng Trade Co., Ltd., so then cause the risk of contingent liabilities. Please refer to relevant contents in this report for details.**

Due to the impact of macroeconomic downturn and pandemic situation, the company failed to receive the funds that should be recovered from the disposal of assets, and the company may not be able to implement the buyback plan within the specified time Forward-looking statements concerning future plans does not constitute a company's substantive commitment to investors, investors and relevant persons should have adequate risk awareness, and should understand the differences between plans, budgets and commitments.

The Company is required to comply with the disclosure requirements of "Guidelines for Information Disclosure in Shenzhen Stock Exchange Industry No. 11 - Listed Company Engaging in Jewelry-related Business".

The main business of the company is the wholesale of gold goods, because of the relatively small scale, in order to meet the needs of customers, the product structure of the inventory is relatively single and the balance is large. At the same time, because the customers are relatively single, Higher dependence on customers, and great impact of fluctuations in customer operations. During the reporting period, due to the transformation of major customers, the company's sales fell sharply. The company actively adjusts its marketing strategy, expands channels and gradually realizes the goal of de-stocking

the company plans to actively expand new customer channels, improving sales, on the premise of gradually improving the content of inventory varieties, gradually reducing the risk of higher inventory.

The Company plans not to distribute cash or share dividend, converted either from retained earnings or capital reserves, for the Reporting Period.

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Definitions

Term	Definition
Reporting Period	January 1, 2018-December 31, 2018
CSRC	China Securities Regulatory Commission
SZSE, the stock exchange	Shenzhen Stock Exchange
Company, the Company	GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED
Shenghengchang Huifu	Shenzhen Shenghengchang Huifu Industrial Co., Ltd.
Risheng Chuangyuan	Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.
Lianhua Huiren	Shenzhen Lianhua Huiren Industrial Co., Ltd.
Shenguorong Financing Guarantee	Shenzhen Shenguorong Financing Guarantee Co., Ltd.
Future Growing Business Fund	Shenzhen Future Growing Business Fund (Limited Partnership)
Chinese Gold Nobility	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.
Yuan, wan yuan	RMB, million RMB

Part II Corporate Profile and Key Financial Information

I Corporate Information

Stock name	JHG-B	股票代码	200168
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	广东舜喆（集团）股份有限公司		
Abbr.	舜喆		
Company name in English (if any)	GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED		
Abbr. (if any)	JHG		
Legal representative	Chen Hongcheng (temporarily)		
Registered address	Meixin Industrial Park of Jun Bu Town, Puning, Guangdong		
Registered address Zip code	515300		
Office address	503 of No. 990 of Yiben E-commerce Building, Xili, Nanshan District, Shenzhen		
Office Zip code	518000		
Company website	http://www.200168.com		
Email address	JHG@200168.com		

II Contact Information

	Board Secretary	Securities Representative
Name	Xu Wei	
Address	503 of No. 990 of Yiben E-commerce Building, Xili, Nanshan District, Shenzhen	
Tel.	0755-82250045	
Fax	0755-82251182	
E-mail	xw@200168.com	

III Media for Information Disclosure and Place where this Report Is Kept

Newspapers designated by the Company for information disclosure	Securities Times and Ta Kung Pao (HK)
Website designated by the China Securities Regulatory Commission (CSRC) for the publication of this Report	http://www.cninfo.com.cn

Place where this Report is kept	9Q of No. 990 of Yiben E-commerce Building, Xili, Nanshan District, Shenzhen

IV Company Registered Information and Alterations

Credibility code	914452002311318335
Changes in main business activities of the Company after going public (if any)	The main business of the Company shifted from garment making to real estate development in 2013; The real estate development changed to gold and other jewelry sales in 2015.
Changes of controlling shareholder (if any)	No changes

V Other Information

Independent certified public accounting (or "CPA") firm hired by the Company:

Name	Asia (Group) CPAs (Special General Partnership)
Office address	Room 301, No. 2 of Tower B, No. 9 Block, Chegongzhuang Street, West City District, Beijing
Accountants writing signatures	Zhou Ying, and Zhou Hanjun

Independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

□ Applicable √ Not applicable

Independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

□ Applicable √ Not applicable

VI Key Financial Information

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

☐ Yes √ No

	December 31, 2019	December 31, 2018	Change of December 31, 2019 over December 31, 2018	December 31, 2017
Sales revenue (RMB)	19,065,432.67	96,715,841.62	-80.29%	563,989,732.95
Net income attributable to shareholders of the listed company (RMB)	1,996,242.74	-13,392,596.16	-114.91%	-14,352,474.20
Net income attributable to shareholders of the listed	-12,006,826.15	-13,770,099.67	-12.81%	-6,842,761.55

company before nonrecurring gains and losses (RMB)				
Net cash flows from operating activities (RMB)	5,555,997.23	-85,829,630.50	-106.47%	-8,650,294.89
Basic earnings per share (RMB/share)	0.0063	-0.0420	-115.00%	-0.0450
Diluted earnings per share (RMB/share)	0.0063	-0.0420	-115.00%	-0.0450
Weighted average return on equity (%)	0.59%	-3.87%	4.46%	-3.99%
Total assets (RMB)	514,650,229.26	544,902,591.70	-5.55%	723,587,997.04
Equity attributable to shareholders of the listed company (RMB)	345,098,328.40	339,099,061.64	1.77%	352,491,657.80

VII Accounting Data Differences under Chinese Accounting Standards (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Income and Equity Differences under CAS and IFRS

□ Applicable √ Not applicable

No such differences for the Reporting Period.

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

□ Applicable √ Not applicable

No such differences for the Reporting Period.

3. Reasons for accounting data differences under CAS and Foreign Accounting Standards

□ Applicable √ Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Sales revenue	356,917.07	538,215.36	436,921.08	17,733,379.16
Net income attributable to shareholders of the listed company	-2,170,489.40	-2,091,792.31	-2,878,192.30	9,136,716.75
Net income attributable to	-2,254,549.76	-2,009,314.66	-2,966,466.50	-4,776,495.23

shareholders of the listed company before nonrecurring gains and losses				
Net cash flows from operating activities	-839,954.80	-158,848.23	-426,079.36	6,980,879.62

Indicate by tick mark whether any of the financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or semi-annual reports.

□ Yes √ No

IX Nonrecurring Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

项目	2019	2018	2017	Note
Gains and losses on disposal of non-current assets (inclusive of offset allowance for asset impairments)	953,732.29			Profit and loss on disposal of fixed assets
Gains and losses on changes in fair value of 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	-7,082,693.26	
Reversed portion of impairment allowance for accounts receivable on which impairment test is carried out separately	13,041,547.87	419,561.43	-355,915.00	
Non-operating income and expense other than above	-427.35	1,037.86	867,026.81	
Other gains and losses that meet definition of nonrecurring gain/loss	-7,361.38	41,556.06	-795,922.42	
Less: Income tax effects	14,003,068.89	377,503.51	-7,509,712.65	--

Explanation of why the Company classifies an item as a nonrecurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Nonrecurring Gains and Losses, or reclassifies any nonrecurring gain/loss item listed in the said explanatory announcement as a recurring gain/loss:

□ Applicable √ Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Main Business Scope of the Company in the Reporting Period

The Company is required to comply with the disclosure requirements of "Guidelines for Information Disclosure in Shenzhen Stock Exchange Industry No. 11 - Listed Company Engaging in Jewelry-related Business".

The gold and jewelry business is operated by the controlled subsidiary Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. (Chinese Gold Nobility). The Company has been engaged in the circulation field of gold and jewelry industry for many years with the main business scope of gold, silver, platinum, diamond, jade, jewelry and its sales business.

1. Macro-economic and Industry Development

According to the data of the National Bureau of statistics, the total retail sales of social consumer goods increased by 8.0% and 8.0% on a year-on-year basis in December 2019 and January December 2018, and 8.2% and 9.0% on a year-on-year basis in December 2018 and January December 2018. Among them, the year-on-year nominal growth of gold and silver jewelry in December 2019 and January December 2019 was 3.7% and 0.4%, and the year-on-year nominal growth in December 2018 and January December 2018 was 2.3% and 7.4%.

According to statistics released by China Gold Association, the actual consumption of gold in 2019 was 1002.78 tons, down 12.91% year on year. Specifically, in 2019, the domestic consumption of gold jewelry is 676.23 tons, down 8.16% year-on-year; the consumption of gold bars and gold coins is 225.8 tons, down 26.97%; The consumption of industrial and other uses was 100.75 tons, down 4.9%. According to the analysis of China Gold Association, the downward pressure of domestic economy in 2019 and the rising gold price in the second half of the year are the main reasons for the obvious decline of gold jewelry consumption. At the same time, the high price of gold has led to the cautious wait-and-see attitude of physical gold investors, and the sales volume of gold bars of key enterprises and commercial banks has declined significantly.

2. Industry position and competitive advantage of the company

Zhongjin Yipin is located in Shenzhen, the largest jewelry industry cluster in China. As consumers' consumption habits shift from past gold to inlaid jewelry and diamonds, they pay more attention to brand, identity and experience. The brand differentiation trend of jewelry industry is obvious, and the market competition is increasingly fierce. The supply and demand of traditional jewelry enterprises in products, regions, channels and other aspects are structurally unbalanced.

Due to the relative weakness in capital, brand, personnel and other aspects, the industry position of CICC No.1 is relatively low. Under the situation of low macro-economy, weak consumption and intensified competition in the same industry, the impact of competition is very obvious and there is no obvious competitive advantage.

3.Main business situation

（1) Sales

During the reporting period, the main sales mode of Zhongjin Yipin was exhibition hall retail (online sales have been suspended), and there was no direct store sales. During the reporting period, the main business revenue was 15.3244 million yuan, the operating cost was 12.0217 million yuan, and the gross profit margin was 21.55%

(2) Production and purchase

During the reporting period, due to the business adjustment of main customers and the judgment on the future price trend of gold, CICC first grade adopted a relatively radical business strategy, resulting in a sharp drop in sales compared with the same period of last year. During the reporting period, the first product of CICC was not commissioned for processing and no new spot purchase was added

II Material Change in Main Assets

1. Material Change in Main Assets

Major assets	Significant changes
Equity assets	NO
Fixed assets	NO
intangible assets	NO
Construction in progress	NO

2. Main Assets Overseas

□ Applicable √ Not applicable

III Core Competitiveness Analysis

The core competitiveness of the company has not changed during the reporting period.

Part IV Company Performance Discussion and Analysis

(1) Summary

During the reporting period, the company's operating revenue was 19.0654 million yuan, down - 80.29% from 96.7158 million yuan in the same period of last year; the net profit attributable to the parent company was 1.9962 million yuan, down - 114.91% from - 13.3926 million yuan in the same period of last year. The significant decline in operating revenue is mainly due to the impact of many factors such as the overall economic environment downturn, increasingly fierce competition in the industry, business adjustment of major customers and the adoption of radical business strategies during the reporting period, resulting in a significant decline in operating revenue of CICC first class. The net profit attributable to the parent company turned into profit mainly due to the write off of long-term accounts payable and other accounts payable.

During the reporting period to the disclosure date of this report, the company's main work is as follows:

1. Due to the downturn of macro-economy and the recession of gold and jewelry industry, leading to the transformation of the original main customers of cicc-1, cicc-1 is facing the problem of re obtaining wholesale customers. Since 2018, the whole Shenzhen Shuibei market has gradually weakened, and the retail terminals are facing the problem of destocking, which makes it difficult to carry out the wholesale business of Zhongjin Yipin. In addition, due to many factors, the equity transfer of CICC Yipin failed to be fulfilled in time. The superposition of many factors leads to the poor development of the first-class business of CICC. After negotiation between all parties, it was not until the second half of the year that the relationship was straightened out, the business ideas were fully adjusted, the retail oriented sales strategy was determined and certain results were achieved

2.According to relevant regulations, the company shall timely write off accounts payable and other accounts payable. At the same time, in order to activate assets and improve the efficiency of asset use, the company also disposed of idle office assets, etc。

3.The company strengthens the collection of all kinds of receivables. During the reporting period, the subsidiary Shenzhen Lei industry recovered 6.57 million yuan of accounts receivable aged 2-3 years. At the same time, we will continue to follow up the transfer of the guaranteed equity of Shenzhen Guorong and the collection of the dividend of the future industrial fund. As of the disclosure date of this report, the company has received 75 million yuan of equity transfer guaranteed by Shenzhen Guorong and 19.4 million yuan of dividend from future industrial fund. After the transferee of the guaranteed equity of Shenzhen Guorong failed to perform the payment obligation as agreed, the company has negotiated and communicated with the transferee for many times to understand the reason for the failure of timely payment and subsequent arrangements and reached relevant supplementary agreements. In the event that the future industrial fund fails to pay dividends in time, the company will actively communicate with the future industrial fund, learn about the obstacles in the transaction, actively promote the parties to fulfill their obligations, and urge all parties to reach a consensus on continuing to perform the agreement.

4.Continue to pay attention to the mortgage guarantee for Puning huafengqiang Trading Co., Ltd. and Puning lailisheng Trading Co., Ltd. After Puning huafengqiang Trading Co., Ltd. and Puning lailisheng Trading Co., Ltd. failed to release the mortgage guarantee as promised, the company communicated with each other to understand the situation and reach a new settlement time. For details, please refer to relevant contents in this report.

5.During the reporting period, the stock price of the company has been lower than the par value for many times, and has repeatedly touched the risk warning of listing termination. In order to protect the interests of investors, the company actively communicates and negotiates with the actual controller, and promotes the actual controller to take positive measures to maintain the stock price of the company.

The company shall comply with the disclosure requirements of Shenzhen stock exchange industry information disclosure guidelines No. 11 - listed companies engaged in jewelry related business

(1) Online sales operation

During the report period, the business of Jinyipin was adjusted and online sales were suspended。

(2) As of December 31, 2019, the company's inventory of various products is as follows (unit: 10000 yuan)

Item	Blance
Inventory	17,207.61
Including: Gold Commodities	14,462.34
Jade Accessories	2,715.22
Diamond inlay	28.70
18K accessories	1.34

II Analysis of Main Business

11. Summary

See “I Overview” in “Part IV Company Performance Discussion and Analysis”, herein

2. Revenue and Cost

(1) Breakdown of Sales Revenue

Unit: RMB

	2019		2018		Change
	Sales revenue	Percentage of total	Sales revenue	Percentage of total	

		sales revenue (%)		sales revenue (%)	
Total	19,065,432.67	100%	96,715,841.62	100%	-80.29%
By operating division					
Gold jewelry wholesale	15,324,468.13	80.38%	92,990,638.89	96.15%	-83.52%
Clothes sales by electric business	2,970,886.55	15.58%	3,279,636.46	3.38%	-9.05%
Others	770,077.99	4.04%	458,826.11	0.47%	67.84%
By products					
Gold jewelry wholesale	15,324,468.13	80.38%	92,990,638.89	96.15%	-83.52%
Clothes sales by electric business	2,970,886.55	15.58%	3,279,636.46	3.38%	-9.05%
Others	770,077.99	4.04%	458,826.11	0.47%	67.84%
By location					
Gold jewelry wholesale	15,324,468.13	80.38%	92,990,638.89	96.15%	-83.52%
Clothes sales by electric business	2,970,886.55	15.58%	3,279,636.46	3.38%	-9.05%
Others	770,077.99	4.04%	458,826.11	0.47%	67.84%

(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Sales Revenue or Income

□ Applicable √ Not applicable

3) Whether Revenue from Physical Sales Is Higher than Service Revenue

√Yes □ No

Operating division	Item	Unit	2019	2018	Change
Gold jewelry industry	sales volume	G		3,255	
	Inventory	G		640,272.94	

Reason for any over 30% YoY movements in the data above:

√ Applicable □ Not applicable

Sales decline, stop production and de-stock

(4) Execution Progress of Major Signed Sales Contracts in Reporting Period

□ Applicable √ Not applicable

(5) Breakdown of Cost of Sales

By operating division

By operating division

Unit: RMB

Operating division	Item	2019		2018		Change
		Cost of sales	Percentage of total cost of sales (%)	Cost of sales	Percentage of total cost of sales (%)	
Gold jewelry wholesale	Gold jewelry wholesale	12,021,716.87	83.97%	92,727,039.98	97.70%	-87.04%
Clothes sales by electric business	Clothes sales by electric business	2,090,225.75	14.60%	2,050,734.49	2.16%	1.93%
Others	Others	204,840.45	1.43%	131,769.39	0.14%	55.45%

说明

No

(6) Change in Scope of Consolidated Financial Statements for Reporting Period

√ Yes □ No

Shenzhen Xiaoxiaomei Technology Co., Ltd. was incorporated into the scope of consolidation in the reporting period. It is a holding company and has no business。

(7) Major Change in Business Scope or Product or Service Range in Reporting Period

□ Applicable √ Not applicable

(8) Main Customers and Suppliers

Main customers:

Total sales to top five customers (RMB)	8,337,145.65
Total sales to top five customers as a percentage of total sales of Reporting Period (%)	43.72%
Total sales to related parties among top five customers as a percentage of total sales of Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue generated (RMB)	Percentage of total sales of Reporting Period (%)
1	Customer 1	3,520,884.96	18.47%
2	Customer 2	1,753,008.85	9.19%
3	Customer 3	1,489,601.77	7.81%
4	Customer 4	980,331.48	5.14%
5	Customer 5	593,318.59	3.11%
Total	--	8,337,145.65	43.72%

Other information about the main customers

□ Applicable √ Not applicable

Main suppliers:

Total purchase amount of top five suppliers (yuan)	31,956,996.30
Proportion of total purchase amount of top five suppliers to total annual purchase amount	99.66%
Proportion of purchase amount of related parties in total annual purchase amount	0.00%

Information about top five supplier:

No.	Name	Purchase amount (yuan)	Proportion in total annual procurement
1	Shenzhen Zhongbao Jewelry Co., Ltd	30,682,026.00	95.68%
2	Shanghai Jiancheng Trading Co., Ltd	537,943.57	1.68%
3	Shanghai ruiguo Clothing Co., Ltd	372,438.06	1.16%
4	Guangdong Liwei Garment Co., Ltd	270,973.92	0.85%
5	Shanghai Mansesi costumes Co., Ltd.	93,614.75	0.29%
Total	--	31,956,996.30	99.66%

Other information about the main suppliers

□ Applicable √ Not applicable

3. Expense

Unit: RMB

	2019	2018	Change	Reason for material change
Selling expenses	554,903.76	1,744,103.28	-68.18%	Sales decline
Administrative expenses	9,695,842.11	10,856,989.37	-10.69%	
Finance costs	291,583.71	313,896.47	-7.11%	

4. Research and Development Expense

□ Applicable √ Not applicable

5. Cash Flows

Unit: RMB

Item	2019	2018	Change
Subtotal of cash generated by operating activities	33,580,174.44	305,749,150.46	-89.02%
Subtotal of cash used in operating activities	28,024,177.21	391,578,780.96	-92.84%
Net cash flows from operating activities	5,555,997.23	-85,829,630.50	-106.47%
Subtotal of cash generated by investing activities	1,879,004.75	94,406,852.00	-98.01%
Subtotal of cash used in investing activities	7,788,522.36	610,130.10	1,176.53%
Net cash flows from investing activities	-5,909,517.61	93,796,721.90	-106.30%
subtotal of cash outflow by fund-raising activities		9,310,000.00	-100.00%
Net cash flow from fund-raising activities		-9,310,000.00	-100.00%
Net increase in cash and cash equivalents	-353,440.60	-1,342,859.15	-73.68%

Explanation of why any of the data above varies materially:

√ Applicable □ Not applicable

The decrease of net cash flows from operating activities was due to the sales decline.
The sharp decrease in net cash flow from operating activities is mainly due to the increase in cash outflow from operating activities.
The sharp increase in the subtotal of cash generated by investing activities is due to the recovery of investment
The sharp decrease in subtotal of cash used in investing activities is no large investment
Major changes in cash flow subtotal of fund-raising activities and net cash flow generated by fund-raising activities are due to dividends.

Significant net increase in cash and cash equivalents is no large investment.

Reason for any material difference between the net operating cash flows and the net income of the Reporting Period:

□ Applicable √ Not applicable

III Non-Core Business Analysis

√ Applicable □ Not applicable

Unit: RMB

	Amount	Percentage of pretax income (%)	Source/Reason	Recurring or not
Investment profit	77,525.28	-91.64%	Investment income from disposal of long-term equity investment	No
Profit/Loss on fair value changes	12,967,905.08	-15,328.69%	Write off of accounts payable and other accounts payable	No
Asset impairment	3,882.49	-4.59%		No
Non-operating revenue	7,427,856.06	8,780.09%	Bad debt loss	No
Non-operating expense	953,732.29	-1,127.36%	Disposal of fixed assets	No

IV Analysis of Assets and Liabilities

1. Material Change in Asset Composition

The company has implemented new financial instrument standards, new income standards or new lease standards for the first time since 2019, and adjust and implement the items related to the financial statements at the beginning of the year

√ Applicable ☐ Not Applicable

Unit, RMB

	2019		2019		Change in percent age (%)	Reason for material change
	Value	Percentage of total assets (%)	Value	Percentage of total assets (%)		
Monetary assets	1,259,899.63	0.24%	1,613,340.23	0.30%	-0.06%	
Accounts receivable	9,124,432.68	1.77%	22,021,179.73	4.04%	2.27%	
Inventories	173,929,882.99	33.80%	158,915,234.32	29.16%	4.64%	
Investment property	5,868,823.78	1.14%	4,774,374.35	0.88%	0.26%	
Long-term equity	100,600,000.00	19.55%	100,600,000.00	18.46%	1.09%	

investment						
Fixed assets	31,563,817.93	6.13%	34,965,810.73	6.42%	-0.29%	
Hold-for-sale assets	149,998,221.71	29.15%	149,998,221.70	27.53%	1.62%	

2. Assets and Liabilities Measured at Fair Value

□ Applicable √ Not applicable

3. Restricted Asset Rights as of End of Reporting Period

①The company signed a maximum loan contract (Rongcheng sub branch 2014 GDZ No. 3632) with the industrial and Commercial Bank of China Limited Jieyang Rongcheng sub branch with the real estate as the collateral for Puning huafengqiang Trade Co., Ltd. (Rongcheng sub branch 2014 GDZ No. 3632). The main creditor's rights guaranteed are from November 11, 2014 to November 11, 2019, providing mortgage guarantee
②The company uses real estate as collateral to provide mortgage guarantee for the loan contract signed between Puning lailisheng Trading Co., Ltd. and Jieyang branch of industrial and Commercial Bank of China Co., Ltd. the main creditor's rights guaranteed are from September 8, 2017 to September 8, 2022.

V Investments Made

1. Total Investment Amount

☐ Applicable √ Not applicable

2. Material Equity Investments Made in Reporting Period

√ Applicable □ Not applicable

Unit: RMB

Investee	Main business scope of investee	Way of investment	Amount of investment	The Company's stake in investee	Source of investment funds	Joint investor	Term of investment	Type of investment	Investment progress as of balance sheet date	Projected earnings	Return on investment in Reporting Period	Any legal matter involved	Disclosure date (if any)	Index to disclosed information (if any)
Chinese Gold Nobil	Gold jewelry	acquisition	24,500,000.00	49.00%	Self-owned funds	Shenzhen Chinese	Perpetual	Equity	Equity transfer	4,260,000.00	161,622.47	No	15th Dec. 2018	Announcement on

ity						Gold Nobility Jewelry Co., Ltd.			has not been paid					“Securities Times”, “The Dagong Daily";Giant Tide Information Network www.cninfo.com.cn; Bulletin on Acquisition of Equity of Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. 2018-065）
Total	--	--	24,500,000	--	--	--	--	--	--	4,260,000.	161,622.47	--	--	--

			.00							00				

3. Material Non-Equity Investments Ongoing in Reporting Period

□ Applicable √ Not applicable

4. Financial Investments

(1) Securities Investments

□ Applicable √ Not applicable

No securities investment during the reporting period

5. Use of Funds Raised

□ Applicable √ Not applicable

No such cases in this Reporting Period.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

□ Applicable √ Not applicable

No such cases in this Reporting Period.

2. Sale of Major Equity Interests

√ Applicable □ Not applicable

Trading party	On sell Equity	the date of sale	Transaction price (10K yuan)	Net profit (RMB 10K) of the equity contribution to the listed company from	The Impact of Sales on Company	The proportion of net profit contributed by equity sale to total net profit of	Pricing Principle of Equity Sale	If connected transaction	Relationship with trading party	Has all the equity involved been transferred	Whether it is implemented as planned or not, and if No, the reasons and	Disclosure date (if any	Index to disclosed information (if any)

				the beginning of the current period to the date of sale		listed company					measures taken by the company shall be explained.		
Shenzhen Gaopu Industrial Co., Ltd.	Shenguorong Guarantees 30% Equity	30th Sep. 2018	15,000	0	Recovery fund	0.00%	consultation	No	No	No	In case of failure to implement as planned, the company has sent letters to negotiate solutions and signed supplementary agreements for many times	30th Nov. 2018	Announcement on "Securities Times", "The Dagong Daily";Giant Tide Information Network www.cninfo.com.cn; Bulletin on Acquisition of Equity of Shen

													zhen Chinese Gold Nobility Jewelry Co., Ltd. 2018-059）

VII Main Controlled and Joint Stock Companies

√ Applicable □ Not applicable

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

Unit RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Sales revenue	Operating income	Net income
Shenzhen Rieys Industrial Co., Ltd.	Subsidiary	Investment and import & export	50000000	22,750,797.56	21,922,233.66	0.00	0.00	-6,078,775.51

Acquisition and disposal of subsidiaries in the reporting period

√ Applicable ☐ Not Applicable

Name	Ways of acquiring and disposing subsidiaries in the reporting period	Impact on overall production, operation and performance
Shenzhen magake blue arrow Co., Ltd	Sell	No
Shenzhen Xiaoxiaomei Technology Co., Ltd	Buy	No

Description of major holding and participating companies

Shenzhen Rieys Industrial Co., Ltd. has significant loss during the reporting period is mainly due to provision of bad debt loss

VIII Structured Bodies Controlled by the Company

□ Applicable √ Not applicable

IX Outlook for the Future Development of the Company

For the problems faced in the company's development, please refer to the relevant contents in "section I important tips" of this report. The company's response measures are detailed in "section

IV discussion and analysis of business situation" and "section V important matters" of this report, and the company is also looking for appropriate projects to adjust the company's business at the right time.

X Visits Paid to the Company for Purposes of Research, Communication, Interview, etc.

