



GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED

INTERIM REPORT 2019

2019-050

August 2019

Part I Important Notes, Table of Contents and Definitions

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

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

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

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

Due to a loss in 2017 and 2018, the Company may be suspended from listing if it cannot make a profit in 2019.

Despite a smaller loss in the Reporting Period, there is still some distance before making a profit. During the Reporting Period, in view of the weak macro-economy, fierce competition in the industry, weakening desire and ability to consume, adjustments to the Company’s major customers and businesses, as well as the Company’s judgment on the future gold price, some aggressive operating strategies were adopted, causing a considerable year-on-year drop in sales revenue. For further information, please refer to “Part IV Operating Performance Discussion and Analysis” herein.

The Company did not receive the payment for the transfer of a 30% interest in Shenzhen Shengguorong Financing Guarantee Co., Ltd. on time. For further information, please refer to “Part IV Operating Performance Discussion and Analysis” herein.

Shenzhen Future Growing Business Fund (Limited Partnership) did not receive the payment for the transfer of a 45% interest in Shenzhen Jinshi Tonghe Investment Co., Ltd. on time. That’s why it failed to distribute profit to the Company as declared. For further information, please refer to “Part V Significant Events” herein.

The Company failed to sign a counter-guarantee agreement with Puning Huafengqiang Trading Co., Ltd. and Puning Lailisheng Trading Co., Ltd. respectively with regard to the outstanding guarantees provided by the Company with collateral for the loans granted to these two companies. Up to the date of this Report, the Company failed to terminate the said guarantees with collateral that it provided for these two companies, thereby causing contingent liability risks. For further information, please refer to “Part V Significant Events”

herein.

Any plans for the future or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as absolute promises of the Company to investors. Therefore, investors and other relevant personnel shall be sufficiently aware of the risks and understand the differences between plans, budgets and promises.

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

Investors are reminded to read this Report carefully and pay special attention to the following risks:

The Company is primarily engaged in the wholesale of gold products. Due to a relatively small business size, the product stocks are of a simple structure and a great amount, so as to meet customer demand. On one hand, the major customers and businesses of the Company are being adjusted; on the other hand, the Company's operations can be easily affected by changes to customers due to simple customer composition and high reliance on customers. In order to make a profit as soon as possible, some relatively aggressive strategies were adopted based on the Company's judgment on the future gold price. Therefore, the Company's profitability may be damaged in case of a significant fall of the gold price.

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

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

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Definitions

Term	Definition
The “Reporting Period” or “Current Period”	The period from 1 January 2019 to 30 June 2019
CSRC	The China Securities Regulatory Commission
SZSE, the stock exchange	Shenzhen Stock Exchange
The “Company”, “JHG” or “we”	Guangdong Jadiete Holdings Group Company Limited and its consolidated subsidiaries, except where the context otherwise requires
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.
Shengguorong Financing Guarantee	Shenzhen Shengguorong 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.
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	*ST JHG-B	Stock code	200168
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	广东舜喆（集团）股份有限公司		
Abbr. (if any)	舜喆		
Company name in English (if any)	GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED		
Abbr. (if any)	JHG		
Legal representative	Chen Hongcheng (acting)		

II Contact Information

	Board Secretary	Securities Representative
Name	Xu Wei	
Address	9Q of No. 990 of Yiben E-commerce Building, Xili, Nanshan District, Shenzhen	
Tel.	0755-82250045	
Fax	0755-82251182	
Email address	xw@200168.com	

III Other Information

1. Contact Information of the Company

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

Applicable Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2018 Annual Report.

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

Indicate by tick mark whether any change occurred to the information disclosure media and the place for keeping the Company's periodic reports in the Reporting Period.

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2018 Annual Report.

IV Key Financial Information

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

Yes No

	H1 2019	H1 2018	Change (%)
Operating revenue (RMB)	895,132.43	94,049,651.75	-99.05%
Net profit attributable to the listed company's shareholders (RMB)	-4,262,281.71	-5,004,199.91	-14.83%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	-4,351,690.16	-6,591,658.84	-33.98%
Net cash generated from/used in operating activities (RMB)	-998,803.03	-1,205,691.43	-17.16%
Basic earnings per share (RMB/share)	-0.0136	-0.016	-16.25%
Diluted earnings per share (RMB/share)	-0.0136	-0.016	-16.25%
Weighted average return on equity (%)	-1.30%	-1.43%	0.13%
	30 June 2019	31 December 2018	Change (%)
Total assets (RMB)	536,009,687.46	544,902,591.70	-1.63%
Equity attributable to the listed company's shareholders (RMB)	334,836,779.93	339,099,061.64	-1.26%

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

1. Net Profit and Equity Differences under CAS and IFRS

Applicable Not applicable

No such differences for the Reporting Period.

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

Applicable Not applicable

No such differences for the Reporting Period.