1. In this Reporting Period

√ Applicable □ Not applicable

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
2019-01-17	By phone	Individual	Proposed buyback, proposed business transformation of the company
2019-01-22	By phone	Individual	The company's countermeasures and future planning for the stock price below par value
2019-03-27	By phone	Individual	Understand the composition and number of shareholders
2019-07-25	By phone	Individual	Implementation of share increase and progress of repurchase
2019-08-19	By phone	Individual	Exchange time, window period and share price below par value
2019-08-20	By phone	Individual	Repurchase related matters
2019-08-21	By phone	Individual	Annual report inquiry and profit measures in 2019
2019-09-24	By phone	Individual	Understand the situation of repurchase and increase
2019-10-08	By phone	Individual	Inquire about the reasons for increase
2019-10-11	By phone	Individual	Increase and buy back and focus on 2019 performance
2019-10-25	By phone	Individual	When will the buy back start, when will the increase of holdings of concerted actors be implemented, and focus on the profits in 2019
2019-10-30	By phone	Individual	Whether the signing of supplementary agreement will generate income and focus on the profit in 2019

2019-11-04	By phone	Individual	Number of shareholders, shareholding increase, repurchase and profit measures in 2019
2019-11-22	By phone	Individual	Increase of related parties' holdings and profit measures in 2019
2019-11-25	By phone	Individual	
2019-12-04	By phone	Individual	B to A policy, profit measures in 2019, website update
2019-12-05-	By phone	Individual	Profit measures and increase of related parties' holdings of actual controllers in 2019
2019-12-09-	By phone	Individual	Calculation method of face value, repurchase and increase of related parties
2019-12-10	By phone	Individual	Below par risk tips, on repo and 2019 results
2019-12-11	By phone	Individual	Less than par value, repurchase, increase of related parties' holdings
2019-12-11	By phone	Individual	Whether to take measures below the face value
2019-12-11	By phone	Individual	Whether to take measures below the face value
2019-12-11	By phone	Individual	Whether measures are taken when the value is lower than the face value and whether the profit is made in 2019
2019-12-12	By phone	Individual	Whether to take measures below the face value
2019-12-13	By phone	Individual	Whether to take measures below the face value
2019-12-13	By phone	Individual	Whether to take measures below the face value
2019-12-13	By phone	Individual	Whether to take measures below the face value
2019-12-18	By phone	Individual	Whether to take measures below the face value
2019-12-18	By phone	Individual	Whether to take measures below the face value

2019-12-19	By phone	Individual	Write off long-term accounts payable
2019-12-19	By phone	Individual	Write off long-term accounts payable, policy of transfer B to a, possibility of reorganization

Times of visit	31
Number of visiting institutions	0
Number of visiting individuals	31
Number of other visitors	No

Part V Significant Events

I Profit Distribution and Converting Capital Reserve into Share Capital for Common Shareholders

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, for common shareholders in this Reporting Period

□ Applicable √ Not applicable

Plans (or preliminary plans) for profit distribution and converting capital reserves into share capital for common shareholders for the past three years (including the Reporting Period)

No common stock dividend distribution plan in recent 3 years, or convert capital reserve into share capital, retained funds continue to be used for operation

Cash dividend distribution of the Company to common shareholders over the past three years (including the Reporting Period)

Unit RMB

Year	Cash dividends (tax included)	Net profit attributable to common shareholders of the Company in the consolidated statements for the year	Proportion in net profit attributable to common shareholders of the Company in the consolidated statements for the year (%)	Cash dividends in other forms	Ratio of cash dividends in other forms	Year	Cash dividends (tax included)
2019		1,996,242.74					
2018	0.00	-13,392,596.16					
2017	0.00	-14,352,474.20					

The Company made profit in the Reporting Period and the profit distributable to common shareholders of the Company was positive, but it did not put forward a preliminary plan for cash dividend distribution to its common shareholders

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

III Performance of commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirer, as well as the Company and Other Commitment Makers, Fulfilled in this Reporting Period or Ongoing at the 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.		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.	May 21, 2015	Perpetual	In execution
	The Company's largest shareholder Shenzhen		Excepting the company stock, it can not in any	The Company's largest shareholder Shenzhen		

	Shenghengchang Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.		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.	Shenghengchang Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.		
Commitments made in time of IPO or refinancing						
Commitments concerning stock ownership incentive						
Other commitments to small and medium shareholders of the company	Hongcheng Chen		If the company sells 45% shares of jinshitong and jinshitong through the future industrial fund, and the accumulated amount received by the way of obtaining the equity transfer	2018-12-29	Fulfillment of the agreed time for making up obligations	In execution

			fund for profit distribution is less than 120 million yuan, or the future industrial fund is not distributed according to the agreed profit distribution plan, then the actual controller Chen Hongcheng shall make up with cash within one month from the date of occurrence of the event. The specific arrangement of cash compensation is as follows: 1. If the difference is less than 30 million yuan, it shall be paid to the company's account within 10 days after the			

			company receives all the profit distribution funds or the future industry fund fails to distribute according to the agreed profit distribution plan; 2. If the difference is between 30 million yuan and 80 million yuan, 30 million yuan shall be paid within 10 days from the date when the company receives all the profit distribution funds or the future industrial fund fails to distribute according to the agreed profit distribution plan, and the remaining			

			payment shall be completed within 15 days; 3. If the difference is higher than 80 million yuan, 30 million yuan shall be paid within 10 days after the company receives all the profit distribution funds or the future industrial fund fails to distribute according to the agreed profit distribution plan, another 50 million yuan shall be paid within 15 days after that, and the rest shall be paid within 5 days after that.			
	Xuewen Chen		Based on the confidence	2019-06-04	Within 2 months after the	Not In execution

			in the company's future development prospects, and in order to stabilize investor confidence and effectively protect the interests of investors. When the stock price of the company is less than HK $1.5/share, the number of shares increased shall not be less than 1 million. Within 2 months after the trading day of the disclosure date of the increase plan. Self owned funds are traded through centralized bidding in Shenzhen Stock Exchange.		trading day of the disclosure date of the increase plan。	

			During the implementation of the share increase plan, the relevant provisions of the CSRC and Shenzhen Stock Exchange will be observed, and the shares held by the company will not be reduced during the implementation of the share increase plan and within the legal period.			
Whether promises are fulfilled on time	No					
If the commitment is not fulfilled within the time limit, the specific reasons for the unfinished performance and the next work plan shall be explained in detail	Due to the impact of the information disclosure sensitive period and other factors during the commitment period, Ms. Chen Xuewen's effective time to implement the increase plan is shortened. In addition, there are many affairs, so she can't plan the increase time reasonably, which results in the increase plan can't be completed within the agreed time. In this period, “Within 2 months after the date of disclosure of the increase notice” be changed to “Within 4 months after 2 trading days from the disclosure date of the increase notice(due to the suspension of trading, the period of increasing holding shall be extended accordingly)”, That is, extended the original June 7, 2019 to October 6, 2019 (due to the suspension, the increase period shall be extended accordingly). On August 8, 2019, the 29th meeting of the 7th board of directors of the company deliberated and passed the proposal on change of commitment. The above proposal has not passed the					

	deliberation of the second extraordinary general meeting of shareholders in 2019.

2. Where there had been an Earnings Forecast for an Asset or Project and this Reporting Period was still within the Forecast Period, explain why the Forecast has been Reached for this Reporting Period.

□ Applicable √ Not applicable

IV Occupation of the Company's Funds by the Controlling Shareholder or its Related Parties for Non-operating Purposes

□ Applicable √ Not applicable

There is no non-operational funds occupied by controlling shareholders and its related parties during the reporting period of the company

V Explanations Given by the Board of Directors, the Supervisory Committee and the Independent Directors (if any) regarding the "Modified Auditor's Report" Issued by the CPAs Firm for this Reporting Period

√ Applicable □ Not applicable

I. Notes on matters involved in the audit report with qualified audit opinions on emphasis of matter paragraph

Guangdong Jadiete Holdings Group Company Limited (hereinafter referred to as "the company" or "GD Jadiete") employs Asia Pacific (Group) CPAs (Special General Partnership) as the company's financial report audit agency in 2019, and Asia Pacific (Group) CPAs (Special General Partnership)issued qualified audit opinions on emphasis of matter paragraph for the company's financial report in 2019 Presentation.

I. The content of the basis for forming reservations is as follows

(1)Guangdong Jadiete Holdings Group Company Limited borrowed money from Industrial and Commercial Bank of China Limited Jieyang Rongcheng sub branch for Puning huafengqiang Trading Co., Ltd. (hereinafter referred to as "huafengqiang") , and providing Jieyang branch of industrial and Commercial Bank of China Limited real estate mortgage guarantee for the loan of Puning lailisheng Trading Co., Ltd. (hereinafter referred to as "lailisheng") from Jieyang branch of industrial and Commercial Bank of China Limited in year 2017. As stated in notes 11 and 2 to the financial statements, huafengqiang refinanced RMB 11.4 million from Rongcheng Branch of industrial and Commercial Bank of China Limited in May 2019 with the above-mentioned mortgage guarantee agreement, and lailisheng refinanced RMB 23.5 million from Jieyang branch of industrial and Commercial Bank of China Limited in February 2019 with the above-mentioned mortgage guarantee agreement. Due to huafengqiang and lailisheng did not sign any relevant counter guarantee agreement with Guangdong Jadiete Holdings Group Company Limited as required. As we are unable to obtain sufficient and appropriate audit evidence for the solvency of the above two companies, we are unable to determine the impact of the contingent liabilities formed by the mortgage guarantee.

(2)The subsidiary Tianrui (Hong Kong) Trading Co., Ltd (hereinafter referred to as " Tianrui") wrote off debt

RMB 12,490,089.17, The counterparty is Jiasong Co., Ltd. The debt was formed in 2012 and wrote off in 2019. As we are unable to conduct on-site interview with Jiasong Co., Ltd. to confirm whether the debt write off is related party transaction.

II.The content of " III. Significant uncertainties that related to continuous operation" as follows

We remind users of financial statements to pay attention to that, as stated in notes VI 25 of the financial statements, the company has accumulated loss of RMB -115,844,222.89 till 31th Dec. 2019; Operating revenue declined sharply from the previous year, Net profit attributable to the parent company after deducting current non recurring profit and loss is RMB - 12006, 826.15 yuan, it has showed deficits for two years running, as stated in note III 2 of the financial statements, these matters and situations indicate that there are significant uncertainties could lead to significant doubts to the company's continuous operation. This matter does not affect the published audit opinions.

II. Special notes of the board of directors on matters involved in the qualified audit opinion with emphasis of matter paragraph in the 2019 audit report

(1)The board of directors of the company believes that the audit opinion objectively reflects the actual situation

(2) The company formulates the following measures to solve the matters involved in the qualified audit opinion with emphasis of matter paragraph

1. qualified opinion

i. Measures for mortgage guarantee

At the beginning of 2019, the company sent several letters to consult with lairisheng to terminate the mortgage guarantee. Lairisheng agreed to raise funds to repay the loan and release the mortgage guarantee before November 30, 2019. In December 2019, the company sent a letter to lairisheng to learn about the situation, because lairisheng did not inform the company to handle the relevant procedures for mortgage cancellation. In response, Leisheng said that due to capital problems, it was unable to fulfill its previous commitments, and said that it would raise funds to solve the mortgage guarantee issues as soon as possible.

In order to ensure that there will be no risk in this mortgage guarantee, after many times of urging by the company, lailisheng provided the financial statements of 2019 and the documents for paying interest on schedule, and at the same time, lailisheng recommitted to release the mortgage guarantee before May 31, 2020. The company checked the interest payment documents of lailisheng and found no overdue situation. The loan contract provided by lairisheng expired on February 28, 2020. Lairisheng said that it was unable to resume work due to the impact of the epidemic at that time. In order to support the enterprise, the local bank extended the loan contract for six months, that is, it expired on August 27, 2020.

At the beginning of 2019, the company sent several letters to negotiate with huafengqiang to release the mortgage guarantee. Huafengqiang agreed to raise funds to repay the loan and release the mortgage guarantee before October 31, 2019. In November 2019, the company sent a letter to huafengqiang to learn about the situation, because huafengqiang did not inform the company to handle the relevant procedures to remove the real estate mortgage. Huafengqiang replied that due to the impact of the macro environment, the turnover became slow, unable to fulfill the previous commitments, and said that it would raise funds to solve the mortgage guarantee issues as soon as possible. In order to ensure that there is no risk in this mortgage guarantee, huafengqiang has provided a new loan contract, 2019 financial statements and documents of interest payment on schedule after the company's repeated urging. At the same time, huafengqiang re promised to release the mortgage guarantee before May 31, 2020. Huafengqiang provided a new loan contract showing that the loan period is 12 months (May 16, 2019 to May 15, 2020), and the loan amount is 11.4 million yuan. The company checked the interest payment documents of huafengqiang and did not find overdue situation.

Huafengqiang and lailisheng apply for the line loan, that is, within the line, the term and recyclable. The company has signed the maximum mortgage guarantee contract with the relevant banks. As a result, the company has in the past signed the corresponding counter guarantee agreement based on each loan of the above two companies within the loan line. If the two companies repay the current loan within the limit, the counter guarantee agreement of the same period will be completed.

Although huafengqiang and lailisheng failed to repay the loan and release the corresponding mortgage guarantee within the promised period, and failed to sign the counter guarantee agreement and provide the corresponding counter guarantee with the company again, however, through negotiation, the company has also obtained the financial statements of huafengqiang and lailisheng in 2019, the documents for payment of interest and the new commitment to release the mortgage guarantee. The above measures show that the business risk of huafengqiang and lailisheng is not high, the possibility of loan overdue is low, their attitude to solve the problem is good, and they also have the ability to repay the loan and release the mortgage guarantee. Although the company fails to take other measures to fully protect the interests of the company, considering the cost and risk of other ways, in view of the current form, it is a relatively good choice for all parties to reach the above consensus.

In the future, the company will promote the release of mortgage guarantee in strict accordance with the commitment time of the above two companies. If the above two companies fail to fulfill their commitments on time, the company will take necessary legal measures to protect the rights and interests of the company.

(2) About Write off debt of subsidiary Tianrui

The company believes that the Write off debt of subsidiary Tianrui is not a related party transaction. At the beginning of the company's listing, its main business is garment production and export sales. The mode is produced by Puning base (Puning Tianhe weaving and garment factory Co., Ltd.), and exported by Shenzhen (Shenzhen Lei Industry Co., Ltd.) and Hong Kong (Tianrui (Hong Kong) Trade Co., Ltd.). Jiasong Co., Ltd. is one of our early customers. According to the company's previous operation and financial information, as early as September 2009, Shenzhen Rieys Industrial Co., Ltd. the holding subsidiary of the company, started its first trade business with it, and in 2009, it achieved a trade volume of more than 10 million yuan. The business registration information of Jiasong Co., Ltd. shows that Jiasong Co., Ltd. is a BVI company incorporated in Virgin Islands on April 23, 2003.

In April 2012, the seller Tianrui (Hong Kong) Trading Co., Ltd. and the buyer Jiasong Co., Ltd. signed three sales confirmations respectively. The main contents of the sales confirmation: the total contract price of the sales goods "Polyester Knitted Blouse", "polyester knitted skirt", "polyester knitted trousers", "cotton polyester knitted Nightgown", "cotton polyester knitted Nightgown set", "cotton polyester knitted Nightgown", is 4780, 308.00 US dollars, the place of shipment agreed in the contract is Puning, Guangdong Province. The delivery date is before October 31, 2012, November 15, 2012 and November 30, 2012. The contract stipulates that the buyer shall pay 40% of the contract amount in advance, and the rest shall issue 100% confirmed irrevocable sight payment letter of credit. The letter of credit shall indicate that it is valid for negotiation in China within 15 days after the date of shipment. The dispute shall be submitted It shall be submitted to the foreign economic and Trade Arbitration Commission of the China Council for the promotion of international trade for arbitration. After signing the contract, the buyer paid the seller 40% of the contract deposit of USD 1912123.2, equivalent to RMB 12490089.17 according to the exchange rate.

After that, the buyer Jiasong Co., Ltd. failed to issue 100% confirmed irrevocable L / C for payment at sight to the seller Tianrui in accordance with the contract. Therefore, the two sides have different opinions on how to perform the three sales confirmations. After many unsuccessful negotiations, the two sides failed to reach a settlement on this matter in time. This also led to the breakdown of cooperation between the two sides and no new business in the future.

In February 2018, the company tried to contact Jiasong Co., Ltd. due to the need of letter from the company for 2017 audit, and Jiasong Co., Ltd. did not respond. In February 2019, the company tried to contact Jiasong Co., Ltd. again due to the need of letter from the company for 2018 audit, and Jiasong Co., Ltd. but Jiasong didn't reply. As Jiasong Co., Ltd. has replied to all the letters and certificates of the previous year of the company, but has not replied since 2018, the company arranges relevant personnel to understand the situation and inquire about it through intermediary agencies. It is understood that Jiasong Co., Ltd. has been operated abnormally. Through the efforts of Tianrui, we have contacted relevant personnel of Jiasong Co., Ltd. After negotiation, both parties agreed to terminate the contract verbally on the sales confirmation of that year, without paying down the deposit, and no longer hold each other accountable.

Based on the above situation, the company required the company's financial center to check the long-term accounts payable and other accounts payable of the company at the end of October 2019. The financial center of the company issued the corresponding report at the end of November 2019, and the company submitted the report of the financial center to the board of directors and the board of supervisors for deliberation.

In order to complete the wirit off procedures, Tianrui once again to contact the relevant personnel of Jiasong Co., Ltd. and sent a letter to the relevant personnel of Jiasong Co., Ltd. on December 23, 2019, and reached a written document to terminate the above-mentioned sales contract and confiscate the deposit paid, and no longer hold each other accountable. The lawyer hired by the company expressed opinions on the verification, suggesting that Tianrui can include the deposit paid by the buyer Jiasong Co., Ltd. into the category of debt not to be paid, and make financial verification for the long-term payable debt.

Throughout the course of the event, management believes that there is no indication that Jiasong Co., Ltd. is a related party of the company. Due to the pandemic situation, it is an objective factor that the accountant cannot leave the country to carry out the on-site interview procedure with Jiasong Co., Ltd. To sum up, Tianrui, a wholly-owned subsidiary of the company, verified and cancelled the creditor's rights of Jiasong Co., Ltd. in accordance with relevant regulations

2. emphasis of matter paragraph，

As for the sustainable operation ability, the company plans to take the following measures to solve the sustainable development problem in the future,

(1) Zhongjin Yipin(CICC) is still the company's main revenue source in 2020.

Since the second half of 2019, CICC has decided to transform its business strategy from wholesale business to retail business. Relevant personnel actively used their contacts in Shuibei for many years to find retail customers, and seized the sales peak season at the end of the year and before the traditional Spring Festival. In 2020, although CICC will face the uncertainty caused by the new crown pandemic, it will actively take measures to expand the retail channel according to the market situation. On the one hand, it will rely on the existing offline resources, on the other hand, it will actively develop online business, and improve the sales through live broadcast and other new channels

(2)The company started to resume foreign trade business

In view of the development of the new crown epidemic into a global pandemic, the demand for medical devices is increasing all over the world. The company starts to resume the export business that has been stagnant for many years, and uses the original foreign trade relations to resume the export business. It plans to export the domestic anti pandemic materials to the places where they are needed. At present, the relevant export procedures have been completed, the second type of medical device business Filing Certificate has been obtained, the business scope has been increased, the port electronic certificate has been updated, etc

(3) The company strengthens fund recovery, straightens out the property right relationship and prepares for the introduction of new business

Through the continuous coordination of the company, ray industry, a subsidiary, recovered relevant funds and avoided bad debts. At the same time, it is conducive to the stable development of CICC to pay for the equity transfer of CICC and straighten out the equity relationship of cicc-1. Subsequently, the company will further strengthen the recovery of equity transfer funds and other funds of Shenzhen Guorong financing guarantee company. Meanwhile, the company also actively seeks new projects, through M & A and other measures to consolidate the company's business and improve profitability

To sum up, the business planning of the company is more clear in the previous year, and relevant problems will be solved gradually. The existing business is relatively stable, the projects to be carried out are clear, and the future goals are clear. Through the implementation of the above plans, the sustainable development of the company will be fundamentally solved.

(3) The impact of the event on the listed company

Through the self-examination of the company's management, it is not found that the above-mentioned reserved and enhanced transfer items have other significant adverse effects on the company's financial situation and operating results in 2019.

(4) Independent director's independent opinion on matters and solutions involved in the qualified audit with emphasis of matter paragraph

The company shall implement the relevant measures strictly, eliminate the influence on the company of the matters involved in the audit opinion of strengthening the transfer of matters, and safeguard the interests of the majority of investors, especially the small and medium-sized investors

(5) Opinions of the board of supervisors,

The special instructions on matters involved in the qualified audit report with emphasis of matter paragraph issued by the company's board of directors objectively and truthfully reflects the actual situation of the company. The board of supervisors will actively urge all parties to implement corresponding measures in place

VI YoY Changes in Accounting Policies, Estimations and Methods

√ Applicable □ Not applicable

On March 31, 2017, the Ministry of Finance issued accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments (2017 Revision) (CK [2017] No. 7) , Accounting standards for Business Enterprises No. 23 - transfer of financial assets (2017 Revision) (CK [2017] No. 8), Accounting standards for Business Enterprises No. 24 - hedge accounting (revised in 2017) (CK [2017] No. 9), On May 2, 2017, the accounting standards for Business Enterprises No. 37 - presentation of financial instruments (2017 Revision) (CK [2017] No. 14) (the above standards are collectively referred to as the "new financial instruments standards"), requiring domestic listed enterprises to implement the new financial instruments standards from January 1, 2019.

All recognized financial assets under the new financial instrument standards are measured at amortized cost or fair value. On the implementation date of the new financial instrument standard, the business model of managing financial assets shall be evaluated on the basis of the existing facts and circumstances of the company on that date, and the contractual cash flow characteristics of the financial assets shall be evaluated on the basis of the facts and circumstances of the initial recognition of the financial assets. The financial assets shall be divided into three categories, Measured at amortized cost, measured at fair value with changes included in other comprehensive income and measured at fair value with changes included in current profit and loss. Among them, for the equity instrument investment measured at fair value with its changes included in other comprehensive income, when the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income, not included in the current profit and loss.

Under the new financial instrument standards, the company makes provision for impairment of financial assets measured at amortized cost, debt instrument investment measured at fair value with changes included in other comprehensive income, lease receivables, contract assets and financial guarantee contracts based on expected credit loss, and recognizes credit impairment loss.

The Company retrospected the application of new financial instrument guidelines, but if the classification and measurement (including impairment) involve the inconsistency between the data in the previous comparative financial statements and the new financial instrument standards, the company chooses not to restate them. Therefore, for the cumulative impact of the first implementation of the standard, the company adjusts the amount of retained earnings or other comprehensive income and other related items in the financial statements at the beginning of 2019, and the financial statements in 2018 are not restated

The main changes and impacts of the implementation of the new financial instrument standards on the company are as follows,

①Classification and measurement comparison of financial assets before and after the first implementation date

A. Impact on consolidated financial statements

December 31, 2018 (before change)			January 1, 2019 (after change)		
Item	Measurement category	book value	Item	Measurement category	book value
Monetary fund	Amortized cost	1,613,340.23	Monetary fund	Amortized cost	1,613,340.23
Notes receivable	Amortized cost		Notes receivable	Amortized cost	
Accounts receivable	Amortized cost	22,021,179.73	Accounts receivable	Amortized cost	22,021,179.73
Other receivables	Amortized cost	4,189,883.29	Other receivables	Amortized cost	4,189,883.29

B. Impact on the company's financial statements

December 31, 2018 (before change)			January 1, 2019 (after change)		
Item	Measurement category	book value	Item	Measurement category	book value
Monetary fund	Amortized cost	150,376.48	Monetary fund	Amortized cost	150,376.48

Notes receivable	Amortized cost		Notes receivable	Amortized cost	
Accounts receivable	Amortized cost		Accounts receivable	Amortized cost	
Other receivables	Amortized cost	124,003,172.06	Other receivables	Amortized cost	124,003,172.06

②On the first implementation date, the book value of the original financial assets is adjusted to the adjustment table of the book value of the new financial assets classified and measured in accordance with the new financial instrument standards

A.Impact on consolidated statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Notes receivable				
Less: transfer out to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				
Accounts receivable	22,021,179.73			
Less: transfer out to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				22,021,179.73
Other receivables	4,189,883.29			
Remeasurement:				

provision for expected credit loss				
Balance according to new financial instrument standards				4, 189, 883. 29

B. Impact on the company's financial statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Notes receivable				
Less: transfer out to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				
Accounts receivable				
Less: transfer out to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				
Other receivables	124, 003, 172. 06			
Remeasurement: provision for expected credit loss				
Balance according to new				124, 003, 172. 06

financial instrument standards				

③Adjustment statement of provision for impairment of financial assets on the first execution date

A Impact on consolidated statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Provision for impairment of accounts receivable	13,722,771.05			13,722,771.05
Provision for impairment of other receivables	8,290,852.10			8,290,852.10

B Impact on the company's financial statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Provision for impairment of accounts receivable	4,608,276.88			4,608,276.88
Provision for impairment of other receivables	5,598,683.42			5,598,683.42

VII Retroactive Restatement due to Correction of Material Accounting Errors in this Reporting Period

□ Applicable √ Not applicable

No such cases in the Reporting Period.

VIII YoY Changes in the Scope of the Consolidated Financial Statements

√ Applicable □ Not applicable

newly set up Shenzhen MaJiaKe Blue Arrow Technology Co., Ltd.

IX Engagement and Disengagement of CPAs Firm

CPAs firm at present

Name of the domestic CPAs firm	Asia (Group) CPAs (Special General Partnership)

The Company’s payment for the domestic CPAs firm (RMB’0,000)	60
Consecutive years of the audit service provided by the domestic CPAs firm	11
Name of certified public accountant of the domestic CPAs firm	Zhou Hanjun, Tang Tengfei
Continuous years of audit services of Certified Public Accountants of the domestic CPAs firm	3、1

Whether the CPAs firm was changed in the Reporting Period

□ Yes √ No

CPAs firm, financial advisor or sponsor engaged for internal control audit

√ Applicable □ Not applicable

In the Reporting Period, the Company engaged the CPAs firm for internal control audit with total fees of RMB0.25 million

X Possibility of Listing Suspension or Termination after Disclosure of this Report

□ Applicable √ Not applicable

XI Bankruptcy and Restructuring

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XII Significant Litigations and Arbitrations

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XIII Punishments and Rectifications

□ Applicable √ Not applicable

No such cases in the Reporting Period.

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

√ Applicable □ Not applicable

Because the application of executor Huaneng Guicheng Trust Co., Ltd. (hereinafter referred to as "HNGC") applied for Dispute case of "rishengchuangyuan" and Huaneng Guicheng trust loan and pledge type repurchase, failure to perform the obligation of performance determined by the effective legal document within the time limit, Chen Hongcheng, the actual controller of the company, and Sheng Hengchang HuiFu, the controlling shareholder of the company, have been listed in the list of dishonest executors by Shenzhen intermediate people's court.

XV Implementation of any Equity Incentive Plan, Employee Stock Ownership Plan or Other Incentive Measures for Employees

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XVI Significant Related-party Transactions

1. Related-party Transactions Relevant to Routine Operation

□ Applicable √ Not applicable

No such cases in the Reporting Period.

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

□ Applicable √ Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

□ Applicable √ Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

□ Applicable √ Not applicable

No such cases in the Reporting Period.

5. Other Significant Related Transactions

√ Applicable □ Not applicable

No such cases in the Reporting Period.

At the 21st Meeting of the 7th board of directors held on October 30, 2018, the company deliberated and passed “Proposal on Capital Increase of Hunan Microconductor Technology Co., Ltd. and Related Transactions”. The company intends to sign a capital increase agreement and increasing the capital of Hunan Micro-conductor Technology Co., Ltd. with RMB 25 million. After the capital increase, the company holds 12.6904% equity of Hunan Micro-conductor Technology Co., Ltd. Due to the character of the company, Hunan Microconductor Technology Co., Ltd. decided to terminate the company's capital increase on March 22, 2019.

Interim Report Disclosure Website Related Queries on Major Related Transactions

Name of provisional Interim notice	Disclosure date of Interim notice	Website name for disclosure of interim announcement
Notice on Capital Increase of Hunan Microconductor Technology Co., Ltd. and Related Transactions	Oct. 31th 2018	Giant Tide Information Network （www.cninfo.com.cn）

XVII Significant Contracts and Execution

1. Entrustment, Contracting and Leasing

(1) Entrustment

□ Applicable √ Not applicable

No such cases in the Reporting Period.

(2) Contracting

□ Applicable √ Not applicable

No such cases in the Reporting Period.

(3) Leasing

□ Applicable √ Not applicable

No such cases in the Reporting Period

2. Significant Guarantees

√ Applicable □ Not applicable

(1) Guarantees Provided by the Company

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries 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.	Nov. 14th 2014	1,700		1,140	pledge	Nov.11th 2014 to Nov.11th 2019	Not	Not
Puning Lailisheng Trade Co., Ltd.	Sep. 8th 2017	2,400		2,350	pledge	Sep. 8th 2017 to Sep. 8th 2022	Not	Not
Total external guarantee line approved during the Reporting Period (A1)		0		Total actual occurred amount of external guarantee during the Reporting Period (A2)		4,100		
Total external guarantee line that has been approved at the end of the Reporting Period (A3)		4,100		Total actual external guarantee balance at the end of the Reporting Period (A4)		3,490		
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 amount of company guarantee (i.e. total of the first three items)								
Total guarantee line approved during the Reporting Period (A1+B1+C1)				Total actual occurred amount of guarantee during the Reporting Period (A2+B2+C2)		4,100		

Total guarantee line that has been approved at the end of the Reporting Period (A3+B3+C3)	4,100	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	3,490
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company		10.11%	
Of which:			

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. Entrusted Cash Management

(1) Entrusted Cash Management

□ Applicable √ Not applicable

No such cases in the Reporting Period.

(2) Entrusted Loans

□ Applicable √ Not applicable

No such cases in the Reporting Period.

4. Other Significant Contracts

□ Applicable √ Not applicable

No such cases in the Reporting Period

XVIII Social Responsibilities

1. Social Responsibilities Taken

Not applicable

2. Targeted Measures Taken to Help People Lift Themselves out of Poverty

The company did not carry out targeted poverty alleviation work in the reporting year, and no follow-up plan.