XI Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Reporting Period	Note
Current profit or loss on subsidiaries obtained in business combinations involving enterprises under common control from the period-beginning to combination dates, net	77,525.28	
Non-operating income and expense other than the above	11,272.65	
Less: Income tax effects	-499.44	
Non-controlling interests effects (net of tax)	-111.08	
Total	89,408.45	--

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

Applicable Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

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

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

(I) Macro Economy and Industry Development

According to the analysis made by China Jewelry Index, from January to May in 2019, the gold and jewelry transaction volume in China was not so ideal. As the domestic macro-economic situation in 2019 is much severer than that in previous years and the common people's income grows very slowly, the consumer's wishes and abilities in buying gold, silver and jewelry has been continuously weakened. In January 2019, the retail sales index of gold, silver and jewelry was 99.86, declining 0.14% when compared to that in the same period a year ago. Since the macro economy environment and trend are very severe, the jewelry market on the whole will be definitely affected to some extent.

According to the latest data revealed by China Gold Association, the gold's production has declined on a year-on-year basis. In the first half of the year 2019, the nationwide production of gold achieved 235 tons, reducing 6.6% when compared to that in the same period a year ago. However, 180.7 tons of gold were produced by using the domestic raw materials with a year-on-year decrease of 5.1%, including 153.9 tons of domestic mineral gold and 26.8 tons of domestic non-ferrous byproduct gold; besides, 54.3 tons of gold were produced by using the imported raw materials with a year-on-year decrease of 11.2%, and the gold consumption decreases accordingly. In the first half of the year 2019, the actual gold consumption nationwide reached 523.5 tons, decreasing 3.3% on a year-on-year basis. However, the gold jewelry's consumption reached 358.8 tons with a year-on-year increase of 2%; the gold bar's consumption was 110.5 tons with a year-on-year decrease of 17.3%; the gold coin's consumption was 2.9 tons with a year-on-year decline of 29.3%; the consumption related to the industry and other fields achieved 51.3 tons with a year-on-year decline of 0.6%.

China Gold Association also indicated that, against the backdrop of the weak global macro economy and the domestic economic structure subject to corresponding adjustment, the gold industry need positively respond to the high-quality development requirements advocated in this new age, and it's also required to deepen the structural reform on the supply side, eliminate the outdated capacity, optimize the industrial structure, integrate the high-quality gold resources and propel the technical innovation.

In China, various gold and jewelry enterprises lack the modern operation concepts and product features, and most merely resort to the extensive management style—namely, the relatively low-level competition status. For example, these enterprises lag behind various international brands in various aspects such as the gold and jewelry production technology, the management scale, the management level, the brand awareness and the industrial disciplines etc.. Therefore, in order to obtain larger living space, various gold and jewelry enterprises must proceed in line with the actual situation, figure out the actual market demand and its own appropriate positioning

by means of the reliable investigation and research and further explore the subdivided market, on which basis, the differentiated competition strategy can be executed, various competitive advantages emphasized, the space for growth created and the sales bottleneck broken through. On in this way, these enterprises can comply with the market transformation and survive the fierce industrial competition.

(II) The Company's Position in this Industry and Competitive Advantages

As Chinese Gold Nobility is relatively weak in such aspects as the capital, the brand and the personnel with a lower position in this industry, it has been violently impacted under the background of downturned macro economy, weak consumption and fierce horizontal competition without any obvious competitive advantages.

(III) Main Business Conditions

Within the Reporting Period, relying on its main customer business adjustment and judgment on the future gold price trend, Chinese Gold Nobility has taken relatively radical operating strategies. Therefore, the sales volume largely declined when compared to that in the same period a year ago. Please refer to "Part IV Operating Performance Discussion and Analysis" in the report for details. Within the reporting period, Chinese Gold Nobility did not involve any entrusted processing and purchase any goods in stock.

II Material Changes in Major Assets

1. Material Changes in Major Assets

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

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

Is the Company subject to any industry-specific disclosure requirements?

Yes, because the Company engages in jewelry.

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

Part IV Operating Performance Discussion and Analysis

I Overview

For H1 2019, the Company recorded operating revenue of RMB0.8951 million, down 99.05% from RMB94.0497 million a year ago; and a net profit attributable to the listed company's shareholders of RMB-4.2623 million, representing a 14.83% loss cut from RMB-5.0042 million of H1 2018. The considerable drop in operating revenue was primarily resulted from the considerable decreases in Chinese Gold Nobility's operating revenue and net profit caused by the unfavorable general economic environment, the increasingly fierce competition across the jewelry industry, the adjustments to the major customers and businesses, the adoption of aggressive operating strategies, etc.

Within the Reporting Period (up to the date of disclosure), the Company completed the following key works:

(I) Positively solve various matters involved in 2018 Annual Audit Qualified Opinions.

Please refer to "Part V Significant Events" in the report for details.

(II) Strengthen the collection of the payment for the equity transfer of Shengguorong Financing Guarantee and the dividends of Future Growing Business Fund.

Up to the date of disclosure, the Company has received the equity transfer payment from Shengguorong Financing Guarantee equivalent to RMB75 million and RMB19.4 million from the Future Growing Business Fund as the dividends. When the Company discovers that the equity transferee of Shengguorong Financing Guarantee fails to fulfill the payment obligation as agreed, the Company shall immediately negotiate with the transferee and figure out the specific reasons and the subsequent arrangement. Shengguorong Financing Guarantee's equity transferee has expressed that the financial strain is caused by the macro de-leveraging factor and will continue fulfilling corresponding equity transfer agreement.

After corresponding event occurs to adversely affect the timely dividends distribution of the Future Growing Business Fund, the Company shall positively communicate with the Future Growing Business Fund in order to learn any arising obstacle factor, positively encourage various parties to fulfill their obligations and urge them to reach a consensus related to the agreement's execution. At present, various parties are positively negotiating with each other, and this agreement will be continued after corresponding shareholder resolution is issued.

(III) Maintain the Company's Share Price

Up to the date of disclosure, the Company's share price has been lower than the book value for many times and triggered the delisting risk warning. In order to maintain the interest of various investors, as promised by the person acting in concert of the Company's actual controller for increasing the shares held, the Company has launched the buy-back scheme meeting the market expectation and won the support from the minority shareholders, temporarily eliminated the delisting risk and provided the Company with various effective tools to maintain the share price.

(IV) It's necessary to strengthen the cost control, simplify the business scale, optimize the organizational structure, adjust the personnel layout, jointly overcome the hardship and made certain achievement.

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

Companies Engaging in Jewelry.

(I) Online sales

The online sales were suspended due to business adjustments during the Reporting Period.

(II) The Company's various inventories as of 30 June 2019 are shown in the table below (unit: RMB'0,000):

Type	Raw materials	Products
Balance	701.99	17,890.45
Including: Gold jewelry	696.55	15,098.32
Jadeite	0.00	2,715.22
Diamond jewelry	0.00	71.04
K-gold jewelry	0.00	5.87
Other jewelry	5.44	0.00

II Analysis of Core Businesses

See "I Overview" above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2019	H1 2018	Change (%)	Main reason for change
Operating revenue	895,132.43	94,049,651.75	-99.05%	A decline in sales of Chinese Gold Nobility
Cost of sales	850,626.81	93,356,686.67	-99.09%	A decline in sales of Chinese Gold Nobility
Selling expense	298,502.64	1,129,119.53	-73.56%	A decline in sales
Administrative expense	4,309,639.91	6,096,595.06	-29.31%	
Finance costs	47,664.48	63,714.32	-25.19%	
Income tax expense	201,730.61	768,741.42	-73.76%	A decline in profit of Chinese Gold Nobility
R&D expense	0.00	0.00	0.00%	
Net cash generated from/used in operating activities	-998,803.03	-1,205,691.43	-17.16%	
Net cash generated from/used in investing	-86,858.03	-558,362.37	-84.44%	A decline in investments

activities				
Net cash generated from/used in financing activities			0.00%	
Net increase in cash and cash equivalents	-1,085,627.11	-1,764,039.74	-38.46%	A decline in investments
Monetary capital	526,048.79	1,613,340.23	-67.39%	Due to needs arising from production and operations
Prepayments	490,604.68	30,946,946.32	-98.41%	A decline in prepayments to suppliers
Asset impairment loss	796,995.35	2,942,220.19	-72.91%	A decline in impairment allowances
Non-operating expense	2,004.30	189,007.15	-98.94%	The confiscation of a security deposit due to lease contract violation in the same period of last year
Return on investment	77,525.28	536.00	14,363.67%	A rise in income from the disposal of subsidiary

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

√ Applicable □ Not applicable

The sales and profits of gold jewelry business declined remarkably during the Reporting Period, for more details, please refer to related contents in “Part I Important Notes”.

Breakdown of core businesses:

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Gold jewelry	2,530.17	1,766.06	30.20%	-100.00%	-100.00%	29.92%
E-commerce sales of garments	892,602.26	848,860.75	4.90%	-26.05%	10.00%	-31.17%
By product category						
Gold jewelry	2,530.17	1,766.06	30.20%	-100.00%	-100.00%	29.92%
E-commerce sales of	892,602.26	848,860.75	4.90%	-26.05%	10.00%	-31.17%

garments						
By operating segment						
Gold jewelry sales in Shenzhen	2,530.17	1,766.06	30.20%	-100.00%	-100.00%	29.92%
E-commerce sales of garments	892,602.26	848,860.75	4.90%	-26.05%	10.00%	-31.17%

III Analysis of Non-Core Businesses

√ Applicable □ Not applicable

Unit: RMB

	Amount	As % of total profits	Reason for formation	Sustainable or not
Investment income	77,525.28	1.87%	Investment income from disposal of long-term equity investments	No
Gains or losses on changes in fair value	0.00	0.00%		No
Assets impairment	796,995.35	19.25%	Reversal of losses from bad debts	No
Non-operating income	13,276.95	0.32%	Maternity benefits	No
Non-operating expense	2,004.30	0.05%	Expense on penalty and fine for delaying payment	No

IV Analysis of Assets and Liabilities

1. Material Changes in Asset Composition

Unit: RMB

	30 June 2019		30 June 2018		Change in percent age (%)	Reason for material change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary capital	526,048.79	0.10%	1,192,159.64	0.22%	-0.12%	
Accounts	16,039,856.5	2.99%	23,890,210.7	4.41%	-1.42%	

receivable	8		6			
Inventories	186,049,562.84	34.71%	162,187,727.56	29.92%	4.79%	
Investment property	4,708,489.66	0.88%	0.00	0.00%	0.88%	
Long-term equity investments	100,600,000.00	18.77%	269,998,221.71	49.82%	-31.05%	Transferred to “assets held for sale” to account
Fixed assets	33,783,352.69	6.30%	40,543,929.42	7.48%	-1.18%	