3. Particulars Relevant to Environmental Protection

Is the Company or any of its subsidiaries a heavily polluting business identified by the environmental protection authorities of China

No

Not applicable

XIX Other Significant Events

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XX Significant Events of Subsidiaries

□ Applicable √ Not applicable

Part VI Share Changes and Shareholder Information

I Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Number	Percentage (%)	New issues	Number	Percentage (%)	New issues
1. Restricted shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
1.1 Promoter’s shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Of which: shares held the state	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic juridical persons	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Shares held by foreign juridical person	0	0.00%	0	0	0	0	0	0	0.00%
Other	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Public corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Internal employee shares	0	0.00%	0	0	0	0	0	0	0.00%
1.4 Preferred shares or other	0	0.00%	0	0	0	0	0	0	0.00%
2. Non-restricted shares	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%
2.1 RMB common shares	0	0.00%	0	0	0	0	0	0	0.00%
2.2 Domestically listed shares for foreign investors	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	318,600	100.00	0	0	0	0	0	318,600	100.00

	,000	%						,000	%

Reasons for any 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 of 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

1. Securities (Excluding Preference Shares) Issued in this Reporting Period

□ Applicable √ Not applicable

2. Changes in Total Shares of the Company and the Shareholder Structure, as well as the Asset and Liability Structures

□ Applicable √ Not applicable

3. Existing Employee-held Shares

□ Applicable √ Not applicable

III Shareholders and Actual Controller

1. Total Number of Shareholders and their Shareholdings

Unit, share

Total number of common shareholders at the period-end	9,351	Total number of common shareholders at the prior month-end before the disclosure of this Report	9,205	Total number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)	0	Total number of preference shareholders with resumed voting rights at the prior month-end before the disclosure of this Report (if any) (see note 8)	0

5% or greater shareholders or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during this Reporting Period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status	Number
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Domestic non-state-owned corporation	36.99%	117,855,000	0	117,855,000	0	Pledged	117,855,000
							Freeze	117,855,000
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd	Domestic non-state-owned corporation	10.68%	34,020,000	0	34,020,000	0	Pledged	34,020,000
							Freeze	34,020,000
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	7.24%	23,050,755	-1,682,398		23,050,755		
Shenwan Hongyuan	Foreign corporation	4.24%	13,516,855	5,801,009		13,516,855		

securities (Hong Kong) Co., Ltd								
Shenzhen Lianhua Huiren Industrial Co., Ltd	Domestic non-state-owned corporation	3.81%	12,150,000		12,150,000		Pledged	12,150,000
							Freeze	12,150,000
Anxin International Securities (Hong Kong) Co., Ltd	Foreign corporation	2.05%	6,530,673	6,530,673		6,530,673		
Tang Haiming Tang	Domestic natural person	1.71%	5,436,600	5,436,600		5,436,600		
China Everbright Securities (Hong Kong) Co., Ltd	Foreign corporation	1.33%	4,226,600			4,226,600		
Haitong International Securities Company Limited-Account Client	Foreign corporation	1.25%	3,972,922	3,972,922		3,972,922		
Chen Jianxing	Domestic natural person	0.54%	1,723,723	211,504		1,723,723		
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)		N/A						
Related or acting-in-concert parties among the shareholders above		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.						
Shareholdings of the top ten non-restricted shareholders								

Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares	
		Type	Number
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	23,050,755	Domestically listed foreign share	23,050,755
Shenwan Hongyuan securities (Hong Kong) Co., Ltd	13,516,855	Domestically listed foreign share	13,516,855
Anxin International Securities (Hong Kong) Co., Ltd	6,530,673	Domestically listed foreign share	6,530,673
Tang Haiming	5,436,600	Domestically listed foreign share	5,436,600
China Everbright Securities (Hong Kong) Co., Ltd	4,226,600	Domestically listed foreign share	4,226,600
Haitong International Securities Company Limited-Account Client	3,972,922	Domestically listed foreign share	3,972,922
Chen Jianxing	1,723,723	Domestically listed foreign share	1,723,723
Lin Zhenmin	1,152,849	Domestically listed foreign share	1,152,849
Xing Yingsheng	903,800	Domestically listed foreign share	903,800
Chen Jinming	765,500	Domestically listed foreign share	765,500
Related or acting-in-concert parties among the top ten non-restrictedly tradable share holders and between the top ten non-restrictedly tradable share holders and the top ten shareholders	Unknown		
Particulars about the top ten	N/A		

common shareholders participating in the securities lending and borrowing business (if any) (see note 4)	

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 this Reporting Period

□ Yea √ No

No such cases in this Reporting Period.

2 Information about the Controlling Shareholder

Nature of the controlling shareholder: natural person shareholding

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Credibility code	Main business scope
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Chen Hongcheng	May 14, 1997	91440300741222321M	Sales of hardware, electric, building materials, electronic products and auto parts; import and export goods, technology import and export (except for projects prohibited by laws and administrative regulations; projects prohibited by laws and administrative regulations can be operated with permission)

Change of the controlling shareholder during this Reporting Period

□ Applicable √ Not applicable

No such cases in this Reporting Period

3. Information about the Actual Controller

Nature of the actual controller: domestic natural person

Type of the actual controller: natural person

Name of the actual controller	Nationality	China	Name of the actual controller
Chen Hongcheng	Self	China	No

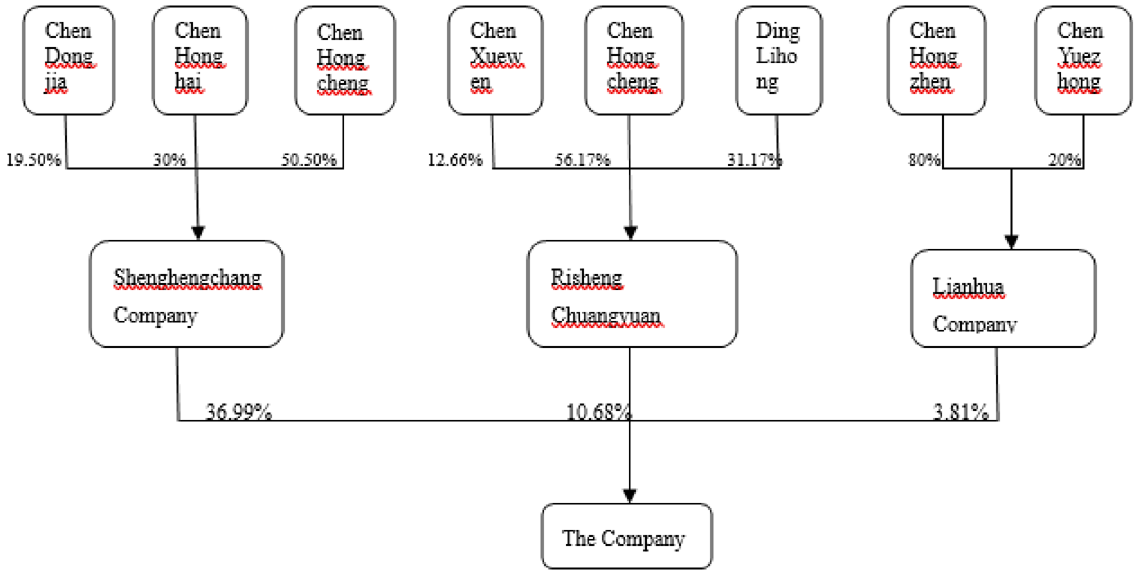
Chen Hongchai	Concerted action (including agreements, relatives, the same control)	China	No
Chen Dongjia	Concerted action (including agreements, relatives, the same control)	China	No
Ding Lihong	Concerted action (including agreements, relatives, the same control)	China	No
Cheng Xuewen	Concerted action (including agreements, relatives, the same control)	China	No
Chen Hongzhen	Concerted action (including agreements, relatives, the same control)	China	No
Chen Yuezhong	Concerted action (including agreements, relatives, the same control)	China	No
Occupation and position	Vice Chairman of the Company		
Particulars on his controlling listed companies over the past ten years	N/A		

Change of the actual controller during this Reporting Period

□ Applicable √ Not applicable

No such cases in this Reporting Period.

Ownership and control relations between the actual controller and the Company



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

□ Applicable √ Not applicable

4. 10% or Greater Corporate Shareholders

√ Applicable □ Not applicable

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Zheng Peilin	September 8, 2000	RMB308 million	Be entrusted with asset management, equity investment, investment consulting and information consulting (the above excluded securities, insurance, financial business, human resources consulting service and other restricted projects); invest and initiate industries (the detailed project till further declared); domestic trade(excluding monopoly commodities); import and

				export of goods (excluding projects limited by laws and administration regulations; certification shall be gained for the above mentioned limited projects)

5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

□ Applicable √ Not applicable

Part VII Preferred Shares

□ Applicable √ Not applicable

No preferred shares in the Reporting Period

Part VIII Convertible bonds

□ Applicable √ Not applicable

No preferred shares in the Reporting Period.

Part VIIII Directors, Supervisors, Senior Management and Staff

I Changes in Shareholdings of Directors, Supervisors and Executive Officers

Name	Office title	Incumbent/former	Gender	Age	Starting date of tenure	Ending date of tenure	Opening shareholding (share)	Increase in this Reporting Period (share)	Decrease in this Reporting Period (share)	Other increase/decrease (share)	Closing shareholding (share)
Chen Hongcheng	Vice Chairman of the Board	Incumbent	Male	62	2016-01-22	2019-01-21	0	0	0	0	0
Chen Honghai	Director	Incumbent	Male	66	2016-01-22	2019-01-21	0	0	0	0	0
Chen Dongwei	Director	Incumbent	Male	30	2016-01-22	2019-01-21	0	0	0	0	0
Pan Xiaochun	independent director	Incumbent	Female	49	2016-01-22	2019-01-21	0	0	0	0	0
Zhuang Weidong	independent director	Incumbent	Male	47	2016-01-22	2019-01-21	0	0	0	0	0
Liu Yong	independent director	Incumbent	Male	43	2016-01-22	2019-01-21	0	0	0	0	0
Yan Mingfei	supervisory board chairman	Incumbent	Male	51	2016-01-22	2019-01-21	0	0	0	0	0
Huang Yanfan	Superv	Incumb	Female	54	2016-0	2019-0	2,000	0	0	0	2,000

g	isor	ent			1-22	1-21					
Li Ning	Supervisor	Incumbent	Male	51	2016-01-22	2019-01-21	8,200	0	0	0	8,200
Chen Jincai	CFO, VP	Incumbent	Male	68			0	0	0	0	0
Xu Wei	Secretary and VP of the board of directors	Incumbent	Male	43			5,000	0	0	0	5,000

II Changes in Directors, Supervisors and Executive Officers

□ Applicable √ Not applicable

III Brief Biographies

Professional backgrounds, main working experience and current responsibilities in the Company of the incumbent directors, supervisors and executive officers

Chairman of the Board and President Mr. Chen Hongcheng was born in 1958; bachelor degree. At present he is the vice chairman of the board and legal representative of the Company. He has ever been the standing commissar of political consultative conference of Puning, Guangdong, the distinguished member of political consultative conference of Guangdong Province, vice chairman of Costume Association of Guangdong Province, vice chairman of Costume Association of Shenzhen City, the deputy of the National People's Congress of Jieyang City and Guangdong Province.

Director Mr. Chen Honghai was born in 1954 and graduated from university; he acts as Director of Shenzhen Shenghengchang HuiFu Industrial Co., Ltd.

Director Mr. Chen Dongwei, was born in 1990 with a bachelor degree. Now he is the executive director of Shenzhen Jinshi Tonghe Investment Co., Ltd. and the director of the Qianhai Hengsheng (Shenzhen) Fund Management Co., Ltd.. He once served as the General Manager of Fun Department in Shenzhen Qianhai Pengcheng Jianxin Investment Fund Co. (Limited Partnership).

Liu Yong, independent Director: born in 1977, master of business administration, certified public accountant of China, certified tax agent of China, graduated from Beijing Jiaotong University with a master's degree in Business Administration in 2013. Since June 2006, he has been a partner of Shenzhen Pinghai Certified Public Accountants (general partnership), executive director and general manager of Shenzhen daoluzhong certified public accountants Co., Ltd., and independent director of Shenzhen Fangzhi Technology Co., Ltd

Independent Director, Mr. Zhuang Weidong, born in 1973, Chinese, acquired Master of law, finance law from University of Hong Kong. He has lot of Chinese and foreign legal practice experience. Now he is a lawyer of China Commercial Law Firm. He once worked in Guangdong Guang Cheng Law Firm and Guangdong Xindesheng Law Firm.

Independent Director, Mr. Pan Xiaochun born in 1971, Chinese, Postgraduate degree, with many years of enterprise management experience, is currently the deputy general manager of the financing management center of Shenzhen

Baoneng Investment (Group) Co., Ltd. and has worked in Shenzhen Jinhongsheng Investment (Group) Co., Ltd., Shenzhen Maoye (Group) Co., Ltd.

of the Board of Supervisors Mr. Yan Mingfei born in 1968, university degree, engineer. At present, he is the general manager of Shantou Lianzihua Information Technology Co., Ltd. he was an assistant engineer of Shantou Special Electric Power Development Co., Ltd. and an engineer of Talent Exchange Center of Shantou Special Economic Zone

Supervisor Ms. Huang Yanfang, born in 1966, bachelor degree, she has engaged in enterprise financial work for many years. Now she serves in financial dep. of the Company.

Supervisor Mr. Li Ning, born in 1969, college degree, he now acts as Deputy General Manager of Administration and HR Department of the Company. He ever acted as Supervisor of the Company, General Manager of Dongguan Riseview Knitting Co., Ltd.

Chief Financial Officer, Mr. Chen Jincai, born in 1952 with junior college education. He ever acted as Vice Chief and Chief of Financial Department of Shenhua (Group) Limited, Vice GM and CFO in Guanlan Golf, Chief Accountant and Chief of Financial Department in Shenzhen S.E.Z. Real Estate (Group) Co., Ltd., etc.

Secretary of the Board and Vice President Mr. Xu Wei, born in 1977, graduated from Zhongnan University of Economics and Law, is a bachelor holder of economics and law. He once acted as Securities Affairs Representative and Secretary of the Board and Supervisor of the Company, General Manager of Securities Affairs and Secretary to the Chairman of the Board of Directors in ABest Department Store Supermarket.

Posts concurrently held in shareholding entities

√Applicable □Not applicable

Name	Shareholding entity	Post	Starting date of tenure	Ending date of tenure	Allowance from the shareholding entity (yes/no)
Chen Hongcheng	Shenzhen Shenghengchang HuiFu Industrial Co., Ltd.	Chairman of the Board			No

Posts held concurrently in other entities

√Applicable □Not applicable

Name	Other entity	Post	Starting date of tenure	Ending date of tenure	Allowance from the entity (yes/no)
Pan Xiaochun	Shenzhen Jin Hongsheng investment (Group) Co., Ltd.	Vice President			Yes
Zhuang weidong	China Commercial Law Co., Ltd	Lawyer			Yes
Liuyong	Pinghai Accounting Firm, Shenzhen, Hunan (General Partnership)	Partner			Yes
Chen Dongwei	Shenzhen Jinshi Tonghe Investment Co., Ltd., Shenzhen Jinshi Tonghe Stock Investment Center (L.P), Hunan Majiake Blue Arrow Technology Co., Ltd., Hunan Guoguang Ceramic Group Co., Ltd. and Qianhai Hengsheng (Shenzhen) Fund	Director/executive director			Yes

	Management Co., Ltd.				
Xu wei	Hunan Microconductor Technology Co., Ltd. and Elephant Cloud Control (Shenzhen) Information Technology Co., Ltd.	Director			No

Punishments imposed in the recent three years by the securities regulators on the incumbent directors, supervisors and executive officers as well as those who left in this Reporting Period

□ Applicable √ Not applicable

IV Remuneration of Directors, Supervisors and Executive Officers

Decision-making procedure, determination basis and actual remuneration payment of directors, supervisors and executive officers

In accordance with the *Proposal on Setting down Remuneration of Senior Executives* examined and passed at the 1st meeting of the 2nd Board of Director for the year 2002, *Proposal on Adjusting Allowance of Directors, Independent Director and Supervisors* examined and passed at the 2007 Annual Meeting of Shareholders and *Proposal on Remuneration Appraisal System of Directors, Supervisors and Senior Management Staffs* examined and passed at the 2012 Annual Meeting of Shareholders, directors and independent directors of the Company drew their annual allowance of RMB50,000 (tax included) respectively from the Company; supervisors of the Company received the annual allowance of RMB15,000 (tax included) respectively. The Company reimbursed the reasonable charges according to the actual situation which independent directors attended the meetings of the Board, shareholders' general meeting or exercise their functions and powers in accordance with the relevant laws and regulations and *Articles of Association*.

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company (yes/no)
Chen Hongcheng	Vice Chairman of the Board	Male	62	Incumbent	5	No
Chen Honghai	Director	Male	66	Incumbent	5	No
Chen Dongwei	Director	Male	30	Incumbent	5	No
Liu Yong	Independent director	Male	43	Incumbent	5	No
Pan Xiaochun	Independent director	Male	49	Incumbent	5	No
Zhuang Weidong	Independent director	Female	47	Incumbent	5	No
Yan Mingfei	supervisory board chairman	Male	51	Incumbent	1.5	No
Huang Yanfang	Supervisor	Female	54	Incumbent	11.58	No
Li ning	Supervisor	Male	51	Incumbent	12.78	No
Chen Jincai	CFO and vice	Male	68	Incumbent	16.68	No

	president					
Xu Wei	Secretary of the Board and vice president	Male	43	Incumbent	16.44	NO
合计	--	--	--	--	88.98	--

Equity incentives for directors, supervisors and executive officers in this Reporting Period

□ Applicable √ Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of employees in the parent company	7
Number of employees in main subsidiaries	38
Total number of active employees (person)	45
Total number of employees receiving salary in the current period (person)	45
Number of retired employees of the parent company and major subsidiaries who need to bear the expenses (person)	0
Professional composition	
Professional composition category	Number of professionals
production staff	0
Sales staff	13
technical staff	3
financial staff	10
Administrative staff	19
Total	45
Education level	
Education level category	Quantity (person)
Postgraduate	3
University	17
Senior school	19
Junior middle school	6
Total	45

2. Employee Remuneration Policy

The establishment of remuneration policy of the Company was in line with the market and same industry standard which fully pay attention to the cultivation and incentives of the employee team. The Company and its subsidiaries provide remuneration system including base salary, bonuses, allowances and subsidies, employee welfare, medical insurance premiums, industrial injury insurance, birth insurance premium, housing fund, labor union expenditure as well as employee education expenses.

3. Employee Training Plans

The Company's 2018 training plan was based on the actual situation of the Company, and in line with the adjustment of organization structure, operation management point, and the problems happened in the operation, focused on organizing the training for leaders' execute power of the administrative management level meanwhile actively organized employee participate the training of industrial association, supervision department and other institutions.

4. Labor Outsourcing

□ Applicable √ Not applicable

Part X Corporate Governance

I Basic Situation of Corporate Governance

In the Reporting Period, the Company strictly in line with requirements of Company Law, Securities Laws and other relevant laws and regulations as well as requirement of a modern enterprise system, continued to perfected corporate governance structure, established and perfected internal management and control system, consistently dug in convene of corporate governance activities, so as to standardizing operation of the Company and promoting corporate governance level of the Company. During the Reporting Period, the Company's overall operation was standard and independent, and the information disclosure is standard, and the actuality of the corporate governance of the Company was in accordance with requirements of documentary files on corporate governance of listed companies issued by CSRC.

Any significant incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies

□ Yes √ No

No such cases in this Reporting Period.

II Independence of Businesses, Personnel, Asset, Organizations and Finance which are Separate from the Controlling Shareholder

The Company is completely separated from its controlling shareholder in aspects such as business, personnel, assets, institutions and finance and possesses independent and complete business and self-dependent operating ability.

1. In respect of business, the Company owned an integrated business structure and independent operation, it doesn't depend on any shareholder or other party; besides, it exist no horizontal competition or any obviously unfair related-party transaction between the Company and its controlling shareholder, actual controller and other enterprises controlled by it, nor any event that the controlling shareholder directly or indirectly intervened the operation of the Company.
2. In respect of personnel, in terms of labor, personnel and salary management, the Company and the controlling shareholder were independent from each other. Such senior management staff as Chairman of the Board, General Manager, and Deputy General Managers all drew remuneration from the Company, and they did not take any post in the controlling shareholder and its subsidiaries.
3. In respect of assets, separated from the controlling shareholder, the Company owned independent production and operation site, integrated assets structure, independent production system, auxiliary production systems and ancillary facilities, land use right and ownership of house, etc., and independent procurement and sales system. Besides, it owned complete controlling right on all the assets, there was no illegal occupation of assets and funds by the controlling shareholder, actual controller or their controlling enterprises that did any harm to the interest of the Company.
4. In respect of organization, the Company has set up a perfect organization that was independent from the controlling shareholder or its functional departments.
5. In respect of financing, the Company owned independent financial department with independent accountants, established independent accounting system and financial management system, independently made the financial decision. Besides, it opened independent bank account and paid tax independently.

III Horizontal Competition

□ Applicable √ Not applicable

IV Annual and Special Meetings of Shareholders Convened during this Reporting Period

1. Meetings of Shareholders Convened during this Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to the disclosed information
The 1st 2019 Annual Meeting of Shareholders	interim general meeting of stockholders	59.34%	2019-01-18	2019-01-19	Announcement of the resolution of the first extraordinary general meeting of shareholders in 2019 published on <Securities times> <Ta Kung Pao > ,www.cninfo.com.cn Announcement No.: 2019-003)
2018 Annual Meeting of Shareholders	annual general meeting of stockholders	51.54%	2019-06-28	2019-06-29	Announcement of the resolution of the first extraordinary general meeting of shareholders in 2018 published on <Securities times> <Ta Kung Pao > ,www.cninfo.com.cn Announcement No.: 2019-039)
The 2nd 2019 Annual Meeting	interim general meeting of	52.18%	2019-09-06	2019-09-07	Announcement of the resolution

of Shareholders	stockholders				of the first extraordinary general meeting of shareholders in 2019 published on <Securities times> <Ta Kung Pao > ,www.cninfo.com.cn Announcement No.: 2019-055)

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

□ Applicable √ Not applicable

V Performance of Independent Directors in this Reporting Period

1. Attendance of Independent Directors in Board Meetings and Meetings of Shareholders

Attendance of independent directors in board meetings and meetings of shareholders							
Independent director	Due presence in this Reporting Period for board meetings (times)	Presence on site for board meetings (times)	Presence by telecommunication for board meetings (times)	Presence through a proxy for board meetings (times)	Absence for board meetings (times)	Absent for two consecutive times for board meetings	Presence or meetings of shareholders (times)
Pan Xiaochun	8	8	0	0	0	No	2
Zhuang Weidong	8	8	0	0	0	No	1
Liu Yong	8	8	0	0	0	No	0

Explanations on non-attendance in person for two consecutive times

Not applicable

2. Objections Raised by Independent Directors on Issues of the Company

Indicate by tick mark whether any independent directors raised any objections on issues of the Company.

□ Yes √ No

No such cases in this Reporting Period.

3. Other Details about the Performance of Duties by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

√ Yes □ No

Suggestions from independent directors adopted or not adopted by the Company:

Require the company's internal audit department to conduct due diligence on whether Puning Huafengqiang Trade Co., Ltd. or Puning Lailisheng Trade Co., Ltd. is related parties of the company. According to the report provided by the internal audit department, the two companies mentioned above are not related parties of the company

VI Performance of Duties by Specialized Committees under the Board during this Reporting Period

（I） Performance of Board Audit Committee

(1)The Audit Committee of the Board of Directors reviewed the Financial Statements compiled by the Company before the CPAs' entry for the yearly audit of the Company, believing that, the statements was in line with the Accounting Standard for Business Enterprises published by the State, and truly reflected the Company's financial status, operating results and cash flows in 2019, so it was permitted that ASIA (Group) Accounting Firm carried out the annual audit for the year 2019 on the basis of the said statements.

(2) In accordance with the schedule of audit work and audit process, the audit committee will entrust special persons to follow up and urge them to submit audit reports within the agreed time limit by telephone and mail.

(3) After auditing, the preliminary audit opinion on the company's financial report for 2019 is a qualified audit report of Asia Pacific (Group) CPAs (Special General Partnership)

According to the preliminary audit opinions of the audit institutions, the board audit committee once again reviewed the company's financial statements and related information, carefully understood the matters involved in the qualified opinions, and considered that the company's financial statements reflected the actual situation of the company. The audit report issued by the accounting firm with reservations for the company is in line with the actual situation of the company, and there is no objection to the preliminary opinions on the financial report for the year 2019. At the same time, the company's management is obliged to formulate solutions immediately and implement them as soon as possible for matters related to reservations, and to resolve relevant matters as soon as possible.

(4) Before the company's annual audit report for 2019 issued by the accounting firm, the board audit committee reviewed the financial and accounting report once again, agreed with the results of the audit of the company's financial statements for 2019 by the accounting firm, and agreed to submit the audit report to the company's board of directors for consideration.

(5) The board audit committee considers that Asia Pacific (Group) CPAs (Special General Partnership) launched and accomplished the Company's 2019 annual audit in strict compliance with audit regulations and rules, with sufficient audit time, professional accountants and a strong sense of risk. The audit report issued thoroughly presented the Company's financial status, operating results and cash flows in the year 2019, with the audit conclusion factually reflecting the actual situation of the Company

(6) The board audit committee proposed to reengage Asia Pacific (Group) CPAs (Special General Partnership) as the audit agency for the Company's 2020 annual audit, considering inflation and other factors and refering to implementation in the previous years for audit remuneration

(II) Summary of duty performance of Remuneration & Appraisal Committee

In 2019, the salary standards of directors, supervisors and senior managers of the company conform to the relevant provisions of the company. No inconsistencies between the salary standards and the relevant system of the company were found, and no violations of the relevant system of the company were found.

VII Performance of Duties by the Supervisory Committee

Did the Supervisory Board find any risks to the Company during its supervision in this Reporting Period?

□ Yes √ No

The Supervisory Board raised no objections in this Reporting Period.

VIII Appraisal and Incentive for Executive Officers

During the Reporting Period, the Company's senior management staffs seriously performed their duties in strict accordance with the Company Law, Articles of Association and relevant laws and rules, actively implemented the resolutions made in the Company's shareholders' general meeting and the board sessions, continued to strengthen the internal management under the correct direction of the Board of Directors, and well completed the tasks of the year.

IX Internal Control

1. Serious Internal Control Defects Found in this Reporting Period

√ Yes □ No

Details
According to the above criteria for the identification of internal control defects in financial reports, the company's internal control leading group (Audit Committee) and audit department carry out internal control self inspection and rectification, regular internal control test supervision and rectification, special audit supervision and rectification. In addition, according to the daily supervision of each department of the company, the company's internal control defects in financial reports and the rectification are as follows during the reporting period, On November 11, 2014, the company took the real estate as the collateral for Puning huafengqiang Trade Co., Ltd. (hereinafter referred to as "huafengqiang trade") and Jieyang Rongcheng sub branch of industrial and Commercial Bank of China Limited signed a mortgage contract of maximum amount (Rongcheng sub branch 2014 GDZ No. 3632; the main creditor's rights guaranteed were from November 11, 2014 to November 11, 2019), providing mortgage guarantee. Huafeng Qiangtao renewed RMB 11.7 million on May 18, 2018, and has signed a loan contract with a loan term of 12 months. On September 8, 2017, the company signed the maximum mortgage contract (0201900134-2017 small enterprise (mortgage) No. 0042) with the real estate as collateral for Puning lailisheng Trade Co., Ltd. (hereinafter referred to as "lailisheng trade") and Jieyang branch of industrial and Commercial Bank of China Limited; the main creditor's rights guaranteed are from September 8, 2017 to September 8, 2022, providing mortgage guarantee. Huafeng Qiangtao renewed the loan of 23.79 million yuan on August 22, 2018, and has signed a loan contract with a loan term of 6 months. The company noted that huafengqiang trade and lailisheng trade failed to sign the corresponding counter guarantee agreement with the company in accordance with the previous practice after the renewal of the loan, and the company had internal control defects that it was unable to effectively manage the risk of the real estate collateral provided by the guarantee.