2. Assets and Liabilities at Fair Value

Applicable Not applicable

3. Restricted Asset Rights as of the Period-End

The Company provided a mortgage guarantee pledged with property for Puning Huafengqiang Trading Co., Ltd. through signing the mortgage contract of maximum amount (RCZH2014GDZNo.3632; principal creditor’s right: 11 November 2014 to 11 November 2019) with Jieyang Rongcheng Branch of ICBC. The Company provided a mortgage guarantee pledged with property for Puning Lailisheng Trading Co., Ltd. through signing the mortgage contract of maximum amount (0201900134-2017XQ(D)ZNo.0042; principal creditor’s right: 8 September 2017 to 8 September 2022) with Jieyang Branch of ICBC.

V Investments Made

1. Total Investment Amount

Applicable Not applicable

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

Unit: RMB

Investee	Main business	Investment method	Investment amount	Shareholding percentage	Capital resources	Partner	Investment term	Type of products	Progress as of the balance sheet date	Estimated income	Profits or losses of investment in the Reporting	Involving in lawsuit or not	Disclosure date (if any)	Disclosure index (if any)

											Period			
Chinese Gold Nobility	Gold jewelry	Acquisition	24,500,000.00	49.00%	Self-owned	Shenzhen Chinese Gold Nobility Investment Co., Ltd.	Long-term	Stock rights	Stock transfer payment unpaid yet	4,260,000.00	161,622.47	No	15 December 2018	Announcement on Acquisition of Equity of Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. (Announcement No.: 2018-065) disclosed on Securities Times, Hong Kong Ta Kung Pao and www.cninfo.com.cn .

Total	--	--	24,500,000.00	--	--	--	--	--	--	4,260,000.00	161,622.47	--	--	--
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3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

Count Number	Equity interests sold	Date of sale	Selling price (RMB '0,000)	Amount contributed by the equity interests to net income of the Company	Effect of the sale on the Company	Amount contributed by the sale to net income of the Company as a percentage	Pricing principle	Related-party transaction or not	Relationship between counterparty and the Company	Ownership fully transferred or not	Executed as scheduled or not, if not, state reason and actions taken	Disclosure date	Index to disclosed information
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				from period -beginning to date of sale (RMB '0,000)		ntage of the Company's net income (%)							
Shenzhen Gaopu Industrial Co., Ltd.	30% of equity interests of Shenguo Financial Guarantee	30 September 2018	15,000	0	Recovery of funds	0.00%	Negotiation	No	Not the related party	No	Not executed as scheduled and the Company sent letters to negotiate solutions.	30 November 2018	Announcement on Sales of Equity Interests of Shenzhen Shenguo Financial Guarantee Co., Ltd. (Announcement No.: 2018-059) disclosed on Securities Times

Shenzhen Magake Blue Arrow Technology Co., Ltd.	Sales of equity interest	No effects
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Information about major majority- and minority-owned subsidiaries:

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Performance Forecast for January-September 2019

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

Applicable Not applicable

X Risks Facing the Company and Countermeasures

For details of risk facing the Company, please refer to related contents in “Part I Important Notes” of this Report.

For details of countermeasures by the Company, please refer to related contents in “Part IV Operating Performance Discussion and Analysis” and “Part V Significant Events” in this Report. In addition, on the one hand, the Company actively cooperates with major customers for business transformation; on the other hand, the Company explores to expand the customer channel step by step and plans to reduce the high risk of inventories step by step through increasing sales under the premise that gradually improving the stock variety.

Part V Significant Events

I Annual and Extraordinary General Meeting Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 1 st Extraordinary General Meeting of 2019	Extraordinary general meeting	59.34%	18 January 2019	19 January 2019	Resolution on the 1 st Extraordinary General Meeting of 2019 (2019-003) published on Securities Times, Hong Kong Ta Kung Pao and www.cninfo.com.cn .
The 2018 Annual General Meeting	Annual General Meeting	51.54%	28 June 2019	29 June 2019	Resolution on the 2018 Annual General Meeting (2019-039) published on Securities Times, Hong Kong Ta Kung Pao and www.cninfo.com.cn .

2. Extraordinary General Meeting Convened at Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

II Interim Dividend Plan for the Reporting Period

Applicable Not applicable

The Company has no interim dividend plan.

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

√ Applicable □ Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	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.	21 May 2015	Perpetual	Ongoing
	The Company's largest shareholder Shenzhen Shenghengchang		Will avoid or reduce the related transaction between it together	21 May 2015	Perpetual	Ongoing

	<p>hang Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyua n Asset Managemen t Co., Ltd.</p>		<p>with its related enterprise and the company stock to the greatest extent. If the related transaction with the company stock is inevitable, the transaction must be conducted in line with the principle of fair, just and sound and making compensati on for equal value, the transaction price must be recognized in line with the reasonable price of the market and related transaction decision making procedure avoiding voting of related transaction</p>			
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			by the shareholder's general meeting which stipulated by Article of Association of Guangdong Rieys Group Company Ltd.			
Commitments made in time of IPO or refinancing						
Commitments concerning stock ownership incentive						
Other commitments made to minority shareholders	Chen Hongcheng		If the Company sells 45% shares of Jinshitonghe via Future Growing Business Fund, and the received amount in total by conducting the profit distribution based on the obtained equity transfer fund is less than RMB120 million or if Future	29 December 2018	The appointed time for making up obligations	Ongoing