The internal control rectification measures taken by the company during the reporting period are as follows, 1. Huafengqiang trade and lailisheng trade replied that due to the economic downturn, business funds are under great pressure and it is unable to sign the counter guarantee agreement in the previous way. After many negotiations, huafengqiang trade promised to raise funds to repay the corresponding loans and release the mortgage guarantee before October 31, 2019 and lailisheng trade promised to raise funds to repay the corresponding loans before November 30, 2019 2. In November 2019, the company sent a letter to huafengqiang trade to learn about the situation, because huafengqiang trade didn't inform the company to handle the relevant procedures to remove the real estate mortgage. Hua Fengqiang's reply to trade said that due to the impact of the macro environment, the turnover became slow and it was unable to fulfill its previous commitments, saying that it would raise funds to solve the mortgage guarantee issues as soon as possible. After several times of urging by the company, huafengqiang trade has provided the financial statements of 2019, the documents for paying interest on schedule and the letter of commitment to release the mortgage guarantee before May 31, 2020 3.In December 2019, the company sent a letter to lairisheng trade to learn about the situation of lairisheng trade, because lairisheng trade did not notify the company to handle the relevant procedures to remove the real estate mortgage. Lailisheng trade reply said that due to financial problems, it was unable to fulfill its previous commitments and said that it would raise funds to solve the mortgage guarantee issues as soon as possible. After several times of urging by the company, lailisheng trading provided the financial statements of 2019, the documents for paying interest on schedule and the commitment letter for the release of the mortgage guarantee before May 31, 2020.

2. Internal Control Self-evaluation Report

Disclosure date of the Self-appraisal Report on Internal Control	April 23, 2019	
Index to the disclosed internal control self-evaluation report	www.cninfo.com.cn	
Total assets of the evaluated entities as a percentage in the consolidated total assets	100.00%	
Operating revenues of the evaluated entities as a percentage in the consolidated operating revenues	100.00%	
Defect identification standards		
Type	Financial-report related	Non-financial-report related
Nature standard	a. Major defects: (1) The directors, supervisors and senior management committed frauds; (2) There are material misstatements in the issued financial statements, affecting the authenticity, completeness and fairness, and therefore, the company shall correct them; (3) The certified public account discovered	a. Major defect: (1) There is no legal decision making procedure for significant matters; (2) Lack of decision making procedure or the undisciplined decision-making procedure leads to major errors; (3) The company is subject to criminal penalties or is ordered to suspend production or business operation, or

	materials misstatements in the current financial statements, while the internal control fails to discover such misstatements in its operation; (4) The company audit committee and internal audit body's supervision on the internal control is inefficient. b. Key defects: (1) The control environment is in sufficient; (2) The company's accounting policies violates the Accounting Standards for Business Enterprises; (3) The accounting policies applied in the company is incompliant with the company's accounting system; (4) There is no corresponding control mechanism for accounting treatment of non-regular or special transactions, or such control mechanism is not put into operation; (5) There is one or more defect with the control of the financial reporting process at the end of the period, and therefore, it cannot reasonably ensure that the authenticity and completeness in the prepared financial statements. c. Minor defects: Other control defects except the major defects and key defects.	subject to the revoking or temporary seizure of its marketing license or business license and other such administrative penalties, because of the violation of state laws, regulations, rules or normative documents; (4) The major defects in internal control are not rectified; (5) There is no system control for significant businesses or the system has a systematic malfunction. b. When there is solid evidence to prove that the company is in one of the following circumstances at the end of the evaluation period, it shall be deemed that the internal control has key defects: (1) The decision making procedure exists, but it is not perfect; (2) The irregularity of the decision making procedure results in significant error; (3) The company is subject to criminal penalties or is ordered to suspend production or business operation, or subject to the revoking or temporary seizure of its marketing license or business license and other such administrative penalties, because of the violation of state laws, regulations, rules or normative documents; (4) The key business system has a key defect; (5) The key defects in the internal control are not rectified. c. Minor defects: Other control defects except the major defects and key defects.
Quantitative standard	The quantitative standard takes the amount of direct property losses as the measurement indicator. If the amount of	The quantitative standard takes the amount of direct property losses as the measurement indicator. If the amount

	direct loss in assets caused by one defect alone or together with other defects is lower than 5% of the net assets in the consolidated financial statement, the defect is a minor defect; If the amount of direct loss in assets exceeds 5% of the net assets in the consolidated financial statements but less than 10%, the defect is a key defect; If the amount of direct loss in assets exceeds 10% of the net assets in the consolidated financial statements, the defect is a major defect.	of direct loss in assets caused by one defect alone or together with other defects is lower than 5% of the net assets in the consolidated financial statement, the defect is a minor defect; If the amount of direct loss in assets exceeds 5% of the net assets in the consolidated financial statements but less than 10%, the defect is a key defect; If the amount of direct loss in assets exceeds 10% of the net assets in the consolidated financial statements, the defect is a major defect.
Number of major defects in financial report	0	
Number of major defects in non-financial Report	0	
Number of important defects in financial report	0	
Number of important defects in non-financial Report	0	

Part X Auditor's Report on Internal Control

√ Applicable □ Not Applicable

Opinion paragraph in the auditor's report on internal control	
In our opinion, due to the above major defects and the impact of achieving the control objectives, Guangdong Jadiete Holdings Group Company Limited failed to maintain effective internal control over financial statements in all major aspects in accordance with the basic norms for internal control of enterprises and relevant regulations on December 31, 2019.	
Information	Disclosure
Disclosure date	2020-04-28
Full disclosure index	http://www.cninfo.com.cn
Opinion type of internal control audit report	Adverse opinion
Whether there are significant defects in the non-financial Report	Yes

Indicate by tick mark whether any modified opinions are expressed by the CPAs firm in its auditor’s report on the Company’s internal control.

√ Yes □ No

Notes on the audit report of internal control issued by the accounting firm with non-standard opinions

The Jadiete company's external guarantee matters are not effectively supervised and there are major defects. The major defect is that in the daily work of the company’s audit and supervision system, it failed to discover the defects such as the failure to fulfill the pledge of mortgage guarantee and the failure to sign the counter guarantee agreement in accordance with the internal control system, and timely reported to the appropriate level as required and took effective measures.

In the mortgage guarantee, the company negotiated with Lairisheng and Huafengqiang, Lairisheng and Huafengqiang agreed to raise funds to repay the loan and release the mortgage guarantee before November 30, 2019, and Huafengqiang agreed to raise funds to repay the loan and release the mortgage guarantee before October 31, 2019. As of December 31, 2019, Lairisheng and Huafengqiang have not finished the relevant procedures to remove the real estate mortgage yet. Due to capital problems Lairisheng and Huafengqiang are unable to fulfill their previous commitments, and no counter guarantee agreement has been signed for the new loans in 2019.

Indicate by tick mark whether the auditor’s report on the Company’s internal control issued by the CPAs firm is consistent with the self-evaluation report of the Board.

√ Yes □ No

Part XI Corporate Bonds

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

No.

Part XII financial reports

1. Audit report

Type	Qualified opinion
Date	2020-04-27
Name	Asia-Pacific (Group) Certified Public Accountants
Report No	Ya Hui A shen zi (2020) No. 1255
Name of CPA	Zhou Hanjun and Tang Tengfei

Report text

I. Qualified opinion

We have audited the accompanying consolidated financial statements of Guangdong Jadiete Holdings Group Company Limited (hereinafter referred to as the Company), which comprise the consolidated and the Company's statement of financial position, the consolidated and the Company's statement of profit or loss and other comprehensive income, the consolidated and the Company's statement of cash flows, the consolidated and the Company's statement of changes in equity for the year ended 31 December 2018 and notes to the financial statements.

In our opinion, except the impact of the matters mentioned in the section of "the foundation of forming reservations", financial statements of the Company have been prepared according to the Chinese Accounting Standards for Business Enterprises in all material aspects, which give a true and fair view of the financial position of Guangdong Jadiete Holdings Group Company Limited and its subsidiaries as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

II. The foundation of forming reservations

(1) As stated in Notes XI 2 of the financial statements, Loans renewed in 2019 by Puning huafengqiang Trading Co., Ltd. and Puning lailisheng Trading Co., Ltd, but did not sign any relevant counter guarantee agreement with Guangdong shunzhe company as required. As we are unable to obtain sufficient and appropriate audit evidence for the solvency of the above two companies, we are unable to determine the impact of the contingent liabilities formed by the mortgage guarantee.

(2) The subsidiary Tianrui (Hong Kong) Trading Co., Ltd (hereinafter referred to as " Tianrui") wrote off debt RMB 12,490,089.17, The counterparty is Jiasong Co., Ltd. The debt was formed in 2012 and wrote off in 2019. As we are unable to conduct on-site interview with Jiasong Co., Ltd. to confirm whether the debt write off is related party transaction.

We conducted our audit in accordance with the Chinese Standards on Auditing for Certified Public Accountants. The part of audit report "CPA's responsibility for the audit of financial statements" further expounds our responsibilities under these guidelines. According to the professional ethics of Chinese Certified Public Accountants, we are independent of the Company, and perform other responsibilities of professional ethics. We believe that the audit evidence we obtained is sufficient and appropriate, and providing a basis for publication of reservations.

III. Significant uncertainties that related to continuous operation

We remind users of financial statements to pay attention to that, as stated in notes VI 25 of the financial statements, the company has accumulated loss of RMB -115,844,222.89 till 31th Dec. 2019; Operating revenue declined sharply from the previous year, Net profit attributable to the parent company after deducting current non recurring profit and loss is RMB - 12006, 826.15 yuan, it has showed deficits for two years running, as stated in note III 2 of the financial statements, these matters and situations indicate that there are significant uncertainties could lead to significant doubts to the company's continuous operation. This matter does not affect the published audit opinions.

IV. Key audit matters

The key audit matter is the matters which we consider most important in the audit of current financial statements according to our professional judgment. To deal with these matters should be in the background of auditing the whole financial statements and forming audit opinions, we do not comment on these matters separately

(1) Revenue recognition

i. Description

In year 2019, the Company's operation revenue of consolidation is RMB 18,295,354.68, the operation revenue of the subsidiary Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. (hereinafter referred to as "CGNJ Company") is RMB 15,324,468.13. As an Important source of the Company's consolidated profits, we identified the authenticity and cutoff of operation revenue as key auditing matter.

According to the accounting policy of CGNJ Company, its revenue mainly comes from sales of gold jewelry and mosaic jewelry. The company recognizes the above sales revenue as the Company's revenue at the time point customer confirms the acceptance receipt.

(2) Audit response

Our audit procedures for the authenticity and integrity of operation revenue include (but are not limited to)

i. Understand and test the design and implementation between CGNJ Company and internal control system and financial accounting system which relevant to sales and receipts.

ii. Distinguish the categories of sales products, combine industry development with company's actual situation, execution of analytical review procedures, judge the rationality of sales income and gross profit change.

iii. Perform detailed testing, do sample Inspection for the records of inventory receiving and dispatching, sales warehouse receipt signed by customers and so other external evidence, check receipt records, information corroboration of occurrence amount in the current period, occurrence amount of prime operating revenue and combining sales contract terms and other information, at the same time, field visits have been further implemented for large customers, audit authenticity of sales income.

Have Sample checks on the income at the end of 2019 and the beginning of 2020, audit deadline of sales revenue and so on.

V. Other information

Management of the Company (hereinafter referred to as management) is responsible for other information. Other information includes information contained in annual reports, but excludes financial statements and our audit reports.

Our audit opinions on financial statements do not contain any other information, nor do we publish any form of forensic conclusion on other information.

Combined with our audit of financial statements, our responsibility is to read other information, in the process, we considered whether there is significant disagreement or major misstatement between other information with financial statements and what we know in the process of auditing

Based on the work we have done, we should report the fact if we confirm that other information exists major misstatement. we have nothing to report in this respect.

VI. Responsibility of management and governance for financial statements

Management of the Company (hereinafter referred to as management) is responsible for preparing financial statements according to the accounting standards of enterprises, making it fair to reflect, designing, implementing, and maintaining necessary internal control, making financial statements do not exist major misstatement caused by fraud or errors.

In the preparation of financial statements, management is responsible for evaluating continuous operation ability of the Company, disclosure of matters related to continuous operation (if applicable), and using the continuing operation hypothesis, unless the management plan to settle accounts of the Company, terminate operation or no other realistic choice

Governance is responsible for oversight of the financial reporting process of the Company.

VII. CPA's responsibility for the audit of financial statements

Our goal is to get a reasonable guarantee for the overall of financial statements do not exist major misstatement caused by fraud or errors, and issue an audit report containing the audit opinion.

Reasonable assurance is high level guarantee, but it doesn't guarantee that audit performed according to auditing standards can always be found in the presence of a major misstatement. Misstatements may be caused by fraud or error, misstatements are often considered to be major if the reasonable anticipation of misstatement may separate or gathered affect economic decisions by the user of the financial statements,

In implementing audit work according to auditing standards, we use professional judgement and remain professional skepticism. At the same time, we also carry out the following works:

(1) Identified and evaluated the risk of major misstatement of financial statements caused by fraud or error, designed and implemented audit procedures to deal with these risks and obtain sufficient and appropriate audit evidence as the basis for the publication of audit opinions. Because fraud may involve collusion, forgery, intentional omission, false statement, or overriding internal control, the risk of major misstatements caused by fraud is higher than the risk of failure to find major misstatements caused by errors.

(2) Understood the internal control related to audit, so as to design appropriate audit procedures.

(3) To evaluate the appropriateness of accounting policies that chose by management and make sure accounting estimation and its related disclosure was reasonable.

(4) Came to a conclusion for the appropriateness of management using the continuous operation hypothesis. At the same time, according to the audit evidence obtained, came to a conclusion for the matter that may cause serious doubts about the company's continuous capacity or whether

situation exists a major uncertainty. If we came to conclusion that there was a major uncertainty, the audit guidelines required us to draw users' attention to relevant disclosures in financial statements in audit report. If the disclosure was not enough, we should publish reservations. Our conclusion is based on information available at the end of the audit date. However, future events or conditions may cause the Company can’t continue to operate.

(5) Evaluated overall presentation, structure and content (including disclosure) of financial statements, and evaluated whether the financial statements reflect the related transactions and matters fairly.

(6) Obtained sufficient and appropriate audit evidence on the financial information of entity or business activities in the Company, and comment on the financial statements. We are responsible for guiding, supervising and implementing group audits. We assume full responsibility for the audit opinion.

We have communicated with governance about audit scope of the plan, time arrangement, major audit findings and other matters, communication includes the notable internal control flaws we identified in the audit.

We have provided a statement to the governance about complied with the professional ethics related to independence, and communicated with governance about all relationships and other matters that may be reasonably considered to affect our independence, as well as related precautions (if applicable).

Through the matters that communicated with governance, we decide what matters are most important for the current financial statement audit, thus constitutes a key audit matter. We describe these matters in the audit report, unless laws and regulations prohibit public disclosure of these matters, or in very few cases, if the negative consequences of a reasonably expected communication of a matter in the audit report exceed the benefits of the public interest, we are determined not to communicate the matter in the audit report.

Part XIII Contents of Reference File

1. Financial statements with the signature and seal of the person in charge of the company, the person in charge of accounting and the person in charge of accounting
2. The original audit report with the seal of the accounting firm and the signature and seal of the certified public accountant
3. Reserved copy and original announcements of all company documents publicly disclosed on the designated website of CSRC during the reporting period

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

Consolidated Statement of Financial Position

2019年12月31日

Prepared by Guangdong Jadiete Holdings Group Company Limited Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
Current Assets:			
Monetary funds	VI 1	1,259,899.63	1,613,340.23
Trading financial assets			/
Financial assets at fair value through profit or loss		/	
Derivative financial assets			
Note receivable			
Accounts receivable	VI 2	9,124,432.68	22,021,179.73
Receivables financing			/
Prepayment	VI 3	314,810.13	30,946,946.32

Other receivable	VI 4	3,362,628.68	4,189,883.29
Inventories	VI 5	173,929,882.99	158,915,234.32
Held for sale assets	VI 6	149,998,221.71	149,998,221.71
Non-current assets maturing within one year			
Other current assets	VI 7	25,096,981.77	23,600,078.85
Total current assets		**363,086,857.59**	**391,284,884.45**
Non-current assets:			
Issued commissioned loans and advances			
Debt investment			/
Available-for-sale financial assets		/	
Other Debt investment			/
Held-to-maturity investments		/	
Long-term trade receivable			
Long-term equity investment	VI 8	100,600,000.00	100,600,000.00
Other equity instrument investment			/
Other non-current financial assets			/
Investing properties	VI 9	5,868,823.78	4,774,374.35
Property, plant and equipment	VI 10	31,563,817.93	34,965,810.73
Construction in progress			
Production/Productive biological assets			
Oil-gas assets			
Intangible assets	VI 11	7,286,961.93	8,444,458.00
R&D expense			300,705.00
Goodwill			
Long-term deferred assets	VI 12	414,857.81	536,172.24
Deferred tax assets	VI 13	5,828,910.22	3,996,186.93
Other non-current assets			
Total non-current assets		**151,563,371.67**	**153,617,707.25**

Total assets		**514,650,229.26**	**544,902,591.70**

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Consolidated Statement of Financial Position

2019 年 12 月 31 日

Prepared by Guangdong Jadiete Holdings Group Company Limited Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
Current liabilities:			
Short-term brrowings			
Trading financial liabilities			/
Financial liabilities at fair value through profit or loss		/	
Derivative financial liabilities			
Notes payable			
Accounts payable	VI 14	16,088,889.66	16,141,549.26
Advance payment	VI 15	86,443,115.70	86,215,991.53
Accrued payroll	VI 16	2,895,329.45	1,369,295.25
Taxes payable	VI 17	25,253,599.38	23,985,993.86
Other payables	VI 18	36,678,743.30	46,728,023.22
Held for sale liabilities			
Long-term liabilities due within one year			59,552.00
Other current liabilities			
Total current liabilities		**167,359,677.49**	**174,500,405.12**
Non-current liabilities:			
Long-term borrowings			
Bonds payables			

Of which: Preferred shares			
Perpetual bonds			
Long-term payables			
Long term accrued payroll			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		**167,359,677.49**	**174,500,405.12**
Equity interest:			
Share capital	VI 19	318,600,000.00	318,600,000.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve	VI 20	56,306,298.82	52,303,274.80
Less: Treasury stock			
Other comprehensive income			
Surplus reserves	VI 21	86,036,260.20	86,036,260.20
Retained earnings	VI 22	-115,844,230.62	-117,840,473.36
Total equity attributable to the parent company		**345,098,328.40**	**339,099,061.64**
Minority interests		2,192,223.37	31,303,124.94
Total stockholder's equity		**347,290,551.77**	**370,402,186.58**
Total liabilities and stockholder's equity		**514,650,229.26**	**544,902,591.70**

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Statement of Financial Position for the parent company

2019 年 12 月 31 日

Prepared by Guangdong Jadiete Holdings Group Company Limited

Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
Current Assets:			
Monetary funds		307,460.05	150,376.48
Trading financial assets			/
Financial assets at fair value through profit or loss		/	
Derivative financial assets			
Note receivable			
Accounts receivable	XⅣ1		
Receivables financing			/
Prepayment			
Other receivable	XⅣ2	115,897,390.14	124,003,172.06
Inventories			
Held for sale assets		149,998,221.71	149,998,221.71
Non-current assets maturing within one year			
Other current assets			
Total current assets		**266,203,071.90**	**274,151,770.25**
Non-current assets:			
Debt investment			/
Available-for-sale financial assets		/	
Other Debt investment			/
Held-to-maturity investments		/	
Long-term trade receivable			
Long-term equity investment	XⅣ3	205,100,008.26	180,758,208.26
Other equity instrument investment			/
Other non-current financial assets			/

Investing properties			5,868,823.78	4,774,374.35
Property, plant and equipment			30,461,249.76	33,386,544.09
Construction in progress				
Production/Productive biological assets				
Oil-gas assets				
Intangible assets			7,286,961.93	8,316,682.67
R&D expense				
Goodwill				
Long-term deferred assets				
Deferred tax assets			2,560,503.38	2,565,371.57
Other non-current assets				
Total non-current assets			**251,277,547.11**	**229,801,180.94**
Total assets			**517,480,619.01**	**503,952,951.19**

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Statement of Financial Position for the parent company

2019 年 12 月 31 日

Prepared by Guangdong Jadiete Holdings Group Company Limited Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
Current liabilities:			
Short-term brrowings			
Trading financial liabilities			/
Financial liabilities at fair value through profit or loss		/	
Derivative financial liabilities			
Notes payable			
Accounts payable			19,442.64

Advance payment		75,405,227.83	75,178,103.66
Accrued payroll		2,267,169.53	930,883.49
Taxes payable		17,597,021.50	16,728,652.55
Other payables		31,725,651.74	14,802,406.86
Held for sale liabilities			
Long-term liabilities due within one year			
Other current liabilities			
Total current liabilities		**126,995,070.60**	**107,659,489.20**
Non-current liabilities:			
Long-term borrowings			
Bonds payables			
Of which: Preferred shares			
Perpetual bonds			
Long-term payables			
Long term accrued payroll			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		**126,995,070.60**	**107,659,489.20**
Equity interest：			
Share capital		318,600,000.00	318,600,000.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve		52,129,496.58	52,129,496.58
Less: Treasury stock			

Other comprehensive income			
Surplus reserves		86,036,260.20	86,036,260.20
Retained earnings		-66,280,208.37	-60,472,294.79
Total stockholder's equity		**390,485,548.41**	**396,293,461.99**
Total equity attributable to the parent company		**517,480,619.01**	**503,952,951.19**

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Consolidated Statement of Profit

2019 年度

Prepared by Guangdong Jadiete Holdings Group Company Limited Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
I. Total operating revenue		**19,065,432.67**	**96,715,841.62**
Including: operating income	VI 23	19,065,432.67	96,715,841.62
Interest income			
Earned premium			
Fee and commission income			
2. Total operating cost		**25,717,455.66**	**108,806,232.19**
Including: operating cost	VI 23	14,316,783.07	94,909,543.86
Taxes and surcharges	VI 24	858,343.01	981,699.21
Sale expenses	VI 25	554,903.76	1,744,103.28
Administrative expenses	VI 26	9,695,842.11	10,856,989.37
R&D expenses			
Finance costs	VI 27	291,583.71	313,896.47
Gain/(loss) from investment (“-” for loss)	VI 32	77,525.28	-1,440.00
Add: Gain/(loss) from change in fair value (“-” for loss)	VI 31		1,976.00
Credit impairment loss (“-” for loss)	VI 28	-7,427,856.06	/

Asset Credit impairment loss ("-" for loss)	VI 29		-1,406,206.64
Gain/(loss) from disposal of asset("-" for loss)	VI 30	953,732.29	
Exchange gain ("-" for loss)*			
3. Operating profit ("-" for loss)		**-13,048,621.48**	**-13,496,061.21**
Add: non-operating income	VI 33	12,967,905.08	609,312.29
Less: non-operating expense	VI 34	3,882.49	189,750.86
4. Total profit ("-" for loss)		**-84,598.89**	**-13,076,499.78**
Less: Income tax expense	VI 35	-1,472,964.08	329,538.20
5. Net profit ("-" for loss)		**1,388,365.19**	**-13,406,037.98**
(1) By business continuity			
1.Net profit from continuing operations("-" for loss)		1,388,365.19	-13,406,037.98
2.Net profit from discontinued operations("-" for loss)			
(2) By ownership		**1,388,365.19**	**-13,406,037.98**
1.Attributable to shareholders of the parent company		1,996,242.74	-13,392,596.16
2.Minority shareholders' income		-607,877.55	-13,441.82
6. After-tax net amount of other comprehensive incomes			
After-tax net amount of other comprehensive incomes attributable to owners of the Parent Company			
(I) Other comprehensive incomes that will not be reclassified into gains and losses			
1.Changes in net liabilities or assets with a defined benefit plan upon re-measurement			
2.Other comprehensive income that cannot be reclassified into gains and losses under the equity method			
3.Changes in fair value of other equity instrument investments			/
4.Changes in fair value of credit risk			/
(II) Other comprehensive incomes that will be reclassified into gains and losses			
1.other comprehensive incomes that will be reclassified into gains and losses under the equity method			
2.Changes in fair value of other debt investment			/
3.Profit and loss from changes in fair value of available for sale financial assets		/	
4.Amount of financial assets reclassified into other comprehensive income			/
5.Profit and loss of held to maturity investment reclassified as available for sale financial assets		/	

6.Provision for credit impairment of other debt investment			/
7.Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
8.Difference of currency conversion financial statements			
9.Others			
After-tax net amount of other comprehensive incomes attributable to minority shareholders			
7. Total comprehensive incomes		**1,388,365.19**	**-13,406,037.98**
Attributable to the Parent Company		1,996,242.74	-13,392,596.16
Attributable to minority shareholders		-607,877.55	-13,441.82
8. Earnings per share			
(I) Basic earnings per share		0.0063	-0.0420
(II) Diluted earnings per share			

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Statement of Profit for Parent Company

2019 年度

Prepared by Guangdong Jadiete Holdings Group Company Limited Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
1. Operating revenue	十四、4	**702,306.51**	**400,569.52**
Less: Cost of operating	十四、4	204,840.45	131,769.39
Taxes and surcharges		816,128.46	889,302.69
Sale expenses			
Administrative expenses		6,855,211.41	7,821,359.37
R&D expenses			
Finance costs		5,972.56	27,211.61
Gain/(loss) from investment (“-” for loss)			9,690,000.00
Gain/(loss) from change in fair value (“-” for loss)			

Credit impairment loss (“-” for loss)		19,472.74	/
Asset Credit impairment loss (“-” for loss)			472,891.78
Gain/(loss) from disposal of asset(“-” for loss)		999,842.26	
2.Operating profit (“-” for loss)		**-6,160,531.37**	**1,693,818.24**
Add: non-operating income		359,442.64	
Less: non-operating expense		1,956.66	347.13
3.Total profit (“-” for loss)		**-5,803,045.39**	**1,693,471.11**
Less: Income tax expense		4,868.19	118,222.95
4. Net profit (“-” for loss)		**-5,807,913.58**	**1,575,248.16**
1.Net profit from continuing operations(“-” for loss)		-5,807,913.58	1,575,248.16
2.Net profit from discontinued operations(“-” for loss)			
5.After-tax net amount of other comprehensive incomes			
(I) Other comprehensive incomes that will not be reclassified into gains and losses			
1.Changes in net liabilities or assets with a defined benefit plan upon re-measurement			
2.Other comprehensive income that cannot be reclassified into gains and losses under the equity method			
3.Changes in fair value of other equity instrument investments			/
4.Changes in fair value of credit risk			/
5.Others			
(II) Other comprehensive incomes that will be reclassified into gains and losses			
1.other comprehensive incomes that will be reclassified into gains and losses under the equity method			
2.Changes in fair value of other debt investment			/
3.Profit and loss from changes in fair value of available for sale financial assets		/	
4.Amount of financial assets reclassified into other comprehensive income			/
5.Profit and loss of held to maturity investment reclassified as available for sale financial assets		/	
6.Provision for credit impairment of other debt investment			/
7.Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
8.Difference of currency conversion financial statements			
9.Others			

6.Total comprehensive incomes		**-5,807,913.58**	**1,575,248.16**
7.Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Consolidated statement of cash flow

2019 年度

Prepared by Guangdong Jadiete Holdings Group Company Limited Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
I. Operating activities:			
Receipts from customers/Cash generated from operations		28,118,014.61	245,458,316.33
Receipts from taxes and levies			2,173.89
Other cash received from operating activities	六、36（1）	5,462,159.83	60,288,660.24
Subtotal of cash inflows from operating activities		**33,580,174.44**	**305,749,150.46**
Payments to suppliers		2,232,751.01	328,246,025.02
Cash paid to employees		2,238,878.97	5,832,406.58
Cash paid on taxes and levies		47,800.29	570,554.99
Other cash payment from operating activities	六、36（2）	23,504,746.94	56,929,794.37
Subtotal of cash outflows from operating activities		**28,024,177.21**	**391,578,780.96**
Net cash generated by operating activities		**5,555,997.23**	**-85,829,630.50**
II. Investing activities:			
Proceeds from disposal of investment property		220,000.00	94,406,852.00
Proceeds from return on investments			
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		1,569,004.75	

Net cash inflow on disposal of subsidiary/ and associate		90,000.00	
Other cash received from investing activities			
Subtotal of cash inflows from investing activities		**1,879,004.75**	**94,406,852.00**
Payment for property,plant and equipment, intangible assets and other long-term assets		56,858.03	611,854.67
Payment for investment/property			
Net increase of pledged loans			
Net cash paid to acquire subsidiaries and other business units		7,731,664.33	-1,724.57
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		**7,788,522.36**	**610,130.10**
Net cash generated by investing activities		**-5,909,517.61**	**93,796,721.90**
III. Financing Activities:			
Cash received from capital contributions			
Including: Cash received from minority shareholder investments by subsidiaries			
Proceeds from loans and borrowings			
Cash received from issuance of bonds			
Other cash received from financing activities			
Subtotal of cash inflows from financing activities			
Repayment of loans and borrowings			
Dividends and interest paid			9,310,000.00
Including: dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments from financing activities			
Sub-total of cash outflows from financing activities			**9,310,000.00**
Net cash used in financing activities			**-9,310,000.00**
IV. Effects of exchange rate changes on balance of cash held in foreign currencies		79.78	49.45
V. Net increase in cash and cash equivalents		**-353,440.60**	**-1,342,859.15**
Add: Cash and cash equivalents at the beginning of the year		1,613,340.23	2,956,199.38
VI. Cash and cash equivalents at the end of the year		**1,259,899.63**	**1,613,340.23**

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Statement of cash flow for Parent Company

2019 年度

Prepared by Guangdong Jadiete Holdings Group Company Limited Expressed in RMB

Assets	Note	Closing Balance	Opening Balance
I. Operating activities:			
Receipts from customers/Cash generated from operations		744,546.00	
Receipts from taxes and levies			
Other cash received from operating activities		17,564,222.74	60,502,794.59
Subtotal of cash inflows from operating activities		**18,308,768.74**	**60,502,794.59**
Payments to suppliers			
Cash paid to employees		625,338.95	1,349,130.61
Cash paid on taxes and levies		13,203.74	
Other cash payment from operating activities		11,485,382.48	163,199,963.43
Subtotal of cash outflows from operating activities		**12,123,925.17**	**164,549,094.04**
Net cash generated by operating activities		**6,184,843.57**	**-104,046,299.45**
II. Investing activities:			
Proceeds from disposal of investment property		220,000.00	94,400,000.00
Proceeds from return on investments			9,690,000.00
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		1,392,240.00	
Net cash inflow on disposal of subsidiary/ and associate		90,000.00	
Other cash received from investing activities			
Subtotal of cash inflows from investing activities		**1,702,240.00**	**104,090,000.00**
Payment for property,plant and equipment, intangible assets and other long-term assets			
Payment for investment/property			

Net increase of pledged loans		7,730,000.00	60,000.00
Net cash paid to acquire subsidiaries and other business units			
Other cash payments relating to investing activities		**7,730,000.00**	**60,000.00**
Subtotal of cash outflows from investing activities		**-6,027,760.00**	**104,030,000.00**
Net cash generated by investing activities			
III. Financing Activities:			
Cash received from capital contributions			
Cash received from issuance of bonds			
Other cash received from financing activities			
Subtotal of cash inflows from financing activities			
Repayment of loans and borrowings			
Dividends and interest paid			
Other cash payments from financing activities			
Sub-total of cash outflows from financing activities			
Net cash used in financing activities			
IV. Effects of exchange rate changes on balance of cash held in foreign currencies			
V. Net increase in cash and cash equivalents		**157,083.57**	**-16,299.45**
Add: Cash and cash equivalents at the beginning of the year		150,376.48	166,675.93
VI. Cash and cash equivalents at the end of the year		**307,460.05**	**150,376.48**

The attached notes to the financial statement is part of this financial statement.