			<p>Growing Business Fund cannot be distributed according to the agreed profit distribution plan, the actual controller Chen Hongcheng shall make it up in cash within 1 month after such event occurs. The specific arrangement can be described as follows: 1. If the difference is less than RMB30 million, it shall be paid to the Company's bank account within 10 days after the Company receives all funds for profit distribution or Future</p>			
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			<p>Growing Business Fund cannot be distributed based on the agreed profit distribution plan; 2. If the difference is between RMB30 million and RMB80 million, RMB30 million shall be paid within 10 days after the Company receives all funds for profit distribution or Future Growing Business Fund cannot be distributed based on the agreed profit distribution plan, and the residual funds shall be completely paid in the</p>			
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			<p>following 15 days; 3. If the difference is more than RMB80 million, RMB30 million shall be paid within 10 days after the Company receives all funds for profit distribution or Future Growing Business Fund cannot be distributed based on the agreed profit distribution plan, RMB 50 million Yuan in the following 15 days and the residual funds in the following 5 days.</p>			
	Chen Xuewen		<p>Based on the great faith in the Company's future development prospect,</p>	4 June 2019	<p>Within 2 months after two trading date since the disclosure date of</p>	Not fulfilled

			<p>the investor's interests will be practically protected to stabilize their confidence. When the price of the Company shares is lower than 1.5 HKD/share, the number of increased shares shall not be less than 1 million. Within 2 months after 2 business days from the day of the disclosure of the holding-shares increase plan, the self-owned fund shall be transacted by means of centralized bidding in Shenzhen Stock Exchange. During the</p>		<p>shareholding increase plan</p>	
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			<p>implementat ion of the share increase plan, the Company shall comply with relevant regulations issued by China Securities Regulatory Commissio n and Shenzhen Stock Exchange, and avoid reducing the holding-sha res during the implementat ion period and the statutory period.</p>			
Executed in time	No					
Specific reasons for failing to fulfill commitments on time and plans for next step	<p>Influenced by the information disclosure sensitive period and other factors arising during the holding-shares increase period, Ms. Chen Xuewen caused the cut-down of the effective time spent in implementing the holding-shares increase plan, and further resulted in the failure in legally completing such plan as scheduled due to various miscellaneous matters and the failure in properly planning the specific holding-shares increase time. During the extended period, “within 2 months after 2 business days from the day of the disclosure of the holding-shares increase plan” shall be changed into “within 4 months after 2 business days from the day of the disclosure of the holding-shares increase plan (the holding-shares increase period shall postpone accordingly due to occurrence of delisting event)”. Namely, the specific date shall extend to 6 October 2019 from 7 June 2019 (the holding-shares increase period shall postpone accordingly due to occurrence of delisting event).The 29th Meeting of the 7th Board of Directors of the Company held on 8 August 2019 reviewed and approved the Proposal on Changes in Commitments which</p>					

	still needs to be submitted to the 2 nd Extraordinary General Meeting of 2019 for review.
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IV Engagement and Disengagement of CPAs Firm

Has the Interim financial report been audited?

Yes No

This Interim Report is unaudited.

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

Applicable Not applicable

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

Applicable Not applicable

The Asia Pacific (Group) Accounting Firm (Special General Partnership) issued a qualified audit report on the Company's 2018 financial report. The progress of the matters covered in the comments is as follows:

I. Event: In 2017, JHG respectively applied for a loan via ICBC Jieyang Rongcheng Sub-branch for Puning Huafengqiang Trading Co., Ltd. (hereinafter referred to as “Huafengqiang”), and provided the house property mortgage guarantee for Puning Lailisheng Trading Co., Ltd. (hereinafter referred to as “Lailisheng”) to apply for a loan via ICBC. As the above-mentioned mortgage guarantee agreement was still effective in 2018, Huafengqiang applied a loan of RMB11.7 million again from ICBC Jieyang Rongcheng Sub-branch by virtue of the mortgage guarantee agreement in May 2018; Lailisheng applied a loan of RMB23.79 million again from ICBC Jieyang Rongcheng Sub-branch by virtue of the mortgage guarantee agreement in August 2018. Considering that Huafengqiang and Lailisheng did not sign any related counter-guarantee agreement with JHG, we can only conduct our audit work within a limited range, and cannot obtain sufficient and appropriate audit evidence for the influence exerted by the contingent liabilities related to the mortgage guarantee.

Various measures taken by the Company:

The Company signed the Maximum Amount Mortgage Contract (Rongcheng Sub-branch 2014 GDZ No.3632, and guaranteed principal creditor’s right shall be from 11 November 2014 to 11 November 2019) with ICBC Jieyang Rongcheng Sub-branch for Huafengqiang with the real estate as the guarantee to provide corresponding mortgage guarantee. The Company signed the Maximum Amount Mortgage Contract (0201900134-2017 XQ(D)Zi No.0042, and guaranteed principal creditor’s right shall be from 8 September 2017 to 8 September 2022) with ICBC Jieyang Sub-branch for Lailisheng with the real estate as the guarantee to provide corresponding mortgage guarantee. However, the Company failed to respectively sign corresponding counter-guarantee agreement with Huafengqiang and Lailisheng related to the loans within the mortgage guarantee period.

The Company respectively reached a consensus with Huafengqiang and Lailisheng on releasing the mortgage guarantees. In this case, Huafengqiang agreed to repay the bank loan before 31 October 2019 and terminate the Real Estate Mortgage Guarantee provided by the Company. Lailisheng agreed to terminate the Real Estate Mortgage Guarantee provided by the Company before 30 November 2019.

The Company has continuously paid great attention to the specific situation of Huafengqiang and Lailisheng,

regularly collected the guaranteed person's financial materials or audit reports during the latest period, analyzed their financial status and debt paying abilities, focused on their production and management, assets and liabilities, external guarantees, separation and consolidation and changes of legal representative etc., and established relevant financial records. Meanwhile, the Company also made great effort to urge Huafengqiang and Lailisheng to terminate the related mortgage guarantee as early as possible.

II. Event: "We hereby suggest the users of financial statements to pay attention to the facts: as stated in Note VI (25) to Financial Statements, up to 31 December 2018, JHG suffered a total loss of RMB117,840,473.36; the operation revenue achieved in the first half of 2018 declined sharply, and the net profit attributed to the parent company was RMB-13,392,596.16. The Company suffered a loss for two consecutive years. As stated in Note III (2) to Financial Statements, the existence of these events or situations indicated that there existed any significant uncertainty that may cause major concerns on the sustainable operation ability of JHG. However, the events shall not exert any influence on the issued audit opinions."

The Company shall take the following measures:

(1) Adjust the Asset Structure

From the perspective of the Company business and the asset structure, the Company prefers the investment-oriented company, and its main asset is the long-term equity investment without any return temporarily in the short run. Although the Company has developed various operational businesses, it has not made them outstanding with a relatively small scale, including the sales of gold and jewelry and the clothing e-commerce etc.. In order to change the current situation of various investments harvesting unremarkable effectiveness, the Company took various measures at the end of November 2018, and sold 30% shares held in Shengguorong Financing Guarantee. Meanwhile, the Company also promoted Future Growing Business Fund invested by it to dispose the shares held in the target company and recover the investment by means of the profit distribution of future growing business fund so as to improve the Company's asset structure.

(2) Increase the Investment, Focus on the Main Business and Make the Company Bigger and Stronger:

In the short run, it is of great uncertainty for the Company to replace its main business or redevelop any new business. Making the existed gold and jewelry business bigger and stronger is the only way for the Company to grow. In December 2018, the Company purchased the shares held by other shareholders of Chinese Gold Nobility, making Chinese Gold Nobility become the Company's wholly-owned subsidiary and promoting the Company's profit. The Company will give support strong support for the subsidiary's development, further enrich the product categories of Chinese Gold Nobility, increase the stock of high value-added goods (including jades and ambers), boost the sales of jades and ambers and flexibly adjust various business strategies in line with the actual market situation so as to propel the competitiveness and profitability of Chinese Gold Nobility and make it the main source for the Company's net profit.

In conclusion, after the Company takes the above-mentioned measures, its strategic development direction will be determined clearly, and the Company will make full use of its resources to boost its main businesses. As the stable development of the gold and jewelry business, the Company's sustainable development problem will be fundamentally resolved.

VII Bankruptcy and Restructuring

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits or arbitrations:

Applicable Not applicable

No such cases in the Reporting Period.

Other legal matters:

Applicable Not applicable

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

Huaneng Guicheng Trust Corporation Limited (hereinafter referred to as “Huaneng Guicheng”) applied for execution of the dispute case on trust borrowings and pledge-style repo with “Risheng Chuangyuan”. Since the failure of performing the payment obligation specified in the effective legal documents within the prescribed time limit, the Company’s actual controller Chen Hongcheng and controlling shareholder Shenghengchang Huifu are listed in the blacklist of people with poor credit by Shenzhen Intermediate People’s Court.

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

Applicable Not applicable

No such cases in the Reporting Period.

XII Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

2. Related-Party Transactions Regarding 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 Major Related-Party Transactions

Applicable Not applicable

The Company reviewed and approved the Proposal on Related-party Transaction regarding Capital Increase in Hunan Weidao Technology Co., Ltd. on the 21st Meeting of the 7th Board of Directors held on 30 October 2018. The Company planned to sign the capital increase agreement to increase its investment of RMB25 million in Hunan Weidao Technology Co., Ltd. After the capital increase, the Company would hold 12.6904% of equity interests of Hunan Weidao Technology Co., Ltd. But later Hunan Weidao Technology Co., Ltd. decided to terminate the capital increase on 22 March 2019 due to the corporation nature.

Index to the public announcements about the said related-party transactions disclosed

Title of public announcement	Disclosure date	Disclosure website
Announcement on Related-party Transaction regarding Capital Increase in Hunan Weidao Technology Co., Ltd.	31 October 2018	www.cninfo.com.cn

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

Applicable Not applicable

No such cases in the Reporting Period.