Legal representative: **Chief of the accounting work:** **Chief of the accounting department:**

Consolidated Statement of Change in stockholders' equity

2019 年度

diete Holdings Group Company Limited

Item	2019												
	Equity attributable to owners of the Company												
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve *	Retained earnings	subtotal	M in
		Preferred shares	Perpetual bonds	Other									
previous year	**318,600,000.00**				**52,303,274.80**				**86,036,260.20**		**-117,840,473.36**	**339,099,061.64**	**31,3**
ng policy													
errors in previous periods													
gers under the common control													
of the year	**318,600,000.00**				**52,303,274.80**				**86,036,260.20**		**-117,840,473.36**	**339,099,061.64**	**31,3**
e year (“-” means decrease)					**4,003,024.02**						**1,996,242.74**	**5,999,266.76**	**-29,1**
nes											1,996,242.74	**1,996,242.74**	-6
uced by owners					4,003,024.02							**4,003,024.02**	-28,5
eased by shareholders													
holders of other equity instruments													
sed payments recognized in owners’ equity													
					4,003,024.02							**4,003,024.02**	-28,5
plus reserves													
eral risk provisions													
of owners’ equity													
ital transferred from capital reserve													
ital transferred from surplus reserves													
making up losses													

in net liabilities or net assets from remeasured benefit													
nensive income to retained earnings													
iod													
(“-” means decrease)													
	318,600,000.00				56,306,298.82				86,036,260.20		-115,844,230.62	345,098,328.40	2,1

the financial statement is part of this

: Chief of the accounting work: Chief of the accounting department:

Consolidated Statement of Change in stockholders’ equity

2019 年度

Jadiete Holdings Group Company Limited

Item	2018												
	Equity attributable to owners of the Company												Min inter
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve *	Retained earnings	subtotal	
		Preferred shares	Perpetual bonds	Other									
e previous year	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**		**-104,447,877.20**	**352,317,879.58**	**40,626,**
nting policy													
f errors in previous periods													

ergers under the common control													
ng of the year	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**		**-104,447,877.20**	**352,317,879.58**	**40,626,**
the year (“-” means decrease)					**173,778.22**						**-13,392,596.16**	**-13,218,817.94**	**-9,323,**
omes											-13,392,596.16	**-13,392,596.16**	-13,
educed by owners					173,778.22							**173,778.22**	
creased by shareholders													
y holders of other equity instruments													
ased payments recognized in owners’ equity													
					173,778.22							**173,778.22**	
													-9,310,
urplus reserves													
eneral risk provisions													
													-9,310,
d of owners’ equity													
apital transferred from capital reserve													
apital transferred from surplus reserves													
r making up losses													
es in net liabilities or net assets from remeasured benefit													
rehensive income to retained earnings													
eriod													
(“-” means decrease)													
	318,600,000.00				**52,303,274.80**				**86,036,260.20**		**-117,840,473.36**	**339,099,061.64**	**31,303,**

nancial statement is part of this financial statement.

ve: Chief of the accounting work: Chief of the accounting department:

Statement of Change in stockholders' equity for the Parent Company

2019 年度

gdong Jadiete Holdings Group Company Limited

Item	2019									
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	Retained earnings
		Preferred shares	Perpetual bonds	Other						
e end of the previous year	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**	**-60,472,294.79**
e of accounting policy										
orrection of errors in previous periods										
ther										
e beginning of the year	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**	**-60,472,294.79**
mount in the year ("-" means decrease)										**-5,807,913.58**
ensive incomes										-5,807,913.58
sed and reduced by owners										
shares increased by shareholders										
ncreased by holders of other equity instruments										
of share-based payments recognized in owners' equity										
配										
ations to surplus reserves										
s										
arry-forward of owners' equity										

of share capital transferred from capital reserve										
of share capital transferred from surplus reserves										
eserves for making up losses										
the changes in net liabilities or net assets from remeasured benefit										
ther comprehensive income to retained earnings										
rve										
n for the period										
he period ("-" means decrease)										
nce	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**	**-66,280,208.37**

es to the financial statement is part of this financial statement.

entative: Chief of the accounting work: Chief of the accounting departme

Statement of Change in stockholders' equity for the Parent Company

2019 年度

gdong Jadiete Holdings Group Company Limited

Item	2018									
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	Retained earnings
		Preferred shares	Perpetual bonds	Other						
e end of the previous year	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**	**-62,047,542.95**
e of accounting policy										
orrection of errors in previous periods										
ther										
e beginning of the year	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**	**-62,047,542.95**

mount in the year (“-” means decrease)										**1,575,248.16**
ensive incomes										1,575,248.16
sed and reduced by owners										
shares increased by shareholders										
ncreased by holders of other equity instruments										
of share-based payments recognized in owners’ equity										
配										
ations to surplus reserves										
s										
arry-forward of owners’ equity										
of share capital transferred from capital reserve										
of share capital transferred from surplus reserves										
eserves for making up losses										
the changes in net liabilities or net assets from remeasured benefit										
ther comprehensive income to retained earnings										
ve										
n for the period										
he period (“-” means decrease)										
nce	**318,600,000.00**				**52,129,496.58**				**86,036,260.20**	**-60,472,294.79**

es to the financial statement is part of this financial statement.

entative: Chief of the accounting work: Chief of the accounting departme

I. Company Profile

1. Establishment

Under the approval of People's Government of Guangdong Province's YBH No. 580 (1997), Guangdong Jadiete Holdings Group Company Limited (original name: Guangdong Rieys Group Company Ltd, hereinafter referred to as 'the Company') is promoted by five enterprises including Puning Haicheng Industrial Co., Ltd (which changed its name to Shenzhen Shenghengchang Industrial Co., Ltd when it relocated to Shenzhen, in 2007, its name changed to Guangzhou Shenghengchang Investment Co., Ltd, in 2008 this company was renamed to Guangzhou Shenghengchang Trade Development Co., Ltd., on 28 Jan.2010 this company was renamed to Puning Shenghengchang Trade Development Co., Ltd., on 26 Jul. 2013, this company changed its name as Shenzhen Shenghengchang Huifu Industrial Co., Ltd. because of relocation), an original partner of Sino-foreign cooperated enterprise of Puning Hongxing Textile and Apparel Production Factory Co., Ltd.(hereinafter referred to as 'Hongxing Company'). Under the approval of Guangdong Province Administration For Industry & Commerce, the Company's business license is 445200000034656. The Company has its B-Stock listed on Shenzhen Stock Exchange.

The Company's registration address is Meixin Industry Zone, Junbu, Puning, Guangdong, and its parent company is Shenzhen Shenghengchang Huifu Industrial Co., Ltd., the Company's actual controller is Hongcheng Chen.

On 17 Nov. 1997, Hongxing Company was restructured to a limited corporation, which is the Company's predecessor.

The original registered capital of the Company is 80,000,000, which was divided into 80,000,000 shares of RMB1.00 each. 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 Dec.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 Oct.2000, and issued 9,000,000 shares of Stock B for exercise of over-allotment options during the period from 27 Oct.2000 to 22 Nov.2000 in accordance with approval of ZJFXZ No. 133 (2000) issued by China Securities Regulatory Commission on 29 Sep.2000 The registered capital of the Company increased to RMB 177,000,000 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.

Up to 31 Dec. 2018, the Company's total share capital was 318,600,000 shares, including 164,025,000 non-tradable corporate shares representing 51.48% of total shares and 154,575,000 domestic listed foreign shares (stock B) representing 48.52% of total shares.

2. Business scope

Business scope: self-operating and agent for importing and exporting goods and technology (excluding commodities of national management, products involved in quota license management and other specified management); processing with imported materials, the 'Three-plus-one' trading-mix (custom manufacturing with materials, designs or samples supplied and compensation trade), counter trade and entrepot trade (under approval of WJMZSHZD No. 1225 [98]). Manufacturing and selling of clothing, knitted goods, selling of industrial material(excluding gold and vehicle), hardware, chemical product(excluding hazardous chemicals), daily necessities, furniture, arts and crafts (excluding golden product), agricultural product and etc.(excluding national forbidden commodities and other specified management shall be subject to the relevant state provisions); warehousing; various kinds of investment; real estate development (Level three, valid till 31 Dec. 2015); property leasing; hotel service. Technological development, designing, selling, etc. of gold, silver, platinum, diamond, jade, jewelry and hardstone articles.

3. Limit operating term

Naught.

4. Main business activity

The Company is mainly engaged in technological development, design and sale of gold and jewelry.

5. The approval of financial statements

The financial statements and the notes of financial statements were submitted upon approval of 33th Meeting of the 7th Term of Board on 27 Apr. 2020.

II. Merger scope

5 Entities in merger scope this year:

Name	Type	Share-holdings (%)	Voting-rights (%)
Shenzhen Rieys Industrial Co., Ltd.	Limited company	90.00	90.00
Tianrui (HK) Trading Co., Ltd.	Limited company	100.00	100.00
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Limited company	100.00	100.00
Shanghai Yunpeng Internet Technology Co., Ltd	Limited company	60.00	60.00

Shenzhen Xiaoxiaomei Technology Co., Ltd	Limited company	100%	100%

III. Basis for the preparation of financial statements

1. Basis for the preparation of financial statements

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements in accordance with <The Accounting Standards for Business Enterprises——Basic Standard> issued by the Ministry of Finance, revised specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations(hereinafter jointly referred to as 'the Accounting Standards for Business Enterprises', 'China Accounting Standards' or 'CAS'), as well as the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Company adopted the accrual basis in accounting. Except for some financial instruments, where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

2. Gong concern

Till 31th Dec. 2019, the company has accumulated loss of RMB -115,844,222.89, Operating revenue declined sharply from the previous year, deducted current non-recurring profit and loss, the net profit attributable to the parent company after deducting current non recurring profit and loss is RMB - 12006, 826.15 yuan. The main reason for the loss of the company is the continuous depression of macro-economy, moreover the gold and jewelry industry is a luxury in the consumer goods, especially affected by the economic downturn. Because the proportion of national income to GDP is relatively low, resulting in insufficient domestic demand, the overall consumption capacity of gold and jewelry has been steadily dropping.The lastest development plan of the company is to actively take measures to expand retail channels according to market conditions, On the one hand, relying on the existing offline resources, the other hand, actively developing online business and improving sales through new channels such as live broadcast. Start to resume foreign trade business, strengthen capital recovery, straighten out the property right relationship, and preparing for new business. With the implementation of the above plans, the company's overall revenue will gradually pick up. Therefore, this financial statement is prepared on the basis of the assumption of continuous operation.

IV. Important Accounting Principles and Accounting Estimates

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 financial positions as at 31 Dec. 2018, business results and cash flows for the year of 2017, and other relevant information.

2. Fiscal year

The fiscal year of the Company is the solar calendar year, which is from January 1 to December 31.

3. Operating cycle

A normal operating cycle refers to a period from the Company purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Company is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

4.Presentation currency

The Company adopted RMB as the bookkeeping base currency when preparing the financial statements for the reporting year

5. Accounting treatment for business combination under common control and non-common control

(1) The judgement standards of ‘package deal’

Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances in a merging through multistep transactions:

i These transactions are considered simultaneously or another case of the occurrence of the impact of entering into a transaction depends;

ii these transactions as a whole in order to reach a complete business results;

iii have at least one other transaction;

iv see a transaction alone is not economical, but, it is economical when other transactions are taken into account.

(2) Business combination under common control

The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being absorbed at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to the capital premium (or share premium) in the capital reserve. If the balance of the capital premium (or share premium) is insufficient, any excess is adjusted to retained earnings.

The cost of a combination incurred by the absorbing party, including any costs directly attributable to the combination, shall be recognized as an expense through profit or loss for the current period when incurred.

(3) Business combination under non-common control

A business combination involving enterprises under non-common control happens if the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while the other enterprise participating in the combination is the acquiree. For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, on the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred. The transaction cost arose from issuing of equity securities or liability securities should be initially recognized as cost of equity securities or liability securities.

Acquirer's combination cost and the obtained identifiable net assets are measured with the fair value on the acquisition date. The excess of the combination cost over the fair value of identifiable net assets on the acquisition date is recorded as goodwill. When the fair value of identifiable assets exceeds the combination cost, first of all, the fair value of items of obtained acquiree's identifiable assets, liabilities or contingent liabilities and combination cost need to be reassessed. And then, when the combination cost is still less than the fair value of identifiable net assets on the acquisition date after reassess, the difference should be recorded in the current year's profit and loss.

The deductible temporary differences obtained from the acquiree which cannot be recognized as deferred tax assets, on the acquisition date, because some conditions are not met. Within 12 months after the acquisition, if new or additional information indicate that the relevant information exist on the acquisition date and the economic benefits related with the deductible temporary difference can be realized, the deferred tax assets should be recognized. The goodwill should be reduced and if the goodwill is less than the deferred tax assets recognized, the rest part should be recorded in the current year profit and loss.

For a business combination achieved in stages that involves multiple exchange transactions, according to the 'No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Caikuai No.19 [2012])' and Article 51of 'Chinese Accounting Standards for Business Enterprises No.33-Consolidated financial statement', relating with the judgment standards of package deal, a judgment about whether it is package deal or not should be made. If it is package deal, please refer to the note IV.13 - Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment:

For the individual financial statements, the book value of the long-term equity investment held before the acquisition date plus the newly added equity investment on the acquisition date, and then sum should be recorded as the original investment cost; the long-term equity investment involved with other comprehensive income held before the acquisition date, the way to deal with the investment will be the same with the way the acquiree directly dispose the related assets and liabilities (i.e., under the equity method, beside the portion caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment income).

For the consolidated financial statements, for the shares in acquiree held before the acquisition date, the shares are recalculated according to the fair value on the acquisition date. The difference between the fair value and book value should be recorded in the current year investment income; for the shares in the acquiree held before the acquisition date involving other comprehensive income. The way to deal with the other comprehensive income should be the same with the way the acquire directly dispose the relevant assets and liabilities (i.e., under the equity method, beside the portion of changes caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment income).

6. Preparation of the consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The scope of consolidation includes all of the subsidiaries (including the enterprise or entity under the control of parent company).

The consolidated financial statements are based on the Company and subsidiaries' financial statements and other related material. When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements.

A subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control; the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and its cash flow are appropriately included in the consolidated balance sheet and the consolidated income statement, respectively, from the beginning of the year to the date of acquisition and the comparative figures of the consolidated financial statements are restated. For a subsidiary acquired through a business combination not under common control, the operating results and cash flows from the acquisition date (the date when the control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate; no adjustment is made to the opening balance and comparative figures in the consolidated financial statements. For a subsidiary being disposed of by the Company, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate. For a subsidiary disposed during the period, no adjustment is made to the opening balance of the consolidated financial statements.

Minority interest and the portion in the net profit or loss not attributable to the Company are presented separately in the consolidated balance sheet within shareholders'/owners' equity. Net profit or loss attributable to minority shareholders in the subsidiaries is presented separately as minority interest in the consolidated income statement below the net profit line item. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders'/owners' equity of the subsidiary, the excess is still allocated against the minority interests.

When the Company still holds control of a subsidiary due to acquisition of minority interest or the disposal of a portion of an equity investment, the difference between the amount changes of minority interests and the fair value of the consideration paid or received is adjusted to the capital reserve, the excess is allocated against the retained earnings.

When the Company loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value on the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the 'Chinese Accounting Standards for Business Enterprises No.2——Long-term equity investment' or 'Chinese Accounting Standards for Business Enterprises No.22——Determination and measurement of financial instruments'. The Company's losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to identify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control is lost, the difference between each receipt of every transaction and the related shared proportion of identified net assets are recognized as other comprehensive income. The other comprehensive income will be transferred into profit and loss in the period when losing control. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of 'partly disposing of the long-term equity investment without losing control' (refer to previous paragraphs for detail) and 'losing the control to subsidiary due to partly disposing the equity investment or other reasons' (see the previous paragraph for details).

7. Standard for cash and cash equivalent

In preparing the statement of cash flows, 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, being readily convertible to a known amount of cash and being subject to an insignificant risk of changes in value.

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

（1）Foreign currency transactions are converted into RMB for recording purpose at the exchange rate on the day of transaction occurs.

Adjustments are made to foreign currency accounts in accordance with the exchange rate prevailing on the reporting 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 PPE being acquired and constructed has not yet reached working condition for its intended use. Conversion differences arising from other accounts are charged to finance costs。

（2）In statement of financial position, assets and liabilities items are converted into RMB at the exchange rate prevailing on the consolidated statement of financial position date. Owner's equity items (excluding undistributed profit item) are converted into RMB at the exchange rate when the transaction occurs. In statement of profit or loss and other comprehensive income, 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 statement of financial position as a separate item.

9. Financial instruments

Recognize a financial asset or financial liability when the company becomes a party of the financial instrument contract. Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value through profit or loss, relevant transaction costs are directly included in profit or loss; for other types of financial assets and financial liabilities, relevant transaction costs are included in the initially recognized amount.

(1) Effective interest method

It a method of calculating amortized cost and interest income or expenditure of each period according to the actual interest rate of financial assets or financial liabilities (including a group of financial assets or financial liabilities). The effective interest rate refers to the interest rate used to discount the future cash flow of a financial asset or financial liability into the current book value of the financial asset or financial liability in the expected duration or applicable shorter period.

When calculating the effective interest rate, the company estimates the future cash flow based on all contract terms of financial assets or financial liabilities (excluding future credit loss), meanwhile, All fees, transaction fees, discounts or premiums paid or collected between the parties to a financial liability contract that are part of the effective interest rate, are also considered

(2) Classification of financial instruments

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: financial assets measured at amortized cost; financial assets measured at fair value with changes included in other comprehensive income; financial assets measured at fair value with changes included in current profit and loss

(3) Recognition and measurement of financial assets

The initial measurement of the financial asset is based on the fair value. For financial asset measured at fair value and designated its changes into current period profit and loss, the related trading expense should be recorded in the profit and loss. For the financial asset of other categories, the related trading expense should be recorded as part of initial cost. For receivables or notes receivable arising from the sale of products or the provision of services, which do not include or take into account significant financing components, the company takes the amount of consideration expected to be entitled to receive as the initial recognition amount.

Financial assets measured at amortized cost

Management of the company aims at the business mode of financial assets measured at amortized cost is to collect contract cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, the company adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost. The gains or losses arising from amortization or impairment are included in the current profit and loss.

Financial assets measured at fair value with changes included in other comprehensive income

The company's business model for managing such financial assets is target to receive contract cash flow and target to sell, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The company measures these financial assets at fair value and their changes are included in other comprehensive income, but impairment loss or gain, exchange gain or loss and interest income calculated according to the effective interest rate method are included in the current profit and loss.

In addition, the company designates some non tradable equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The company shall record the relevant dividend income of such financial assets into the current profit and loss, and the change of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings, not included in the current profit and loss.

Financial assets measured at fair value through profit or loss

The company classifies the above financial assets measured at amortized cost and financial assets measured at fair value with changes included in other comprehensive income as financial assets measured at fair value with changes included in current profit and loss. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designated some financial assets as financial assets measured at fair value through current profit and loss.

For such financial assets, the company adopts fair value for subsequent measurement, and the changes in fair value are included in the current profit and loss

(4) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities and other financial liabilities measured at fair value with changes included in current profit and loss at the time of initial recognition. For financial liabilities measured at fair value with changes included in current profits and losses, relevant transaction costs are directly included in current profits and losses, and relevant transaction costs of other financial liabilities are included in their initial recognition amount

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, including transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at initial recognition as measured at fair value through profit or loss.

Transactional financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for those related to hedge accounting, changes in fair value are included in current profits and losses.

Financial liabilities designated to be measured at fair value with changes included in current profits and losses. The changes in fair value caused by changes in the company's own credit risk are included in other comprehensive income. When the liabilities are derecognized, the accumulated changes in fair value caused by changes in its own credit risk included in other comprehensive income are transferred into retained earnings. Other changes in fair value are included in current profit and loss. If the accounting mismatch in the profit and loss will be caused or expanded if the impact of the change in the credit risk of such financial liabilities is handled in the above way, the company will record all the gains or losses of such financial liabilities (including the impact amount of the change in the credit risk of the enterprise itself) into the current profit and loss

Other financial liabilities

Except for the financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization are included in the current profits and losses.

(5) Recognition basis and measurement method of financial assets transfer

Financial assets meeting one of the following conditions shall be derecognized, ① The contract right to receive the cash flow of the financial asset is terminated; ② the financial asset has been transferred, and almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee; ③ the financial asset has been transferred, although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, but has given up the control over the financial asset.

If the enterprise neither transfers nor retains almost all risks and rewards of the ownership of the financial assets, and does not give up the control over the financial assets, it shall recognize the relevant financial assets according to the degree of continuous involvement in the transferred financial assets, and recognize the relevant liabilities accordingly. The degree of continuous involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received as a result of the transfer and the accumulated change in fair value originally included in other comprehensive income shall be included in the current profit and loss.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned according to the relative fair value between the derecognized part and the non derecognized part, and the difference between the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part and the aforesaid book amount apportioned shall be included in the current profit and loss

If the company sells the financial assets with recourse or transfers the financial assets it holds by endorsement, it is necessary to determine whether almost all the risks and rewards of the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; if almost all risks and rewards in the ownership of the financial asset have been retained, the recognition of the financial asset shall not be terminated; If almost all risks and rewards related to the ownership of financial assets have not been transferred or retained, it is necessary to continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the preceding paragraphs.

(6) Derecognition of financial liabilities

Where the current obligation of a financial liability (or part of it) has been discharged, the company shall derecognize the financial liability (or part of it). If the company (borrower) signs an agreement with the lender to replace the original financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities and the original financial liabilities are substantially different, the original financial liabilities shall be derecognized and a new financial liability shall be recognized at the same time. If the company makes substantive modification to the contract terms of the original financial liabilities (or part of them), the recognition of the original financial liabilities shall be terminated, and a new financial liability shall be recognized in accordance with the modified terms.

Where a financial liability (or part of it) is derecognized, the company shall record the difference between its book value and the consideration paid (including non cash assets transferred out or liabilities assumed) into the current profit and loss.

(7) Offsetting of financial assets and financial liabilities

When the company has the legal right to offset the recognized amount of financial assets and financial liabilities, and the legal right is currently enforceable, and the company plans to settle or realize the financial assets and pay off the financial liabilities at a net amount, the financial assets and financial liabilities are listed in the balance sheet at a net amount after mutual offset. In addition, financial assets and financial liabilities shall be listed separately in the balance sheet and shall not be offset against each other.

(8) Determination method of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or pay for the transfer of a liability when selling an asset in an orderly transaction on the measurement date. If there is an active market for a financial instrument, the company shall determine its fair value with the quoted price in the active market. Quoted price in active market refers to the price easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurred in fair trading. If there is no active market for financial instruments, the company adopts valuation technology to determine their fair value. Valuation techniques include referring to the prices used in recent market transactions by parties familiar with the situation and willing to trade, referring to the current fair value of other financial instruments that are essentially the same, discounted cash flow method and option pricing model, etc. In the process of valuation, the company adopts valuation technology applicable in the current situation and supported by sufficient data and other information, selects input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and gives priority to the use of relevant observable input values as much as possible. When the relevant observable input value cannot be obtained or is not feasible, the non observable input value is used.

(9) Equity instruments

Equity instrument refers to the contract that can prove the ownership of the company's residual equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity, and the transaction costs related to equity transactions are deducted from equity. Changes in fair value of equity instruments not recognized by the company

Dividends distributed by the company's equity instruments during their existence (including "interest" generated by the instruments classified as equity instruments) shall be treated as profit distribution.

(10) Finance Assets Devalue

The financial assets of the company that need to confirm the impairment loss are financial assets measured at amortized cost, debt instrument investment and lease receivables measured at fair value with changes included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, debt investment, other debt investment, long-term receivables, etc. In addition, for contract assets and part of financial guarantee contracts, provision for impairment and recognition of credit impairment loss are also made in accordance with the accounting policies described in this part.

Recognition method of impairment provision

Based on the expected credit loss, the company accrues the impairment provision for the above items according to the applicable measurement method of expected credit loss (general method or simplified method) and confirms the credit impairment loss.

Credit loss refers to the difference between all contract cash flows receivable by the company according to the original effective interest rate and the expected collection of all cash flows, that is, the present value of all cash shortages. Among them, for the purchased or original financial assets with credit impairment, the company will discount them according to the actual interest rate adjusted by credit.

The general method of measurement of expected credit loss refers to whether the credit risk of financial assets (including other applicable items such as contract assets, the same below) has increased significantly since initial recognition by the company on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the company will measure the loss reserves according to the amount equivalent to the expected credit loss in the whole duration. If the credit risk has not increased significantly since the initial recognition, the company will measure the loss reserves according to the amount equivalent to the expected credit loss in the next 12 months. In assessing the expected credit loss, the company considers all reasonable and reasonable information, including forward-looking information.

For the financial instruments with low credit risk on the balance sheet date, the company assumes that its credit risk has not increased significantly since the initial recognition, and chooses to measure the loss reserve according to the expected credit loss within the next 12 months or does not choose the simplified treatment method, according to whether its credit risk has increased significantly since the initial recognition, and adopts the future 12 months or the whole duration The amount of expected credit loss is the basis of loss provision.

Criteria for judging whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset in the expected duration determined on the balance sheet date is significantly higher than the probability of default in the expected duration determined on the initial recognition, it indicates that the credit risk of the financial asset increases significantly. Except for special circumstances, the company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole duration to determine whether the credit risk has increased significantly since the initial recognition.

Portfolio approach to evaluate expected credit risk based on Portfolio

The company evaluates the credit risk of financial assets with significantly different credit risk, such as receivables from related parties; receivables with disputes with the other party or involving litigation and arbitration; receivables with obvious signs that the debtor is likely to be unable to perform the repayment obligation, etc.