XIV Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (Agreement signing date)	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Puning Huafengqiang Trade Co., Ltd.	14 November 2014	1,700		1,140	Mortgage	11 November 2014 to 11 November 2019	No	No
Puning Lailisheng Trade Co., Ltd.	8 September 2017	2,400		2,350	Pledge	8 September 2017 to 8 September 2022	No	No
Total approved line for such guarantees in the Reporting Period (A1)		0		Total actual amount of such guarantees in the Reporting Period (A2)		4,100		
Total approved line for such guarantees at the end of the Reporting Period (A3)		4,100		Total actual balance of such guarantees at the end of the Reporting Period (A4)		3,490		
Guarantees provided by the Company for its subsidiaries								
Obligor	Disclosure date of the guarantee line	Line of guarantee	Actual occurrence date (Agreement signing date)	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or

	announcement							not
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (Agreement signing date)	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)			0	Total actual guarantee amount in the Reporting Period (A2+B2+C2)				4,100
Total approved guarantee line 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
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				10.42%				
Of which:								

Compound guarantees:

(2) Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XV Corporate Social Responsibility (CSR)

1. Significant Environment Protection

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

No

Not applicable

2. Measures Taken for Targeted Poverty Alleviation

(1) Plans

(2) Summary of the Related Work Done in the Reporting Period

(3) Results

Indicator	Measurement unit	Quantity/Progress
1. General results	——	——
2. Itemized results	——	——
2.1 Out of poverty by industrial development	——	——
2.2 Out of poverty by transferring employment	——	——
2.3 Out of poverty by relocation	——	——
2.4 Out of poverty by education	——	——
2.5 Out of poverty by improving health	——	——
2.6 Out of poverty by protecting ecological environment	——	——
2.7 Subsidy for the poorest	——	——
2.8 Social poverty alleviation	——	——
2.9 Other items	——	——
3. Accolades received (for what and at what level)	——	——

(4) Subsequent Plans

XVI Other Significant Events

Applicable Not applicable

On 30 November 2018, the Company received the Notice on the Profit Distribution of Future Growing Business Fund. As indicated in the notice, Shenzhen Future Growing Business Fund signed the sales agreement on 28 November 2018 and sold 45% shares held in Shenzhen Jinshitonghe Investment Co., Ltd.. The transaction counterparty shall make the payment by installments within 6 months after the date of effectiveness, and Shenzhen Future Growing Business Fund shall distribute corresponding profit to the Company within three working days after receiving each equity transfer payment and deducting relevant fund expenses. On 18 December 2018, Shenzhen Future Growing Business Fund received the first installment of equity transfer payment RMB20 million and distributed RMB19.4 million to the Company on the same day. Up to now, the Company has not received the rest dividends.

As the shareholder resolution on this transfer of equity agreed by Shenzhen Jinshitonghe Investment Co., Ltd. has not been issued, the transaction counterparty has disputed over that and required to suspend the continued fulfillment of the agreement. Now, various related parties are negotiating with another shareholder of Shenzhen Jinshitonghe Investment Co., Ltd., and urging the shareholder to sign the above-mentioned shareholder resolution

to promote this event's settlement.

XVII Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Private shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
1. Founders' shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Among which: Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic legal person	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Shares held by overseas legal person	0	0.00%	0	0	0	0	0	0	0.00%
Other	0	0.00%	0	0	0	0	0	0	0.00%
2. Raised shares by legal person	0	0.00%	0	0	0	0	0	0	0.00%
3. Internal employee shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Preferred shares or other	0	0.00%	0	0	0	0	0	0	0.00%
II. Public shares	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%
1. RMB-denominated ordinary shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Domestically listed foreign shares	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%

3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	318,600,000	100.00%	0	0	0	0	0	318,600,000	100.00%

Reasons for share changes:

Applicable Not applicable

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchases:

Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders at the period-end	10,131	Total number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)	0					
5% or greater ordinary shareholders or the top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the	Increase/dec during	Number of private	Number of public shares	Pledged or frozen shares	
							Status	Number

			period -end	the Repor ting Period	shares held	held		
SHENZHEN SHENGHEN GCHANG HUIFU INDUSTRIA L CO., LTD.	Domestic non-state-owned legal person	36.99%	117,8 55,00 0	0	117,8 55,00 0	0	Pledged Frozen	117,855,000 117,855,000
SHENZHEN RISHENG CHUANGY UAN ASSET MANAGEM ENT CO., LTD.	Domestic non-state-owned legal person	10.68%	34,02 0,000	0	34,02 0,000	0	Pledged Frozen	34,020,000 34,020,000
GUOTAI JUNAN SECURITIES (HONGKON G) LIMITED	Foreign legal person	7.72%	24,58 0,755	-152,3 98.00		24,58 0,755		
SHENZHEN LIANHUA HUIREN INDUSTRIA L CO., LTD.	Domestic non-state-owned legal person	3.81%	12,15 0,000	0	12,15 0,000	0	Pledged Frozen	12,150,000 12,150,000
SHENWAN HONGYUA N SECURITIES	Foreign legal person	3.32%	10,57 1,275	2,855, 429.0 0		10,57 1,275		