In addition to the financial assets that are individually assessed for credit risk, the company classifies the financial assets into different groups based on the common risk characteristics, and assesses the credit risk on the basis of the combination.

Accounting treatment method for impairment of financial assets

At the end of the period, the company calculates the expected credit loss of various financial assets. If the expected credit loss is greater than the book amount of the current impairment provision, the difference is recognized as the impairment loss; if it is less than the book amount of the current impairment provision, the difference is recognized as the impairment gain.

The determination method of credit loss of various financial assets

① Notes receivable

The company measures the loss reserves for notes receivable according to the expected credit loss amount within the whole duration. Based on the credit risk characteristics of notes receivable, it is divided into different combinations,

Item	Basis for determining combination
Bank acceptance bill	The acceptor is a bank with less credit risk
Commercial acceptance bill	According to the credit risk division of acceptor, it should be the same as the combination division of "accounts receivable"

② Receivables and contractual assets

For receivables and contract assets without significant financing components, the company measures the loss reserves according to the expected credit loss amount within the whole duration.

For receivables, contract assets and lease receivables with significant financing components, the company chooses to always measure the loss reserves according to the amount equivalent to the expected credit loss within the duration

In addition to the receivables and contract assets that are individually assessed for credit risk, they are classified based on their credit risk characteristics

Item	Recognition
Aging group	The portfolio takes the aging of receivables as the credit risk feature

③ Other receivables

Based on whether the credit risk of other receivables has increased significantly since the initial recognition, the company adopts the amount equivalent to the expected credit loss within the next 12 months or the whole duration to measure the impairment loss. Apart from other receivables with individual credit risk assessment, they are divided into different combinations based on their credit risk characteristics.

Item	Recognition

Item	Recognition
Aging group	The portfolio takes the aging of receivables as the credit risk feature

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

Aging	Appropriation proportion of trade receivables (%)	Appropriation proportion of other receivables (%)
0 - 1 year	2	2
1 - 2 year	10	10
2 - 3 year	50	50
3 - 5 year	80	80
Over 5 years	100	100

11. Inventory

(1) Inventory classification

Inventory is classified to:

raw materials, working in progress, goods ready for sale, goods delivered, commission processing materials, etc.

(2) 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 material purchasing is accounted through actual cost method, while the issue of raw materials, outside processing materials, work in process and semi-finished product is carried over on the basis of weighted average method (Diamond mosaic, jade jewelry is used specific identification method).

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

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

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

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

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

(4) System of stock inventories

Perpetual inventory system is applied.

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

For low cost and short-lived articles, use step-amortization method;

For package materials, use lump-sum amortization method.

11. Held-for-sale assets

(1) Recognition criteria for held-for-sale assets

The company recognizes non-current assets or asset groups that simultaneously meet the following requirements as held-for-sale assets. This constituent part can be sold immediately on the basis of the usual term of selling such part and must be in its current situation.

This component must be immediately available for sale in its current circumstances only on the basis of the usual terms of sale of such components. The company has made decision on the disposal of this constituent part, according to the regulations, if approval of the shareholders is required, it should be obtained approval from the shareholders' meeting or the corresponding authority. The company has signed an irrevocable transfer agreement with the transferee. The transfer will be completed within one year.

(2) Accounting treatments for held-for-sale assets

It should adjust estimated residual value of the fixed asset for held-for-sale assets, the estimated residual value of the fixed asset reflects the amount of its fair value minus disposal expenses, but it shall not exceed the original book value of the fixed asset when the company meets the conditions for sales, the difference between the original book value and the adjusted estimated residual value shall be included in the current profit and loss as assets impairment loss. For held-for-sale other non-current assets, according to the above treatment principles, it includes individual assets and disposal groups, disposal group is a group of assets that are sold as a whole or disposed all at the same time in other ways.

(3) Liabilities in the held-for-sale disposal group

The company lists the liabilities that classified as held-for-sale disposal group. The long-term equity investment mentioned in this section is about the equity investment of which the Company has control, common control or significant influences over the investee. For the investments that the Company has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss. Refer to Note IV 9" Financial Instruments" for details of its accounting policies

12. Long-term equity investments

The long-term equity investment mentioned in this section is about the equity investment of which the Company has control, common control or significant influences over the investee. For the investments that the Company has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss.

(1) Determination of investment cost

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.

For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost for the equity securities or liability securities issued by the acquirer in the business combination shall be recognized as initial amount of equity security or liability.

The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. Theses ways include the cash purchase price the Company actually paid, the fair value of equity security issued by the Company, value specified in the investment contract or agreement, the fair value or carrying value of the asset transferred out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment. Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost. For the long-term equity investments that the Company can have significant influence or common control on the investee, but cannot control the investee, because of the added investments, the cost of the long-term equity investment should be the sum of original fair value of the investment and the cost of newly added investment.

(2) Subsequent measurement

Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

Equity method of accounting for long-term equity investments

Investments in associated enterprises and joint ventures is adopted the equity method; a portion of investments in associated enterprises is measured at fair value though profit or loss, including indirect equity investments through risk investment institutions, mutual funds, trust companies or investment linked insurance companies.

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 the 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 the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

When measured by adopting equity method, 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 capital reserve.

The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies adopted by the investees are not accord with that of the Company, should be adjusted according to the accounting policies of the Company and the financial statement of the investees during the accounting period and according which to recognize the investment income as well as other comprehensive income.

For the transaction happened between the Company and associated enterprises as well as joint ventures, if the assets launched or sold not form into business, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Company according to the calculation of the enjoyed proportion, should recognize the investment gains and losses on the basis. But the losses of the unrealized internal transaction happened between the Company and the investees which belongs to the impairment losses of the transferred assets, should not be neutralized.

The assets launched by the Company to the associated enterprises or the joint ventures if could form into business, the long-term equity investment without control right which acquired by the investors, should regard the fair value of the launched business as the initial investment cost the newly added long-term equity investment, and for the difference between the initial investment cost and the book value of the launched business, should be included into the current gains and losses with full amount. The assets sold by the Company to the associated enterprises or the joint ventures if could form into business, the difference between the acquired consideration and the book value of the business should be included in the current gains and losses with full amount. The assets purchased by the

Company to the associated enterprises or the joint ventures if could form into business, should be accounting disposed according to the regulations of No. 20 of ASBE—Business Combination, and should be recognized gains or losses related to the transaction with full amount.

The Company shall recognize the net losses of the invested enterprise until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero. However, if the Company has the obligation to undertake extra losses, it shall be recognized as the estimated liabilities in accordance with the estimated duties and then recorded into investment losses at current period. If the invested entity realizes any net profits later, the Company shall, after the amount of its attributable share of profits offsets against its attributable share of the un-recognized losses, resume recognizing its attributable share of profits.

Disposal of long-term equity investment

For disposing of long-term equity investment, the balance between the book value of the disposed equity and its actual payment gained shall be recorded into current profits and losses. For the long-term equity investment measured by adopting equity method, if the remained equity after disposal still adopts the equity method for measurement, the other comprehensive income originally recorded into owners' equity should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees according to the corresponding proportion. The owners' equity recognized owning to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current gains and losses according to the proportion.

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owning to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

For those the Company lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and book value on the date lose the control right should be included in the current gains and losses.

For the other comprehensive income recognized by adopting equity method for measurement or the recognition and measurement standards of financial instrument before the Company acquired the control of the investees, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

(3) Joint control and significant influence

Joint control, refers to the control jointly owned according to the relevant agreement on an arrangement by the Company and the relevant activities of the arrangement should be decided only after the participants which share the control right make consensus. This arrangement is associated enterprise.

Significant influence refers to the power of the Company which could anticipate in the finance and the operation polices of the investees, but could not control or jointly control the formulation of the policies with the other parties. The Company judges the significant influence through the following facts: (1) having representative in the investee's board or other organ of authority; (2) involving in the investee's daily operating; (3) having significant transaction with investee; (4) sending manager to investee; (5) proving key technology to investee.

(4) Impairment of long-term equity investment

On the balance date, the Company recognizes the impairment loss if the long-term equity investment book value exceeds the investee's owner's equity belonging to the Company, and the Company proceed impairment test according to No.8 of Accounting Standards for Business Enterprises——Impairment Loss. Please refer to note IV.19 for detail.

13. Investment properties

Investment properties refer to properties held to earn rentals or for capital appreciation, or both, including leased land use right and those held and ready to transfer after value added, and leased buildings.

The Company uses the cost model to measure existing investment properties. For investment properties and rental assets measured at the cost model, they will be implemented the same depreciation policy similar to property, plant and equipment, 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.

14. Property, plant and equipment

(1) Recognition standard of property, plant and equipment

Property, plant and equipment (hereinafter referred as PPE), 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; and

(b) The cost of the PPE can be measured reliably.

(2) Initial measurement of PPE

PPE are recorded at the actual cost on acquisition.

(a) The cost of PPE purchased includes purchase price, related tax, transportation expenses, loading and uploading expenses, installment expenses and specialist service expenses attributable to the assets that arise before the assets are completed and put into use.

(b) Where payment for the purchase price of a PPE is deferred beyond normal credit terms, such that the arrangement is in substance of a financing nature, the cost of the fixed asset shall be determined based on the present value of the purchase price, The difference between the purchase price and its present value shall be recognized in profit or loss over the period of credit. The cost of a self-constructed fixed asset comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use.

(c) For PPE formed through obtaining them by the debtor paying for debt in debt restructure, recognize its recording value as fair value of the PPE, and record the difference between the carrying amounts of debt restructure and the PPE used for paying debt into current profit or loss.

(d) 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.

(d) Recording value of PPE obtained by absorbing and consolidated by enterprise under identical control should be recognized as carrying amount of the consolidated party; recording value of PPE obtained by absorbing and consolidated by enterprise under different control should be recognized as fair value.

(f) Recording value of financing leasehold should be recognized as fair value of leasing assets and present value of lowest leasing payment when leasing occurs whichever is lower.

(3) Depreciation method of PPE

Depreciation of PPE is provided for on a straight-line basis, the depreciation rate is recognized in accordance with category, estimated useful life and estimated residual rate of PPE.

PPE renovations expenses that meet the criteria of capitalization are depreciated on an individual basis over the interval of two renovations or remaining useful life of the PPE, whichever is shorter (2-5 years).

For PPE leased through finance lease, if it can reasonably determine that the ownership of the leased assets will be obtained when the lease period expires, provision for depreciation will be made in useful life of leased assets; if it can't reasonably determine that the ownership of the leased assets will be obtained when the lease period expires, provision for depreciation will be made in the lease period and useful life of leased assets, whichever is shorter.

PPE renovations expenses that meet the criteria of capitalization are averagely amortized according to the period between the two renovations, remaining lease period and the useful life of PPE, whichever is short.

Estimated useful life and annual depreciation rate of PPE by categories are as follows,

Category	Expect service life (year)	Expect residual value rate (%)	Annual depreciation rate (%)
Buildings and installations	35	5%	2.71%
Machines and equipment	10	5%	9.50%
Vehicles	8	5%	11.88%
Office equipment and others	5	5%	19.00%

The annual depreciation rate of PPE withdrawing impairment loss is based on the net value excluding the accumulated impairment loss.

15. 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 PPE

For the construction in progress, all expenses occurring before they are ready for the use will be the book values as the PPE. 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.

16. Borrowing costs

(1) Confirmation principle of capitalization of borrowing costs

In case the borrowing costs 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 costs 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 PPE, 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 costs begin to be capitalized under the following circumstances:

(a) The asset payment has 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 costs 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 costs will also be suspended.

The capitalization of borrowing costs 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 costs of these parts will be stopped.

(2) Capitalization period of borrowing costs

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

(3) Calculation method about capitalization amount of borrowing costs

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.

17. Intangible assets

(1) Calculation method of 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 intangible assets formed through obtaining them by the debtor paying for debt in debt restructure, recognize its recording value as fair value of the intangible assets, and record the difference between the carrying amounts of debt restructure and the intangible 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 intangible assets obtained by absorbing and consolidated by enterprise under identical control should be recognized as carrying amount of the consolidated party; recording value of PPE obtained by absorbing and consolidated by enterprise under different control should be recognized as fair value.

(2) Useful life and amortization of 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 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.

18. Long-term assets impairment

On each end of accounting period, the Company will make judgments to determine whether there are signs for impairment to the PPE , construction in progress, definite intangible assets and other non-current assets. Goodwill, indefinite intangible assets and intangible assets having not reached the usable condition, should be yearly tested for impairment no matter whether there are signs for impairment.

If there is possibility of impairment loss, the Company estimate the recoverable amount:

(a) Estimating the recoverable amount based on an individual asset with possibility of impairment loss;

(b) Estimating the recoverable amount based on an asset group if an individual asset is hard for impairment test;

(c) Recoverable amount is based on the higher value between the net value of asset's fair value less disposal cost and predicted future cash flow.

The result of impairment test demonstrates that the recoverable amount is less than its carrying amount, the difference will be recorded as provision for impairment and debited as impairment loss.

When the impairment loss has been recognized, an asset's depression amount or amortization amount should be adjusted accordingly.

The impairment loss of the above assets would not be reversed back once they are recognized

19. Long-term deferred expenses to be amortized

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

(1) Prepaid rentals for operating leased PPE will be averagely amortized according to the term stipulated in the lease contract.

(2) PPE improvement expenses for operating leased, long-term deferred expenses will be averagely amortized according to the remaining lease period and the useful life of leased assets, whichever is shorter.

20. Employee benefits

The benefits of employees in the Company include short-term benefits, welfare after demission, demission welfare and other long-term welfare.

(1) Short-term benefits

The short-term benefits include the employees' salary, bonus, allowance and compensation, employee welfare, medical insurance, maternity insurance, employment injury insurance, housing fund, labor union expense and employee education expense and non-currency welfare etc. The Company recognizes the actually incurred short-term employee benefits as liability during the period when the employees' services are rendered, the expenses are recorded into the current period profit and loss or related asset costs according to the benefit object.

For the non-currency welfare, it is recognized according to its fair value.

(2) Demission welfare

When the Company cannot unilaterally withdraw the dismissal welfare provided for the plan on the cancellation of labor relationship or layoff proposal, or recognize the cost or expense involved with the recombination of dismissal welfare or payment of such dismissal welfare (whichever is earlier), the employee's remuneration incurred by dismissal welfare is recognized as the debt and included in the current profits and losses or related assets cost.

(3) Welfare after demission

Welfare after demission mainly includes defined contribution plans and defined benefit plan.

Defined contribution plans

Defined contribution plans include basic endowment insurance, unemployment insurance and annuity. Deposited amounts are charged to relevant asset costs or current profits and losses during the period in which they are incurred.

Defined benefit plan

Defined benefit plan of the Company is internal early retirement plan. According to anticipated accumulative welfare unit, the Company makes estimates by unbiased and consistent actuarial assumption for the demographic variables and financial variables, measures the obligations produced in defined benefit plans, and determines the vesting period.

The deficit or surplus of the present value of defined benefit plan less the asset fair value recognized a net liability or asset of defined benefit plan. The net asset of defined benefit plan is recognized as the lower between the surplus of the present value of defined benefit plan and the asset of defined benefit plan.

The liabilities of defined benefit plan include the employee compensation to be paid in current accounting period and following next 12 months and the liabilities are discounted to present value according to exchange rate and market return in active market.

The defined benefit plan cost and the interest on net asset or liability of defined benefit plan are recognized into profit and loss or related asset cost. The recalculated net asset or liability variation is recorded to other gains, which will not be written back to gain or loss in successive fiscal periods.

At the end of defined benefit plan, the difference between the present value and settlement price of defined benefit plan is recorded in gain or loss.

21. Provisions

(1) Recognizing principles

When businesses related to external security, pending litigation or arbitration, product quality assurance, retrenchment plan, contract of loss, reconstruction obligation, disposing obligation of PPE and other contingencies satisfy all the following conditions, the Company will recognize them as liabilities:

(a) The obligation is the present obligation of the Company;

(b) The performance of such obligation is likely to lead to an outflow of economic benefits;

(c) The amount of the obligation can be reliably measured.

(2) Measurement methods:

Provisions shall be initially measured according to the best estimated amount required to be paid when current obligations are fulfilled.

When determining the best estimated amount, it should take full consideration of the risks, uncertainties and time value of money related to contingencies.

Best estimated amount is handled under the following circumstances:

(a) If the amount required is in a continuous range, and the likelihood of various outcomes within the scope is same, then the estimated amount is determined according to the median of the range, which is the average amount of upper and lower caps.

(b) If the amount required isn't in a continuous range, or there isn't such a continuous range but the likelihood of various outcomes within the scope isn't same, such as the contingency involves a single item, then the best estimated amount is determined in accordance with the amount with most likelihood; if the contingency involves several items, then the best estimated amount is determined according to various possible outcomes and associated probabilities.

If expenses required to settle all or part of estimated debt are expected to be compensated by a third party, then the amount of compensation will be separately recognized as an asset upon basically being identified to be received, and the amount of compensation recognized will not exceed the book value of projected liabilities.

22. Revenue

(1)Sale of goods

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

(2) Rendering of service

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

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

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

(a) In case the labor costs that have occurred can be compensated, the labor costs will be confirmed based on such labor costs and the same amounts will be settled as the labor costs.

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

⑶ Transferring use right

In case the economic benefits related to the transaction will probably flow into the enterprise and the revenue amounts can be measured reliably, the Company recognizes the revenue amount by the following means:

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

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

（4）Government grants

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

Government grants will be recognized upon meeting both of the following two conditions:

(a) The company can meet the conditions attached to government grants;

(b) The company can receive government grants.

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

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

(b) If such grants are used to compensate for relevant costs and losses occurred of the company, they will be directly recorded into current profit or loss.

⑷ Government grants

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

Government grants will be recognized upon meeting both of the following two conditions:

(a) The company can meet the conditions attached to government grants;
(b) The company can receive government grants.

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

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

23. Deferred income tax assets / deferred income tax liabilities

Corporate income tax will be calculated by liability method of the statement of financial position.

The company's tax base will be determined upon the company obtains the assets or liabilities; on the statement of financial position date, take the statement of financial position as the basis, and if the book value of related assets or liabilities are different from 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.

24.Leasing

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

(1) The Company is a lessor

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 at each period during the lease term, it will use the effective interest method to confirm the current financing income.

For rent in operating lease, the Company will use the straight-line method to recognize profit or loss in each period during the lease term. Initial direct costs occurred will be recorded into current profit or loss.

(2) The Company is a lessee

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

The Company uses depreciation policy consistent with its own PPE 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.

25. Changes in major accounting policies and accounting estimates

(1) Changes in accounting policies resulting from the implementation of the new financial instruments standards

On March 31, 2017, the Ministry of Finance issued accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments (2017 Revision) (CK [2017] No. 7) , Accounting standards for Business Enterprises No. 23 - transfer of financial assets (2017 Revision) (CK [2017] No. 8), Accounting standards for Business Enterprises No. 24 - hedge accounting (revised in 2017) (CK [2017] No. 9), On May 2, 2017, the accounting standards for Business Enterprises No. 37 - presentation of financial instruments (2017 Revision) (CK [2017] No. 14) (the above standards are collectively referred to as the "new financial instruments standards"), requiring domestic listed enterprises to implement the new financial instruments standards from January 1, 2019.

All recognized financial assets under the new financial instrument standards are measured at amortized cost or fair value. On the implementation date of the new financial instrument standard, the business model of managing financial assets shall be evaluated on the basis of the existing facts and circumstances of the company on that date, and the contractual cash flow characteristics of the financial assets shall be evaluated on the basis of the facts and circumstances of the initial recognition of the financial assets. The financial assets shall be divided into three categories. Measured at amortized cost, measured at fair value with changes included in other comprehensive income and measured at fair value with changes included in current profit and loss. Among them, for the equity instrument investment measured at fair value with its changes included in other comprehensive income, when the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income, not included in the current profit and loss.

Under the new financial instrument standards, the company makes provision for impairment of financial assets measured at amortized cost, debt instrument investment measured at fair value with changes included in other comprehensive income, lease receivables, contract assets and financial guarantee contracts based on expected credit loss, and recognizes credit impairment loss.

The Company retrospected the application of new financial instrument guidelines, but if the classification and measurement (including impairment) involve the inconsistency between the data in the previous comparative financial statements and the new financial instrument standards, the company chooses not to restate them. Therefore, for the cumulative impact of the first implementation of the standard, the company adjusts the amount of retained earnings or other comprehensive income and other related items in the financial statements at the beginning of 2019, and the financial statements in 2018 are not restated.

The main changes and impacts of the implementation of the new financial instrument standards on the company are as follows,

①Classification and measurement comparison of financial assets before and after the first implementation date

A. Impact on consolidated financial statements

December 31, 2018 (before change)			January 1, 2019 (after change)		
Item	Measurement category	Book value	Item	Measurement category	Book value
Monetary fund	Amortized cost	1,613,340.23	Measurement category	Measurement category	1,613,340.23
Notes receivable	Amortized cost		Amortized cost	Amortized cost	
Accounts receivable	Amortized cost	22,021,179.73	Amortized cost	Amortized cost	22,021,179.73
Other receivables	Amortized cost	4,189,883.29	Amortized cost	Amortized cost	4,189,883.29

B. Impact on the company's financial statements

December 31, 2018 (before change)	January 1, 2019 (after change)

Item	Measurement category	Book value	Item	Measurement category	Book value
Monetary fund	Amortized cost	150,376.48	Monetary fun	Amortized cost	150,376.48
Notes receivable	Amortized cost		Notes receivable	Amortized cost	
Accounts receivable	Amortized cost		Accounts receivable	Amortized cost	
Other receivables	Amortized cost	124,003,172.06	Other receivables	Amortized cost	124,003,172.06

②On the first implementation date, the book value of the original financial assets is adjusted to the adjustment table of the book value of the new financial assets classified and measured in accordance with the new financial instrument standards

A. Impact on consolidated statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Notes receivable				
Less: transfer out to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Accounts receivable	22,021,179.73			
Less: transfer out to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				22,021,179.73
Other receivables	4,189,883.29			
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				4,189,883.29

B. Impact on the Company's Financial Statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Notes receivable				
Less: transfer out				

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				
Accounts receivable				
Less: transfer out to receivables financing				
Remeasurement: provision for expected credit loss				
Balance according to new financial instrument standards				
Other receivables	124,003,172.06			
Remeasurement: provision for				

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
expected credit loss				
Balance according to new financial instrument standards				124,003,172.06

③Adjustment statement of provision for impairment of financial assets on the first execution date

A Impact on consolidated statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Provision for impairment of accounts receivable	13,722,771.05			13,722,771.05
Provision for impairment of other receivables	8,290,852.10			8,290,852.10

B. Impact on the company's financial statements

Item	December 31, 2018 (before change)	Reclassification	Remeasurement	January 1, 2019 (after change)
Amortized cost				
Provision for impairment of accounts receivable	4,608,276.88			4,608,276.88
Provision for impairment of other receivables	5,598,683.42			5,598,683.42

(2) Other accounting policy changes

No

V. Taxation

Main type of tax and tax rate of the Company

Type of tax	Taxable basis	Tax rate (%)
VAT	Sales	13
VAT	Sales of real estate (After 1 May 2016, apply a simplified method)	5
Business tax	Sales of real estate (Before 30 April 2016)	5
Consumption tax	Taxable sale revenue	5
Corporate income tax	Taxable income	25

a. 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.

b. Since 1 Jan.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%.

VI.Notes to the items of consolidated financial statement

1. Monetary funds

Item	Closing balance	Opening balance
Cash	279,060.73	20,999.74
Amount of savings	696,501.55	1,223,778.75
Other monetary funds	284,337.35	368,561.74
Total	1,259,899.63	1,613,340.23
Including amount deposited in the foreign countries	3,788.05	1,391.63

No amount is restricted and has potential risks to withdraw because of mortgage, pledge.

2. Accounts receivable

(1) By aging

Age	Closing balance
	281,177.18
0-1 year	14,483.67
1-2 years	17,653,529.76
2-3 years	30,951.61
3-4 years	14,442.76
4-5 years	11,373,752.89
Subtotal	29,368,337.87
Less: provision for bad debts	20,243,905.19
Total	9,124,432.68

(2) Classified by bad debt provision method

Category	Closing balance				
	Book balance		Bad debt provision		book value
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)	
individually assessed of bad debts	10,660,893.64	36.30	10,660,893.64	100.00	-
Provision for bad debts by portfolio	18,707,444.23	63.70	9,583,011.55	51.23	9,124,432.68
Among					
aging group	18,707,444.23	63.70	9,583,011.55	51.23	9,124,432.68
Total	29,368,337.87	100	20,243,905.19	68.93	9,124,432.68

(Continued)

Category	Opening balance				
	Book balance		Write-down amount		book value
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)	
Significant individual amount	10,148,800.54	28.39	10,148,800.54	100.00	-

Category	Opening balance				
	Book balance		Write-down amount		book value
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)	
with individually assessed of bad debts					
Trade receivable withdrawn bad debt provision according to credit risks characteristics	25,167,994.68	70.41	3,159,422.00	12.55	22,008,572.68
Significant individual amount but not individually assessed of bad debts	427,155.56	1.20	414,548.51	97.05	12,607.05
Total	35,743,950.78	100.00	13,722,771.05	38.39	22,021,179.73

①Accounts receivable with single provision for bad debts at the end of the period

Accounts receivable by Company	Closing balance			
	Book balance	Write-down amount	Proportion (%)	Reason
Capital Airport	21,713.00	21,713.00	100.00	Long term outstanding account, hard to take backr
Ningbo Administration for Industry and Commerce	26,354.45	26,354.45	100.00	Long term outstanding account, hard to take backr
Chen Shunqin, Guangzhou	335,904.80	335,904.80	100.00	Long term outstanding account, hard to take backr
Hong Kong Jinhua Trading Company	4,224,304.63	4,224,304.63	100.00	Long term outstanding account, hard to take

Accounts receivable by Company	Closing balance			
	Book balance	Write-down amount	Proportion (%)	Reason
				backr
Victoria International(USA) INC	6,022,040.50	6,022,040.50	100.00	Long term outstanding account, hard to take backr
Shanghai Yishi International Trade Co., Ltd	30,576.26	30,576.26	100.00	Long term outstanding account, hard to take backr
Total	**10,660,893.64**	**10,660,893.64**	——	——

②Accounts receivable by aging balance

Age	Closing balance		
	Carrying amount	Write-down amount	Proportion (%)
0-1 year	281,177.18	5,623.54	2.00
1-2 years	14,483.67	1,448.37	10.00
2-3 years	17,653,529.76	8,826,764.89	50.00
3-4 years	30,951.61	24,761.29	80.00
4-5 years	14,442.76	11,554.21	80.00
Over 5 years	712,859.25	712,859.25	100.00
Age	**18,707,444.23**	**9,583,011.55**	——

(3) Bad debt provision

Type	Opening balance	Change			Closing balance
		Provision	Recover	Write off	
Accounts receivable	13,722,771.05	6,521,134.14			20,243,905.19
Total	**13,722,771.05**	**6,521,134.14**			**20,243,905.19**

(4) Accounts receivable actually written off in the current period, No.

(5) Top five accounts receivable of ending balance collected by debtors,

The total amount of the top five accounts receivable collected by the debtor at the end of the period is 28680518.78 yuan, accounting for 97.66% of the total amount of accounts receivable at the end of the period, and the total amount of bad debt reserves withdrawn at the end of the period is 19857634.21 yuan.

(6) As of December 31, 2019, the company has no derecognized accounts receivable and transferred accounts receivable due to the transfer of financial assets and continues to be involved in the formed assets and liabilities

3. Prepayment

(1) Aging analysis

Age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
0-1 year	284,688.81	90.43	30,911,067.38	99.88
1-2 years	17,111.91	5.44	35,878.94	0.12
2-3 years	13,009.41	4.13		
Over 3 years				
Total	314,810.13	100.00	30,946,946.32	100.00

(2) Significant prepayment aging over 1 year

Name	Closing balance	Age	Reason
No			
Total	-	-	-

(3) Top 5 amounts of balances on 31 Dec.2019

Name	Closing balance	Percentage in the total	Time of prepayment	Reason
Shanghai Mansesi costumes Co., Ltd	138,109.36	43.87	2019年	Contract not yet completed
Shanghai JianCheng Trade Co., Ltd.	105,534.62	33.52	2019年	Contract not yet completed

Zhuoyue (Shanghai) Garment Co., Ltd	37,621.79	11.95	2019年	Contract not yet completed
Shanghai Ruihe Garment Co., Ltd	23,196.33	7.37	2019年	Contract not yet completed
Total	**304,462.10**	**96.71**	——	——

4 Other receivables

Category	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	12,553,722.95	12,480,735.39
Less: bad debt provision	9,191,094.27	8,290,852.10
Total	**3,362,628.68**	**4,189,883.29**

（一）Other receivables

（1）By aging

Age	Closing balance
0-1 year	1,469,522.98
1-2 years	791,199.03
2-3 years	2,351,689.61
3-4 years	90,941.50
4-5 years	136,065.15
Over 3 years	7,714,304.68
Subtotal	**12,553,722.95**
Less: provision for bad debts	9,191,094.27
Total	**3,362,628.68**

（2）In characters

Item	Closing balance	Opening balance
Revolving fund	1,501,932.00	811,744.67

Deposit	140,000.00	148,312.66
Suspense payment	602,117.54	1,734,132.15
Transaction	7,978,065.21	7,454,937.71
Dividend	2,331,608.20	2,331,608.20
Subtotal	**12,553,722.95**	**12,480,735.39**
Less: provision for bad debts	9,191,094.27	8,290,852.10
Total	**3,362,628.68**	**4,189,883.29**

(3) Provision for bad debts

Bad debts	1st stage	2nd stage	3rd stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the life (no credit impairment)	Expected credit loss over the life (credit impairment occurred)	
Balance on January 1, 2019	8,290,852.10			8,290,852.10
The balance on January 1, 2019 in the current period:				
—— shift to 2nd stage				
—— shift to 3rd stage				
—— back to 2nd stage				
—— back to 1st stage				
Accrual	900,242.17			900,242.17
Reversal				
Conversion				
Write off				
Other change				
Balance on December 31, 2019	**9,191,094.27**			**9,191,094.27**

(4) Statement

Item	Opening balance	Change			Closing balance
		Provision	Recover	Write off	
Other receivable	8,290,852.10	900,242.17			9,191,094.27
Total	**8,290,852.10**	**900,242.17**			**9,191,094.27**

(5) Other receivables actually written off in the current period, No

(6) Top 5 amounts of balances on 31 Dec.2019

Name	Character	Closing balance	Age	Percentage in other receivables (%)	Write-down amount
Export tax rebate -VAT	Tax	2,331,608.20	Over 5 years	18.57	2,331,608.20
Shenzhen Minglong Trade Co., Ltd.	Transaction	1,575,035.30	1-2 year	12.55	1,575,035.30
Suning Banhe Chemical Fiber Fabric Simulation Co., Ltd.	advance in cash	800,000.00	Over 5 years	6.37	800,000.00
Guangzhou Panyu Tanzhou Zhenyu Textiles Printing and Dyeing Co., Ltd.	Transaction	800,000.00	Over 5 years	6.37	800,000.00
Li Yang	Revolving fund and platform operating funds	763,060.19	1-2 year	6.08	58,898.19
Total	——	**6,269,703.69**	——	**49.94**	**5,565,541.69**

5. Inventories

(1) In categories

Categories	Closing balance	Opening balance

	Carrying amount	Write-down amount	Book value	Carrying amount	Write-down amount	Book value
Materials for Consigned				7,019,915.71	-	7,019,915.71
Raw material	641,930.57	-	641,930.57	-	-	-
Goods ready for sale	173,208,011.06	-	173,208,011.06	151,753,952.17	-	151,753,952.17
Goods delivered	79,941.36	-	79,941.36	141,366.44	-	141,366.44
Total	**173,929,882.99**	**-**	**173,929,882.99**	**158,915,234.32**	**-**	**158,915,234.32**

(2) No impairment loss needed for inventories in the year ended 31 Dec.2019

(3) No capitalized borrowing cost in the year ended 31 Dec. 2019

(4) Other information: refer to Note XIII

6.Held-for-sale assets

Item	Closing balance	Opening balance
Shenzhen Shenguorong Finance Guarantee Co., Ltd.	149,998,221.71	149,998,221.71
Total	**149,998,221.71**	**149,998,221.71**

(1) In categories

Item	Closing balance of book value	Fair value	Expected disposal expenses	Estimated disposal time
Held-for-sale non-current assets	149,998,221.71	150,000,000.00	75,000.00	Year 2020
Total	149,998,221.71	150,000,000.00	**75,000.00**	-

Note, the company has signed a conditional equity transfer agreement with Shenzhen Gaopu Industrial Co., Ltd. on 30th Nov. 2018, transferred 30% shares of Shenzhen Shenguorong Finance Guarantee Co., Ltd. to Shenzhen Gaopu Industrial Co., Ltd, transaction price is RMB 150 million, In the supplementary agreement, both parties agree to handle the transfer of 15% equity of Shenzhen shenguorong Financing Guarantee Co., Ltd. from the effective date of this agreement, Shenzhen shenguorong Financing Guarantee Co., Ltd. shall be responsible for the transfer of 15% equity, and both parties shall cooperate in accordance with relevant provisions. The taxes arising from the above 15% equity transfer shall be borne by both parties in accordance with the equity transfer agreement with conditions, Gaopu industrial agrees to continue to perform the payment obligation of the remaining equity transfer funds in accordance with the agreement on conditional effective equity transfer,

Shenzhen shenguorong Financing Guarantee Co., Ltd. shall be responsible for the transfer of the remaining 15% of the shares from the date when Gaopu industry has paid the remaining equity transfer payment and fulfilled the obligations stipulated in the conditional effective equity transfer agreement, and with the cooperation of both parties. As of December 31, 2019, the company has received part of the transfer equity price of RMB 75.22 million in accordance with the provisions of the agreement.

7. Other Current Asset

Item	Closing Balance	Opening Balance
Pending certifying input VAT	25,096,981.77	23,600,078.85
Total	25,096,981.77	23,600,078.85

Note: Ministry of Finance of the People's Republic of China has issued <The Accounting Treatments on Value-Added Tax regulations> (Caikuai [2016] No 22) on 3 December 2016, and clearly requires that the closing debit balance of "tax payable" under the "VAT payable" and "Unpaid VAT", "pending deduct input VAT ", "pending certifying input VAT" and "VAT credit" and other details subjects, based on the situation, shall list in the balance sheet of "other current assets" or "other non-current assets". The closing credit balance of "tax payable – stay recognition output VAT" and other subjects, based on the situation, shall list in the balance sheet of "other current liabilities" or "other non-current liabilities".

8. Long term investment

Investee company	Opening balance	Increase or decrease in current period			
		Increase Investment	Decrease investment	Investment gains and losses recognized in equity method	Other comprehensive income adjustment
1. Joint venture					
Sub-total	-	-	-	-	-
2. Associated enterprises					
Shenzhen Shenguorong				-	-

Finance Guarantee Co., Ltd.					
Shenzhen future industry development fund enterprise (limited partnership).	100,600,000.00			-	-
Sub-total	100,600,000.00			-	-
Total	**100,600,000.00**			**-**	**-**

(countied)

Investee company	Increase or decrease in current period				Closing balance	Closing balance on impairment provision
	Other change for equity	Declaration of cash dividends or profits	Provision for impairment	Other		
1.Joint venture						
Sub-total	-	-	-	-	-	-
2.Associated						
Shenzhen Shenguorong Finance Guarantee Co., Ltd.	-	-	-	-	-	-
Shenzhen future industry development fund					100,600,000.00	-

enterprise (limited partnership).						
Sub-total					100,600,000.00	-
Total					**100,600,000.00**	**-**

9. Investment property

(1) Information

Item	**Buildings and installations**	**Land tenure**	**Total**
I Original book value			
1.Opening balance	4,411,933.34	494,210.40	4,906,143.74
2.Increase			
(1) Outsourcing			
(2) Inventory\Fix assets\From construction in process	6,242,187.15	1,505,789.60	7,747,976.75
(3) Increased from enterprise merger			
3. Decrease			
(1) Disposal or scrap			
(2) Other			
4. Closing balance	10,654,120.49	2,000,000.00	12,654,120.49
II. Accumulated depreciation			
1. Opening balance	121,769.40	9,999.99	131,769.39
2. Increase	5,900,194.62	753,332.70	6,653,527.32
(1) Provision or amortization	5,900,194.62	753,332.70	6,653,527.32
3. Decrease			

Item	Buildings and installations	Land tenure	Total
(1) Disposal or scrap			
(2) Other			
4. Closing balance	6,021,964.02	763,332.69	6,785,296.71
III. Impairment provision			
1. Opening balance			
2. Increase			
(1) Withdrawing			
3. Decrease			
(1) Disposal or scrap			
(2) Other			
4. Closing balance			
IV. Net book value			
1.Closing balance	4,632,156.47	1,236,667.31	5,868,823.78
2.Opening balance	4,290,163.94	484,210.41	4,774,374.35

① The depreciation and amortization for the current year was RMB 334,053.84.

② Investment real estate reduction preparations for this period was RMB 0.00.

③ The information of pledged investment property' s net book value in the current period: on 31th Dec. 2018, with the houses, buildings with book value of RMB 5,868,823.78 (Original book value RMB 12,654,120.49) to provide mortgage guarantees to Jieyang Rongcheng Branch of Industrial and Commercial Bank of China Co. Ltd. and Jieyang Branch of Industrial and Commercial Bank of China Co., Ltd separately with the houses and buildings, details refer to Notes 11, 2 (1)

(2) Unfinished property certificate

Naught

(3) The transformation of real estate and the change of measurement mode

The company is rending part of its original plant, transforming the house and land into investment real estate by cost method from the beginning of the lease

10.PPE

(1) Information

Item	Buildings and installations	Vehicles	Electronics and other equipment	Total
I Original book value				
1. Opening balance	71,012,106.62	3,848,312.30	1,870,688.24	76,731,107.16
2. Increase			46,760.94	46,760.94
Purchase				
From construction in process				
Increased from enterprise merger				
Shareholder investment				
Financing investment				
Other				
3. Decrease	6,242,187.15	1,022,046.19	1,180,000.00	8,444,233.34
Disposal or scrap		1,022,046.19	1,180,000.00	2,202,046.19
Financing lease				
Other	6,242,187.15			6,242,187.15
4. Closing balance	64,769,919.47	2,826,266.11	737,449.18	68,333,634.76
II. Accumulated depreciation				
1. Opening balance	38,215,881.43	2,604,039.94	945,375.06	41,765,296.43
2. Increase	1,997,065.80	210,533.83	321,367.84	2,528,967.47
Withdrawing	1,997,065.80	210,533.83	321,367.84	2,528,967.47
Increased from enterprise merger				
Other				
3. Decrease	5,900,194.62	806,760.45	817,492.00	7,524,447.07
Disposal or scrap		806,760.45	817,492.00	1,624,252.45
Financing lease				

Other	5,900,194.62			5,900,194.62
4. Closing balance	34,312,752.61	2,007,813.32	449,250.90	36,769,816.83
III. Impairment provision				
1. Opening balance				
2. Increase				
Withdrawing				
Increased from enterprise merger				
Other				
3. Decrease				
Disposal or scrap				
Financing lease				
Other				
4. Closing balance				
IV. Net book value				
1. Closing balance	30,457,166.86	818,452.79	288,198.28	31,563,817.93
2. Opening balance	32,796,225.19	1,244,272.36	925,313.18	34,965,810.73

Note:

① The depreciation for the current year was RMB 2,528,967.47

② No constructions in progress transferred to PPE during the period.

③ The information of PPE for mortgage guarantee in the current period: on 31th Dec. 2019, with the houses, buildings with book value of RMB 12,970,494.44 (original book value RMB 29,627,285.50) to provide mortgage guarantees to Jieyang Rongcheng Branch and Jieyang Branch of Industrial and Commercial Bank of China Limited, details refer to note XI.

(2) List of temporarily idle PPE

Item	Original book value	Accumulated depreciation	Impairment provision	Net book value	Note
Buildings and installations	64,769,919.47	34,312,752.61	-	30,457,166.86	-

Total	64,769,919.47	34,312,752.61	-	30,457,166.86	-

(3) No PPE from financial leasing

(4) No PPE from operation leasing

(5) No PPE failed to accomplish certification of property

11. Intangible assets

(1) Information

Item	Right to the Use of State-owned Land	Computer Software	Total
I Original book value			
1. Opening balance	12,995,874.60	500,890.33	13,496,764.93
2. Increase			
(1) Purchase			
(2) Internal R&D			
(3) Increased from enterprise merger			
(4) Shareholder investment			
(5) Other			
3. Decrease			
(1) Disposal			
(2) Other	1,132,674.60	127,775.33	1,260,449.93
4. Closing balance	11,863,200.00	373,115.00	12,236,315.00
II. Accumulated amortization			
1.Opening balance	4,679,191.93	373,115.00	5,052,306.93
2.Increase	277,263.84		277,263.84
(1) Withdrawing	277,263.84		277,263.84
(2) Increased from enterprise merger			
(3) Other			

3. Decrease	380,217.70		380,217.70
(1) Disposal			
(2) Other	380,217.70		380,217.70
4. Closing balance	4,576,238.07	373,115.00	4,949,353.07
III. Impairment provision			
1.Opening balance			
2. Increase			
(1) Withdrawing			
(2) Increased from enterprise merger			
(3) Other			
3. Decrease			
(1) Disposal			
(2) Other			
4. Closing balance			
IV. Net book value			
1. Closing balance	7,286,961.93	-	7,286,961.93
2.Opening balance	8,316,682.67	127,775.33	8,444,458.00

Note:

①The amortization for current year was RMB 277,263.84

②The information of intangible assets for mortgage guarantee in the current eriod: on 31th Dec. 2019, with the book value was RMB 7,286,961.93（original book value RMB 11,863,200.00）to provide mortgage guarantees to Jieyang Rongcheng Branch and Jieyang Branch of Industrial and Commercial Bank of China Limited, details refer to note XI 2 (1)

（2）No Right to the Use of State-owned Land failed to accomplish certification

12. Long-term deferred expenses to be amortized

Item	Opening balance	Increase	Amortization	Decrease	Closing balance	Other reason for decrease
Decoration cost	536,172.24	10,097.09	131,411.52		414,857.81	-
Total	536,172.24	10,097.09	131,411.52		414,857.81	-

13. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets without off-set

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets impairment provision	23,315,640.88	5,828,910.22	15,984,747.72	3,996,186.93
Total	23,315,640.88	5,828,910.22	15,984,747.72	3,996,186.93

(2) Unrecognized deferred tax assets:

Item	Closing balance	Opening balance
Assets impairment provision		
Deductible losses	12,646,598.71	25,392,517.11
Total	12,646,598.71	25,392,517.11

(3) Unrecognized deductible losses of deferred tax assets will be expire at the end of following years

Year	Closing balance	Opening balance	Note
2019		14,209,131.72	-
2020	2,439,938.30	2,439,938.30	-
2021			
2022	5,418,164.79	5,418,164.79	
2023	3,325,282.30	3,325,282.30	-
2024	1,463,213.32		
Total	12,646,598.71	25,392,517.11	-

14. Accounts payable

(1) Presentation

Item	Closing balance	Opening balance
Payments for goods	16,088,889.66	16,141,549.26
Rental		
Total	16,088,889.66	16,141,549.26

(2) Significant trade payables aging over 1year

Item	Closing balance	Unclosed Reason
Shenzhen Dailu New Material Co., Ltd	15,372,185.46	Unsettled
Total	15,372,185.46	——

15. Advance payment

Item	Closing balance	Opening balance
Payments for goods	11,223,115.70	11,215,991.53
advances payment for stock right	75,220,000.00	75,000,000.00
Total	86,443,115.70	86,215,991.53

(1) Significant advance payment aging over 1 year

Name	Amount	Charter	Unclosed reason
Jiangxi Yuetong Industry Co., Ltd	10,738,840.00	Payment for goods	Unsettled
Total	10,738,840.00	——	——

16. Accrued payroll

(1) In classification

Item	Opening balance	Increase	Decrease	Closing balance
Short-term remuneration	1,357,727.74	3,738,418.26	2,209,877.60	2,886,268.40
Post-employment benefit-defined contribution plans	11,567.51	283,497.38	286,003.84	9,061.05

Termination benefits				
Other benefits due within one year				
Total	**1,369,295.25**	**4,021,915.64**	**2,495,881.44**	**2,895,329.45**

(2) Short-term remuneration

Item	**Opening balance**	**Increase**	**Decrease**	**Closing balance**
(1) Salary, bonus, allowance, subsidy	1,352,953.22	3,475,116.77	1,950,366.00	2,877,703.99
(2) Employee welfare	-	871.00	871.00	-
(3) Social insurance	5,380.52	123,959.12	125,527.23	3,812.41
Including: ①Medical insurance premiums	4,696.56	111,121.48	112,491.80	3,326.24
②Work-related injury insurance	210.86	4,359.97	4,420.18	150.65
③Maternity insurance	473.10	8,477.67	8,615.25	335.52
(4) Housing welfare fund	-606.00	81,919.60	76,561.60	4,752.00
(5) Union fund and employee education				
(6) Short-term absence with payment				
(7) Short-term profit sharing plan				
(8) Other		56,551.77	56,551.77	-
Total	**1,357,727.74**	**3,738,418.26**	**2,209,877.60**	**2,886,268.40**

(3) Defined contribution plans

Item	**Opening balance**	**Increase**	**Decrease**	**Closing balance**
Basic endowment insurance premium	11,264.72	273,847.46	276,267.89	8,844.29
Unemployment insurance premium	302.79	9,649.92	9,735.95	216.76
Total	**11,567.51**	**283,497.38**	**286,003.84**	**9,061.05**

17. Current tax liabilities

Categories	Closing balance	Opening balance
VAT	571,522.91	481,736.10
Business tax	781,313.74	781,313.74
Corporate income tax	18,406,766.96	18,047,007.75
Land appreciation tax	2,888,704.72	2,256,922.32
Property tax	803,160.00	623,070.00
Land use tax	1,802,131.05	1,795,943.95
Other	**25,253,599.38**	**23,985,993.86**

18. Other payables

Category	Closing balance	Opening balance
Interest payables		
Dividend payables		
Other payables	36,678,743.30	46,728,023.22
Total	**36,678,743.30**	**46,728,023.22**

（一）Other payables

（1）In characters

Item	Closing balance	Opening balance
Transaction	36,287,128.00	44,505,544.22
Payment on behalf	-	134,687.40
Rental deposit	380,000.00	380,000.00
Other	11,615.30	1,707,791.60
Total	**36,678,743.30**	**46,728,023.22**

19. Share capital

Item	Opening balance	Increase/decrease (+/-)					Closing balance
		Newly Issue	Bonus issued	Capitalization	Other	Subtotal	
Total shares	318,600,000.00	-	-	-	-	-	318,600,000.00

Note: details refer to note I Company Profile

20. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
1. Capital premium	52,129,496.58	-	-	56,132,520.60
Including: Capital contributed by investors	52,129,496.58	4,003,024.02	-	56,132,520.60
2. Other	173,778.22	-	-	173,778.22
Total	**52,303,274.80**	4,003,024.02	-	**56,306,298.82**

21. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus	49,036,260.20	-	-	49,036,260.20
Discretionary	37,000,000.00	-	-	37,000,000.00
reserve fund				
Enterprise				
Total	86,036,260.20	-	-	86,036,260.20

22. Retained earnings

Item	Amount for the current period	Amount for the prior period	Proportion

Retained earnings as to 31 Dec.2016 without	-117,840,473.36	-104,447,877.20	-
Total adjustment to Retained earnings as to 31			
Adjusted retained earnings as to 31 Dec.2018	-117,840,473.36	-104,447,877.20	-
Add: Profit attributable to owners of the company	1,996,242.74	-13,392,596.16	-
Less: Appropriation to statutory surplus reserve			
Appropriation to discretionary surplus reserve			
Appropriation to reserve fund			
Appropriation to Enterprise development fund			
Appropriation to welfare fund for staff and			
Appropriation to risk reserve			
Common Stock dividends payable			
Common stock dividends transferred to capital			
Preferred stock dividend			
Other distribution of shareholders			
Profit capitalised on return of investments			
Other distribution of profits			
Add: Earned surplus to make up for losses			
Other internal relations of owner's equity			
Retained earnings as to 31 Dec.2019			
Retained earnings as to 31 Dec.2018 without	-115,844,230.62	-117,840,473.36	-
Total adjustment to Retained earnings as to 31 Dec.2018 (add +, less-)			

23. Revenue and cost of sales

(1) Classification of revenue and cost of sales

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities	18,295,354.68	14,111,942.62	96,257,015.51	94,777,774.47
Other activities	770,077.99	204,840.45	458,826.11	131,769.39
Total	**19,065,432.67**	**14,316,783.07**	**96,715,841.62**	**94,909,543.86**

(2) Revenue from Principal operating activities (classified by industries)

Industry	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Gold and jewelry	15,324,468.13	12,021,716.87	92,990,638.89	92,727,039.98
E-commerce Clothing sales	2,970,886.55	2,090,225.75	3,279,636.46	2,063,994.33
Total	**18,295,354.68**	**14,111,942.62**	**96,270,275.35**	**94,791,034.31**
Off-set internal transactions			-13,259.84	-13,259.84
Total	**18,295,354.68**	**14,111,942.62**	**96,257,015.51**	**94,777,774.47**

(3) Revenue from principal operating activities (by region)

Region	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Shenzhen Gold and jewelry	15,324,468.13	12,021,716.87	92,990,638.89	92,727,039.98
Clothing sales	-	-	14,089.29	13,259.84

E-commerce Clothing sales	2,970,886.55	2,090,225.75	3,265,547.17	2,050,734.49
Subtotal	18,295,354.68	14,111,942.62	96,270,275.35	94,791,034.31
Off-set internal transactions	-	-	-13,259.84	-13,259.84
Total	18,295,354.68	14,111,942.62	96,257,015.51	94,777,774.47

(4) The total sales to Top 5 customers of the Company amounted to RMB 8,337,145.65, accounting for 43.72% of total revenue of the Company this year.

Name	Revenue	Percent in total revenue of the Company (%)
NO.1	3,520,884.96	18.47
NO.2	1,753,008.85	9.19
NO.3	1,489,601.77	7.81
NO.4	980,331.48	5.14
NO.5	593,318.59	3.11
Total	8,337,145.65	43.72

24. Business tax and surcharges

Item	Amount for the current period	Amount for the prior period
Consumption tax	27,560.14	268.68
Education expenses and surcharges	3,793.77	11,872.52
Urban maintenance and	3,684.98	16,825.96
Land Use tax	180,090.00	180,090.00
Stamp tax	11,431.72	140,859.65
Property tax	631,782.40	631,782.40

Total	**858,343.01**	**981,699.21**

25. Sale expenses

Item	Amount for the current period	Amount for the prior period
Remuneration	43,409.85	440,830.55
Rental	127,084.14	489,149.45
Software expense	-	31,943.44
Service expense	190,590.55	486,049.48
Social Insurance	-	37,327.47
office expense	65,988.85	57,171.45
Purchase brokerage	-	28,213.52
Depreciation amount	23,154.88	24,713.84
Packaging	-	3,328.00
Travel expense	46,473.01	34,262.65
Business Propagandize Fee	4,530.00	-
Other expense	53,672.48	111,113.43
Total	**554,903.76**	**1,744,103.28**

26. Administration expense

Item	Amount for the current period	Amount for the prior period
Remuneration	3,029,631.39	2,632,572.17
Depreciation amount	2,340,971.31	2,537,528.46
Rental expense	648,351.02	943,722.71
Auditing expense	408,165.00	426,150.00
Fare	213,487.73	148,688.19

Travel expenses	125,699.20	300,134.19
Water and electricity	177,288.88	252,471.00
Board membership dues	395,000.00	395,000.00
Office expense	95,534.93	184,542.56
Entertainment expense	52,291.67	106,276.86
welfare benefits	259,409.47	179,452.37
Social Insurance	290,958.74	273,261.73
Assessment expanse	980,100.00	1,600,100.00
Amortization of intangible assets	237,263.88	267,263.85
Other	441,688.89	609,825.28
Total	**9,695,842.11**	**10,856,989.37**

27. Finance costs

Item	Amount for the current period	Amount for the prior period
Interest expenses	-	21,155.43
Less: Interest incomes	1,173.75	5,770.02
Exchange losses	279,624.04	281,218.32
Commission charges and other	13,133.42	17,292.74
Total	**291,583.71**	**313,896.47**

28. Credit impairment loss

Item	2019	2018
Bad debt allowance	-7,427,856.06	——
Total	**-7,427,856.06**	

29. Asset impairment loss

Item	Amount for the current period	Amount for the prior period
(1) Bad debt allowance	-	989,614.23
(2) Inventories allowance		
(3) PPE impairment loss		
(4) Materials held for construction		
(5) Goodwill impairment loss	-	-2,395,820.87
Total	**-**	**-1,406,206.64**

30. Income from disposal of assets

Item	Amount for the current period	Amount for the prior period
Among: Disposal of fixed assets	953,732.29	-
Total	**953,732.29**	**-**

31.Gain on fair value change

Item	Amount for the current period	Amount for the prior period
Financial assets measured at fair value and changes recorded into current period profit or	-	1,976.00
Total	**-**	**1,976.00**

32. Income from investment

Item	Amount for the current	Amount for the prior
Accounted by equity method		
From disposal of trading financial assets		-1,440.00
From disposal of long-term equity investment	77,525.28	
Others		
Total	**77,525.28**	**-1,440.00**

33.Non-operating expense

Item	Amount for the current period	Amount for the prior period	Amount included in current non recurring profit and loss
Gains on debt restructuring			
Gains on Non-monetary transactions			
Donations			
Government grants			
Other	12,967,905.08	609,312.29	12,967,905.08
Total	**12,967,905.08**	**609,312.29**	**12,967,905.08**

Note, Other is mainly the income from debt write off。

34. Non-operating expense

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Losses on debt restructuring			
Loss on disposal of non current assets			
Fines		189,403.73	
Other	3,882.49	347.13	3,882.49
Total	**3,882.49**	**189,750.86**	**3,882.49**

35. Income tax expense

(1) Details

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax		-
Deferred income tax expense	-1,472,966.01	329,538.20

Total	-1,472,966.01	329,538.20

(2) The process of calculating the income tax based on accounting profit::

Item	Amount for the current period	Amount for the prior period
Consolidated profit this year	-84,598.89	-13,076,499.78
Income tax calculated at legal or applicable tax rate	-21,149.72	-3,269,124.95
Impact of various tax rates applicable to		
Adjustment of impact on the income tax in the previous		
Profits and losses of joint ventures or associated		
Impact of non-taxable income		
Impact of non-deductible cost, expense and loss	22,248.04	28,850.33
Impact of tax rate change on the deferred income tax balance at the beginning of the year.		
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets		
Impact of deductible temporary difference or deductible losses of deferred income tax assets	1,463,213.32	3,325,282.30
Tax effect of R&D expenses deducted		
Other	-2,937,275.72	244,530.52
Income taxes	-1,472,964.08	329,538.20

Note: Because Hongkong Tian Rui company is an overseas company, it doesn't need to pay corporate income tax. Therefore, "other" was the calculation adjustment number for the income tax expense of Hongkong Tian Rui company.

36. Note to statement of cash flows

(1) Other cash received from operating activities

Item	Amount for the current period	Amount for the prior period
Proceeds from other corporations	3,419,808.62	56,653,034.62
Other proceeds from operating activities	2,042,351.21	3,635,625.62
Total	5,462,159.83	60,288,660.24

(2) Other cash payment from operating activities

Item	Amount for the current	Account for the prior
Payments to other corporations	7,984,940.87	53,399,096.23
Payments to auditor or other services provider		1,600,000.00
Payments to rent	648,351.02	406,600.00
Other payments in operating activities	14,871,455.05	1,524,098.14
Total	23,504,746.94	56,929,794.37

37. Supplementary information for statement of cash flows

(1) Supplementary information on cash flow statement

Item	Amount for the current period	Account for the prior period
1.Reconciliation of profit to cash flows from operating		
Profit for the year	1,388,372.92	-13,406,037.98
Add: Impairment loss	7,330,311.47	1,406,206.64
Depreciations of tangible non-current assets	2,528,967.47	2,409,550.38
Amortizations of intangible assets	277,263.84	277,263.84
Amortizations of long term deferred expenses	131,411.52	135,925.36
Loss in disposal of property, plant and equipment, intangible assets, and other non-current assets. ("–"	-953,732.29	
Loss in scrapping property, plant and equipment. ("–" for		

Loss in changes in fair value of related items ("–" for		–
Finance costs ("–" for gains)		1,171.04
Loss in investing ("–" for gains)	-77,525.28	-536.00
Decreases in deferred income tax assets ("–" for	-1,832,723.29	758,372.77
Increases in deferred income tax liabilities ("–" for		
Decreases in inventories ("–" for increase)	-15,014,648.67	2,435,507.68
Decreases in operating receivables ("–" for increase)	164,176,589.61	207,521,176.81
Increases in operating payables ("–" for decrease)	-152,398,202.56	-287,368,231.04
Other	-79.78	–
Net cash flows generated by operating activities	5,556,004.96	-85,829,630.50
2. Significant investing and financing activities		
Liabilities transferring to capital		
Convertible bond matured in 12 months		
Property, plant and equipment acquired in a Finance lease		
3.Net increase in cash and cash equivalents:		
Closing balance of cash	1,259,907.36	1,613,340.23
Less: Opening balance of cash	1,613,340.23	2,956,199.38
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-353,432.87	-1,342,859.15

(2) No acquisition subsidiaries in year ended 31 Dec.2019

(3) The composition of cash and cash equivalents

Item	Amount for the current	Account for the prior

	period	period
I. Cash	1,259,899.63	1,613,340.23
Including: cash on hand	279,060.73	20,999.74
Bank deposit on demand	696,501.55	1,223,778.75
Other deposits	284,337.35	368,561.74
II. Cash equivalents		
Including: Bond matured in less than 3 months		
III. Closing balance of cash and cash equivalents	1,259,899.63	1,613,340.23
Including: Cash and cash equivalents under restriction held by parent company or subsidiaries.		

38. The assets with the ownership or use right restricted

Item	Closing balance	Reason
PPE	12,970,494.44	Performed as guarantee
Intangible assets	7,286,961.93	Performed as guarantee
Tnvestment property	5,868,823.78	Performed as guarantee
Total	**26,126,280.15**	——

39. Foreign currency monetary items

(1) Details

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Monetary fund			
Including: USD	84.28	6.9762	587.95
EUR			

HKD	3,572.41	0.89578	3,200.09
Trade receivables			
Including: USD	966,279.26	6.9762	6,740,957.37
EUR			
HKD			
Other receivables			
Including: USD	20,000.00	6.9762	139,524.00
EUR			
HKD	56,780.00	0.89578	50,862.39

VII. Changes of merger scope

1. Business merger not under same control

No

2. Disposal of subsidiaries

Shenzhen magake blue arrow Co., Ltd, a subsidiary disposed in this period

VIII. Equities in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiary	Main operating place	Registration place	Business Nature	Proportion of shareholding (%)		Method of acquiring
				Directly	Indirectly	
Shenzhen Rieys Industrial Co. Ltd.	Shenzhen	Shenzhen	Trading	90.00	-	Establishing

Tianrui (HK) Trading Co., Ltd.	Hong Kong	Hong Kong	Trading	100.00	-	Merger
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Shenzhen	Shenzhen	Sales of gold and jewelry	100.00	-	Merger
Shanghai Yunpeng Internet Technology Co.,Ltd	Shanghai	Shanghai	Internet Technology services, development, consultant and transfer.,ect	60.00	-	Establishing
Wuxi Yun Peng Enterprise Management Co., Ltd.	Wuxi	Wuxi	Enterprise management services, network technology, communication and information technology, computer hardware and software development, technology services, consultation and transfer	-	60.00	Establishing

(2) Significant not wholly owned subsidiary

Name	Shareholding proportion of minority shareholder (%)	Voting right of minority shareholder (%)	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at losing period	Note
Shenzhen Rieys Industrial Co. Ltd.	10.00	10.00	-607,877.50	-	2,192,223.37	-

(Continues)

Item	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd	
	Opening Balance	Closing balance
Current assets	28,398,337.94	19,106,962.31
Non-current assets	2,013,232.32	3,643,835.25
Total Assets	30,411,570.26	22,750,797.56
Current liabilities	2,410,561.09	828,563.90
Non-current liabilities		
Total liabilities	2,410,561.09	828,563.90
Operating revenue	14,089.29	-
Net profits	-1,750,642.91	-6,078,775.51
Total comprehensive income	-1,750,642.91	-6,078,775.51
Cash flow of operating activities	-119,319.04	-11,502.96

2. Transactions with changes in the share of owner's equity in subsidiaries which still controlling in subsidiaries

(1) Description of changes

Upon deliberation and approval of the 23rd Meeting of the 7th board of directors of the company, Guangdong Jadiete holding Group Co., Ltd. (hereinafter referred to as "the Company") and Chinese Gold Nobility Jewelry Co., Ltd. (hereinafter referred to as "CICC investment") signed the equity transfer agreement on December 14, 2018. The company purchased 49% equity of Shenzhen Zhongjin Yipin Jewelry Co., Ltd. (hereinafter referred to as "ZJYP") held by CICC investment at a price of RMB 24.5 million, as of December 31, 2019, the industrial and commercial registration has been changed, and the shareholding ratio of Jadiete company has been changed from 51% to 100%.

(2) Impact of transactions on minority shareholders' equity and owners' equity attributable to the parent company

Item	Amount
Consideration of purchase cost	
--Cash	24,500,000.00
-- Fair value of non cash assets	
Total consideration of purchase cost	24,500,000.00
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired	28,503,024.02
Balance	4,003,024.02
Including: adjustment of capital reserve	4,003,024.02
Adjustment of surplus reserve	
Adjust undistributed profit	

3.Equity in joint arrangement or joint venture

(1) Important joint ventures or associated enterprises

Name	Location	Registration	Type	Shareholding ratio (%)		treatment method
				Direct	Indirect	
Shenzhen future industry development fund enterprise (limited	Shenzhen	Shenzhen	Monetary and financial services	21.82%		Equity method

Name	Location	Registration	Type	Shareholding ratio (%)		treatment method
				Direct	Indirect	
partnership)						

(2) Main financial information

Item	Closing balance	Opening balance
	Shenzhen future industry development fund enterprise (limited partnership)	Shenzhen future industry development fund enterprise (limited partnership)
Current assets	6,512.08	6,870.90
Non current assets	120,000,000.00	120,000,000.00
Total Assets	120,006,512.08	120,006,870.90
current liabilities	7,570.90	6,870.90
Non current liabilities		
Total liabilities	7,570.90	6,870.90
Share of net assets calculated by shareholding ratio	100,600,000.00	100,600,000.00
Adjustment items		
Goodwill		
-Unrealized profit of internal transaction		
--Other		
Book value of equity investment in associated enterprises	100,600,000.00	100,600,000.00
Fair value of equity investment in		

associated enterprises with public offer		
business income		
Net profit	-1,058.82	-600,000.00
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-1,058.82	-600,000.00
Dividends from associates received in the year		

Accounting treatment method for equity investment of the above joint venture: equity method

IX. Fair value

1. Financial instruments not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: accounts receivable and accounts payable. There is minor different between the above book value of financial assets and liabilities not measured at fair value and its fair value.

2. Financial instruments measured at fair value

The Company listed the book value of financial assets instruments measured at fair value on 31 Dec. 2018. according to three levels of fair value, when the overall fair value classified in three levels were in line with the first level of three levels of each significant input value used in the calculation of fair value. The definitions of three levels were as follows:

The first level, the unadjusted offer of same assets or liabilities in active market on calculation date;

The second level, the directly or indirectly observable input value of related assets or liabilities excepting the input value of first level;

1) The second level input value including: Offer of similar assets or liabilities in active market; 2) The second level input value including: Offer of similar assets or liabilities in non-active market; 3) Other observable input value excepting offer, including the observable interest rate in interval period of common offer, profit rate curve, implied volatility and credit spread.

The third level was the unobservable input value of related assets or liabilities.

3. Closing fair value measurement

(1) Consistent fair value measurement

Item	Level 1	Level 2	Level 3	Total
Subtotal of available for sale financial assets				
Debt instruments investment				
Equity instruments investment				
Derivative financial assets				
Other				
Total assets	-	-	-	-

X. Related party

1. Parent company of the Company

Name of parent company	Registered place	Registered capital (RMB	Business nature
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	E block 1611-A, South West Sea Pearl Garden, Taoyuan Road, Taoyuan Street	9800	Trading

(Continue)

Name	Shareholding ratio %	Proportion of voting rights %	Final controller
Shenzhen Shenghengchang Huifu Industrial	36.99%	36.99%	Chen Hongcheng

Note: the registered capital of the Company' parent company was not changed in the current year.

2. Subsidiaries of the Company

Details refer to note VIII 1.

3. No equities in joint ventures or associated enterprises

4. Other related parties of the Company

Name	Relationship
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Holding 10.68% shares of the Company, affiliate controlled under Hongcheng Chen's family
Shenzhen Lianhua Huiren Industrial Co., Ltd.	Holding 3.81% shares of the Company, affiliate controlled under Hongcheng Chen's family
Xuewen Chen	Direct relatives of Hongcheng
Lihong Ding	Vice-Board chairman of the
Liqun Yu	key manager of the company, one of the shareholders of a
Wuxi Hengye science and Technology Co., Ltd.	key management of company control company
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd	One of the shareholder of a subsidiary
Puning Yanlilai Trading Co. Ltd.	The company's legal person is also a legal person controlled by the actual controller of

5. Parties transactions

(1) Purchasing goods, providing and accepting services

Transactions among the Company and its subsidiaries in merger scope and contributed to the consolidated financial reports were offset.

①Information on acquisition of goods and reception of labor service

Naught.

②Sale of commodities and provide services

Related party	Related transaction content	Amount of current period	Amount of prior period
Lihong Ding	clothing sale	-	9,086.21
Wuxi Hengye science and Technology Co., Ltd.	Operation service	456,212.00	809,140.50

(2) Contracting and trusteeship among related parties

Naught.

(3) Leasing among related parties

Naught

(4) Guarantees among related parties

Naught

(5) Inter-bank borrowing among related parties

Naught

(6) Asset transfer and debt restructuring among related parties

Naught

(7) The remuneration of key management personnel

Naught

(8) Pay for key management personnel

The number of key management personnel was 8 in 2019, and 8 in 2018,

Item	Amount for the current period	Amount for the prior period
Remuneration of key management	1,109,876.00	982,676.00
Total	**1,109,876.00**	**982,676.00**

6. Amounts due from / to related parties

(1) Amounts due from related parties

Item	Related party	Amount for the current	Amount for the prior
Receivable			

	Wuxi Hengye science and Technology Co., Ltd.	44,628.23	52,035.75
Other receivable			
	Liqun Yu	738,871.81	789,561.52

(2) Amounts due to related parties

Item	Related party	Amount for the current	Amount for the prior
Other payable			
	Lihong Ding	-	470,231.70
	Liqun Yu	264,317.34	82,652.04
	Xuewen Chen	-	532,953.03
	Wuxi Hengye Technology Co., Ltd	100,000.00	100,000.00
	Shenzhen Chinese Gold Nobility	12,286,220.00	20,039,810.00

7. Commitments of related parties

Original commitment

(1) Commitment subject: Ms. Chen Xuewen, acting in concert with the actual controller;

(2) Main contents of the commitment: Based on the confidence in the future development of the company, and in order to stabilize the investor's confidence and effectively protect the interests of investors, it is planned to increase the company's shares with its own funds when the company's share price is less than HK $1.5/share through centralized bidding Trading on Shenzhen Stock Exchange within two months after the date of disclosure of this notice., and the amount of increase is not Less than 1 million shares

Change of commitment

(1) Commitment subject: Ms. Chen Xuewen, acting in concert with the actual controller

(2) Main contents of commitment: to extend the period of increase in holding, from "within 2 months after the date of disclosure of increase in holding notice"

to "within 4 months after the date of disclosure of increase in holding notice (due to suspension of trading, the period of increase in holding shall be extended accordingly)", that is, from June 7, 2019 to October 6, 2019.

XI. Commitments and contingencies

1. Important commitments

Till 31th Dec. 2019, no events after the reporting period need to be disclosed excepted the above

2. Contingencies

(1) Contingent liabilities formed by providing debt guarantee for other units.

① The company signed the maximum loan contract with Jieyang Rongcheng Branch of industrial and Commercial Bank of China Limited (Rongcheng Branch 2014 GDZ No. 3632; the main creditor's rights guaranteed are from November 11, 2014 to November 11, 2019) for Puning huafengqiang Trade Co., Ltd. with real estate (the evaluation value of the collateral is 36.32 million yuan) as the collateral。On May 22, 2017, Puning huafengqiang Trade Co., Ltd. signed an extension loan contract with industrial and Commercial Bank of China Limited Jieyang Rongcheng sub branch to borrow 17 million yuan, with a term of 12 months. After the maturity of the loan, RMB 11.7 million was borrowed on May 18, 2018. A loan contract has been signed with a loan term of 12 months. As of December 31, 2019, the loan has not been released as the company's mortgage guarantee.

②The company signed the maximum loan contract with Jieyang branch of industrial and Commercial Bank of China Limited (0201900134-2017 small enterprise (offset) Zi 0042; the main creditor's rights guaranteed are from September 8, 2017 to September 8, 2022) for Puning lailisheng Trade Co., Ltd. with real estate (the assessed value of the mortgage is 4770486200 yuan) as the collateral. Puning lailisheng Trade Co., Ltd. signed a small enterprise loan contract with Jieyang branch of industrial and Commercial Bank of China on September 8, 2017, with a loan term of 12 months. After the maturity of the loan, the company continued to borrow 23.79 million yuan on August 22, 2018. A loan contract has been signed with a loan term of 6 months. As of December 31, 2019, the loan has not been released as the company's mortgage guarantee.

(2) As of December 31, 2019, the company has no pending litigation, external guarantee and other contingencies that should be disclosed.

Except for the above contingencies, as of December 31, 2019, the company has no other contingencies to be disclosed.

XII. Events after the reporting period

Naught.

XIII. Other significant events

The subsidiary Zhongjin Yipin loaned a batch of jadeite ornaments worth 27152235.40 yuan on January 5, 2020,

The two parties have adopted the way of consignment for sales based on the demand of cooperation between them. To ensure the interests of both parties, they signed the loan agreement to clarify their respective rights and obligations. Due to the outbreak of the pandemic, the original planned sales were not implemented, so the borrower hoped that Zhongjin Yipin could extend the loan time. After negotiation between the two parties, the borrower shall return part of the goods in accordance with the loan agreement. And continue to consign the rest of the goods and sign a supplementary agreement to determine the rights and obligations of both parties. As of April 15, one third of the inventory has been took back, and it is planned to take back all the remaining inventory used for goods distribution in accordance with the loan agreement and the supplementary agreement of the loan agreement before June 30, 2020.

XIV. Notes to the items of the parent company's financial statement

1. Trade receivables

(1) By Age

Category	Closing balance
0-1 year	
1-2 years	
2-3 years	
3-4 years	
4-5 years	
Over 3 years	4,608,276.88
Subtotal	**4,608,276.88**
Less: provision for bad debts	4,608,276.88
Total	-

(2) In categories

Category	Closing balance				
	Book balance		Write-down amount		Book value
	Carrying Amount	Proportion (%)	Carrying Amount	Proportion (%)	
Significant individual amount with individually assessed of bad debts	4,608,276.88	100.00	4,608,276.88	100.00	-
Accounts receivable withdrawn bad debt provision according to					

Category	Closing balance				
	Book balance		Write-down amount		Book value
	Carrying Amount	Proportion (%)	Carrying Amount	Proportion (%)	
credit risks characteristics					
Among ： aging group					
Subtotal					
Insignificant individual amount with individually assessed of bad debts	4,608,276.88	100.00	4,608,276.88	100.00	-

(Continued)

Item	Opening balance				
	Book balance		Write-down amount		Book value
	Carrying Amount	Proportion (%)	Carrying Amount	Proportion (%)	
Significant individual amount with individually assessed of bad debts	4,608,276.88	100.00	4,608,276.88	100.00	-
Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Insignificant individual amount with individually assessed of bad					

Item	Opening balance				
	Book balance		Write-down amount		Book value
	Carrying Amount	Proportion (%)	Carrying Amount	Proportion (%)	
debts					
Total	4,608,276.88	100.00	4,608,276.88	100.00	-

①Accounts receivable with individual provision for bad debts at the end of the period

②Other receivables

Name	Closing balance			
	Book balance	Bad debt provision	Proportion (%)	Reason
Beijing Capital Airport	21,713.00	21,713.00	100.00	Long term outstanding account, the enterprise thinks it can't be recovered
Ningbo Industrial and Commercial Bureau	26,354.45	26,354.45	100.00	Long term outstanding account, the enterprise thinks it can't be recovered
Shunqin Chen	335,904.80	335,904.80	100.00	Long term outstanding account, the enterprise thinks it can't be recovered
Hongkong Jinhua Trading Company	4,224,304.63	4,224,304.63	100.00	Long term outstanding account, the enterprise thinks it can't be recovered
Total	4,608,276.88	4,608,276.88	——	——

Item	Closing balance		
	Book balance	Witten-down amount	Proportion (%)
Naught			
Total			——

(3) Statements

Item	Opening amount	Change			Closing amount
		Proportion	Recovery or reversal	write off	
Accounts receivable	4,608,276.88				4,608,276.88
Total	4,608,276.88				4,608,276.88

(4) Receivables actually written off in the current period: None

(5) Top five accounts receivable of ending balance collected by debtors,

The total amount of the top five accounts receivable collected by the debtor at the end of the period is 4,608,276.88 yuan, accounting for 100% of the total amount of accounts receivable at the end of the period, and the total amount of the corresponding accrued bad debt reserves at the end of the period is 4,608,276.88 yuan。

(6) As of December 31, 2019, the company has no derecognized accounts receivable and transferred accounts receivable due to the transfer of financial assets and continues to be involved in the formed assets and liabilities.

2. Other receiable

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
other receivables	121,476,600.82	129,601,855.48
Less: provision for bad debts	5,579,210.68	5,598,683.42
Total	115,897,390.14	124,003,172.06

(一) Other receiable

(1) By Age

Age	Closing balance
0-1 year	1,218,062.38
1-2 years	94,816,095.21
2-3 years	307,226.65
3-4 years	11,461,745.60
4-5 years	40,201.83
Over 3 years	13,633,269.15
Subtotal	**121,476,600.82**
Less: provision for bad debts	5,579,210.68
Total	**115,897,390.14**

(2) Classification by fund nature

Item	Closing balance	Opening balance
Transaction among related parties	115,616,030.49	123,645,079.02
Transaction	3,482,316.60	3,578,522.73
Tax	2,331,608.20	2,331,608.20
Payment for others	41,476.53	41,476.53
Deposit	3,000.00	3,000.00
Revolving fund	2,169.00	2,169.00
Subtotal	**121,476,600.82**	**129,601,855.48**
Less: provision for bad debts	5,579,210.68	5,598,683.42
Total	**115,897,390.14**	**124,003,172.06**

(3) Provision for bad debts

Bad debts	1st stage	2nd stage	3rd stage	Total

	Expected credit loss in the next 12 months	Expected credit loss over the life (no credit impairment)	Expected credit loss over the life (credit impairment occurred)	
Balance on January 1, 2019	5,598,683.42			5,598,683.42
The balance on January 1, 2019 in the current period:				
—— shift to 2nd stage				
—— shift to 3rd stage				
—— back to 2nd stage				
—— back to 1st stage				
Accrual				
Reversal	19,472.74			19,472.74
Conversion				
Write off				
Other change				
Balance on December 31, 2019	5,579,210.68			5,579,210.68

(4) Information about bad debt provision

Item	Opening balance	Change			Closing balance
		Proportion	Recovery or reversal	Write-down amount	
Other receivables	5,598,683.42		19,472.74		5,579,210.68
Total	5,598,683.42		19,472.74		5,579,210.68

(5) No other receivables actually written off in the current period

(6) Top 5 amounts of balances on 31 Dec.2019

Company	Character	Closing Balance	Age	Percentage in the total other receivables (%)	Write-down amount
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Transaction among related parties	95,076,000.00		80.20	-
Tianrui (HK) Trading Co., Ltd.	Transaction among related parties	20,540,030.49		15.2	-
Guangdong Yuanfeng Trade Development Co., Ltd.	Transaction	700,000.00	Over 5 years	0.54	700,000.00
Shenzhen Zhaotong Investment Co., Ltd.	Transaction	600,000.00	Over 5 years	0.46	600,000.00
Guangzhou Nanxiang Construction Engineering Company	Transaction	500,000.00	Over 5 years	0.39	500,000.00
Total	——	**117,416,030.49**	——	**96.79**	**1,800,000.00**

3. Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	104,500,008.26		104,500,008.26	80,158,208.26	-	80,158,208.26
Investment in Associate	100,600,000.00	-	100,600,000.00	100,600,000.00	-	100,600,000.00

Total	205,100,008.26		205,100,008.26	180,758,208.26	-	180,758,208.26

(1) Investments in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of Provision for impairment
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	24,500,000.00		54,500,000.00		
Shanghai Yunpeng Internet Technology Co., Ltd	5,000,000.00			5,000,000.00		
Shenzhen MaJiaKe Blue Arrow Technology Co., Ltd.	158,200.00		158,200.00	-		

Total	80,158,208.26	24,500,000.00	158,200.00	205,100,008.26		

4. Revenue and cost of sales

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Other activities	400,569.52	131,769.39	1,280,401.28	400,788.60
Total	400,569.52	131,769.39	**1,280,401.28**	**400,788.60**

Other description of business income: other business income in the current period is house rental income

XV. Supplementary information

1、Statement of non-recurring gains or losses for the year ended 31 Dec.2019

Item	Amount incurred in the	Statement
1. Profit or loss from disposal of non-current assets, including write-off impairment.	1,031,257.57	Profit and loss from disposal of fixed assets and investment income from
2. Ultra vires approval, or without official approval, or occasional tax return or relief;		
3. Government subsidies through current profit or loss. (Excluding that could be continuously received in normal operations according to		
4. Interest from non-financial enterprises		
5. Gain from acquiring subsidiaries or other entities with a consideration less than the fair value of the net assets.		
6. Non-monetary transactions profit or loss;		
7. Profit or loss from entrusting others to		

8. Various impairment losses made due to force majeure, such as natural disasters;		
9. Debt restructuring gains and losses;		
10. Corporate restructuring costs, such as the employees arrange expenses, integration costs,		
11. Profit or loss over the part of fair value generated by transactions with obviously unfair		
12. Profit or loss generated by subsidiaries acquired(under the same control before		
13. Profit or loss generated by contingencies unrelated to normal business;		
14. Profit or loss from changes in fair values of financial assets at fair value through profit or loss, and liabilities at fair value through profit or loss or from disposals of financial assets at fair value through profit or loss, liabilities at fair value through profit or loss		
15. Reversal of write-off of receivables through separate impairment test;		
16. Profit or loss from entrusted loans lend to		
17. Profit or loss generated from changes in fair value of investment property that using fair		
18. According to tax, accountancy law and other regulations, one-time adjustment on current		
19. Commission Income obtained from commission		
20. Other non-operating income and expenditure in addition to the above items;	12,964,022.59	-
21. Other profit or loss items meet the		

Subtotal	13,995,280.16	-
Less: Income tax expense that should be deducted	-427.35	-
Net non-recurring gains and losses	13,995,707.51	-
Less: Effects attributable to minority interests (after tax)	-7,361.38	-
Total	14,003,068.89	-

2. ROE, basic EPS and diluted EPS

Profit of year ended31 Dec.2019	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	0.59	0.0063	0.0063
Net profit attributable to ordinary shareholders after deducting	-3.60	-0.0377	-0.0377

The above data is calculated using the following formula:

Weighted average return on net asset

Weighted average return on net asset = $P0/(E0+NP\div 2+Ei\times Mi\div M0-Ej\times Mj\div M0\pm Ek\times Mk\div M0)$

Where: P0 is net profit attributable to ordinary shareholders of the Company or net profit attributable to ordinary shareholders of the Company after deducting non-recurring gain or loss; E0 is the year beginning equity attributable to ordinary shareholders of the Company; Ei is increased equity attributable to ordinary shareholders of the Company which arises from new issuance of shares or conversion of debt instruments to stocks in the reporting period; Ej is reduced equity attributable to ordinary shareholders of the Company due to stock repurchase or cash dividend in the reporting period; M0 is the number of months of the reporting period; Mi is the number of accumulative months from the next month that equity is increased to the year end of the reporting period; Mj is the number of months from the next month that equity is decreased to the year end of the reporting period; Ek is the change of equity resulting from other transactions or events and attributable to ordinary shareholders; Mk is the number of accumulative months from the next month that other change of equity occurs to the year end of the reporting period.

Basic earnings per share

Basic earnings per share = $P0\div S$

$S= S0+S1+Si\times Mi\div M0-Sj\times Mj\div M0-Sk$

Where: P0 is net profit attributable to ordinary shareholders of the Company or net profit attributable to ordinary shareholders of the Company after deducting non-recurring gain or loss; S is weighted average number of ordinary shares outstanding; S_0 is the total number of shares at the beginning of the year; S_1 is the number of increased shares as a result of capitalization of reserves or scrip dividend during the reporting period; S_i is the number of increased shares as a result of new issuance of shares or conversion of debt instruments to stocks during the reporting period; S_j is the number of reduced shares as a result of stock repurchase; S_k is the number of consolidated shares in the reporting period; M_0 is the number of months of the reporting period; M_i is the number of accumulative months from the next month that the number of shares is increased to the year end of the reporting period; M_j is the number of accumulative months from the next month that the number of shares is decreased to the year end of the reporting period.

(If the Company have any dilutive potential ordinary shares <issuance of convertible bonds, stock options, warrants and other dilutive potential ordinary shares>, they should be adjusted respectively and attributable to net profit of reporting period of ordinary shareholders and weighted average common shares outstanding, and by which calculate the diluted earnings per share)

Diluted earnings per share = $P_1/(S_0+S_1+S_i\times M_i\div M_0-S_j\times M_j\div M_0-S_k$+weighted average number of increased ordinary shares arising from warrants, stock options and convertible debts)

Where: P_1 is net profit attributable to ordinary shareholders of the Company or net profit attributable to ordinary shareholders of the Company after deducting non-recurring gain or loss, and after the consideration of the effects of dilutive potential ordinary shares, make adjustment according to relevant provisions of "Accounting Standards of Enterprises".

In calculating the diluted earnings per share, the Company has taken into consideration the effects of all dilutive potential ordinary shares on net profit attributable to the Company's common shareholders or net profit attributable to the Company's common shareholders after deducting non-recurring profit or loss as well as weighted average number of shares, until the diluted earnings per share reach the lowest amount.

(1) During period from statement of financial position date to the date approved to issue the financial report, if the occurred stock dividend, reserve capitalization, share split or share consolidation impact the number of outstanding ordinary shares or potential common shares but without influent the amount of owner's equity, it should recalculate the earnings per share each comparative period at adjusted number of shares.

(2) If business combination under identical control occurred during the reporting period, and the merging parties issue new shares as the price in the merger date, when calculate basic earnings per share for the reporting period, such new shares should be treated as outstanding common shares issued at the beginning of merger (weight average by weight of 1).When calculating of basic earnings per share during the comparison period, such shares should be treated as outstanding common shares issued at the beginning of comparison period. When calculating the earnings per share after deducting non-recurring profit or loss at the end of reporting period, the new shares issued by the merging parties on the merger date will be weighted from the month next to the combined date. When calculating the earnings per share after deducting non-recurring profit or loss during the comparison period, the new shares issued by the merging parties on the merger date will not be weighted (the weight is 0). For the occurrence of business combination under identical control at the reporting period, and the merging parties issue new shares as the price in the merger date, when calculating the diluted earnings per share in the reporting period and comparison period, it should be treated according to the principles on calculation of basic earnings per share。

(3) In the reporting period, if the company realizes the unlisted companies to list indirectly through share issue to purchase assets or other means and which composing a reverse purchase, then when calculating earnings per share of the reporting period:

Weighted average number of ordinary shares in reporting period ＝ weighted average number in the month from reporting period beginning to purchase date ＋ weighted average number from the next month to purchase date to reporting period end

Weighted average number in the month from reporting period beginning to purchase date ＝ weighted average number of purchaser (subsidiary in law) × exchange ratio in Purchase Agreement × number of cumulative months from year beginning to purchase date ÷ number of months of reporting period

Weighted average number in the next month to purchase date to reporting period end ＝ weighted average number of acquirer (parent company in law) × number of cumulative months from the next month to purchase date to reporting period end ÷ number of months of reporting period

In the reporting period, if the company realizes the unlisted companies to list indirectly through share issue to purchase assets or other means, then when calculating earnings per share of the comparison period:/

Weighted average number of common shares in comparison period ＝ Purchaser (subsidiary in law) × exchange ratio in Purchase Agreement

Guangdong Jadiete Holdings Group Company Limited

27th Apr. 2020

（stamp）

Note: Prevail the Chinese version of all the above information disclosed.