(HK) LIMITED								
CHINA EVERBRIG HT SECURITIES (HK) LIMITED	Foreign legal person	1.33%	4,226, 600	0		4,226, 600		
TANG HAIMING	Domestic natural person	1.31%	4,182, 300	4,182, 300.0 0		4,182, 300		
ESSENCE INTERNATI ONAL SECURITIES (HONG KONG) LIMITED	Foreign legal person	1.26%	4,018, 972	4,018, 972.0 0		4,018, 972		
XING YINGSHEN G	Domestic natural person	0.49%	1,555, 170	823,3 40.00		1,555, 170		
CHEN JIANXING	Domestic natural person	0.48%	1,513, 851	1,632. 00		1,513, 851		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (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.							
Top 10 public shareholders								
Name of shareholder	public shares held at the period-end	Shares by type						
		Type	Shares					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	24,580,755	Domestically listed foreign share	24,580,755					
SHENWAN HONGYUAN	10,571,275	Domestically listed foreign	10,571,275					

SECURITIES (HK) LIMITED		share	
CHINA EVERBRIGHT SECURITIES (HK) LIMITED	4,226,600	Domestically listed foreign share	4,226,600
TANG HAIMING	4,182,300	Domestically listed foreign share	4,182,300
ESSENCE INTERNATIONAL SECURITIES (HONG KONG) LIMITED	4,018,972	Domestically listed foreign share	4,018,972
XING YINGSHENG	1,555,170	Domestically listed foreign share	1,555,170
CHEN JIANXING	1,513,851	Domestically listed foreign share	1,513,851
FAN JIONGYANG	1,509,100	Domestically listed foreign share	1,509,100
CHEN JINMING	765,500	Domestically listed foreign share	765,500
ZHOU HONG	732,919	Domestically listed foreign share	732,919
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	Unknown		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	N/A		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea No

No such cases in the Reporting Period.

IV. Change of the Controlling Shareholder or the Actual Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

There were no changes in shareholdings of directors, supervisors, and senior management in the Reporting Period. For details, see Annual Report of 2018.

II Changes in Directors, Supervisors and Senior Management

Applicable Not applicable

There were no changes in directors, supervisors, and senior management in the Reporting Period. For details, see Annual Report of 2018.

Part IX Corporate Bonds

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

No

Part X Financial Statements

I. Auditor's Report

Whether the interim report has been audited?

Yes No

The interim report of the Company has not been audited.

II. Financial Statements

The unit of the financial statements attached: RMB

1. Consolidated Balance Sheet

Prepared by Guangdong Jadiete Holdings Group Company Limited

30 June 2019

Unit: RMB

Item	30 June 2019	31 December 2018
Current assets:		
Monetary capital	526,048.79	1,613,340.23
Settlement reserve		
Interbank loans granted		
Trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	16,039,856.58	22,021,179.73
Financing backed by accounts receivable		
Prepayments	490,604.68	30,946,946.32
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	4,222,660.20	4,189,883.29

Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	186,049,562.84	158,915,234.32
Contract assets		
Assets classified as held for sale	149,998,221.71	149,998,221.71
Current portion of non-current assets		
Other current assets	27,132,819.68	23,600,078.85
Total current assets	384,459,774.48	391,284,884.45
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Available-for-sale financial assets		
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	100,600,000.00	100,600,000.00
Investments in other equity instruments		
Other non-current financial assets		
Investment property	4,708,489.66	4,774,374.35
Fixed assets	33,783,352.69	34,965,810.73
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	8,183,050.74	8,444,458.00
R&D expense		300,705.00
Goodwill		
Long-term prepaid expense	480,563.57	536,172.24
Deferred income tax assets	3,794,456.32	3,996,186.93
Other non-current assets		

Total non-current assets	151,549,912.98	153,617,707.25
Total assets	536,009,687.46	544,902,591.70
Current liabilities:		
Short-term borrowings		
Borrowings from central bank		
Interbank loans obtained		
Trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	16,244,371.35	16,141,549.26
Advances from customers	86,214,192.53	86,215,991.53
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Payroll payable	1,861,987.35	1,369,295.25
Taxes payable	24,393,569.94	23,985,993.86
Other payables	41,221,126.99	46,728,023.22
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Contract liabilities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	14,888.00	59,552.00
Other current liabilities		
Total current liabilities	169,950,136.16	174,500,405.12

Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	169,950,136.16	174,500,405.12
Owners' equity:		
Share capital	318,600,000.00	318,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	52,303,274.80	52,303,274.80
Less: Treasury stock		
Other comprehensive income		
Specific reserve		
Surplus reserves	86,036,260.20	86,036,260.20
General reserve		
Retained earnings	-122,102,755.07	-117,840,473.36
Total equity attributable to owners of the Company as the parent	334,836,779.93	339,099,061.64
Non-controlling interests	31,222,771.37	31,303,124.94
Total owners' equity	366,059,551.30	370,402,186.58
Total liabilities and owners' equity	536,009,687.46	544,902,591.70

Legal representative: Chen Hongcheng (acting)

Chief financial officer: Chen Jincai

Head of financial department: Zeng Zhihua

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2019	31 December 2018
Current assets:		
Monetary capital	165,598.81	150,376.48
Trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	0.00	0.00
Financings backed by accounts receivable		
Prepayments		
Other receivables	124,219,989.86	124,003,172.06
Including: Interest receivable		
Dividends receivable		
Inventories		
Contract assets		
Assets classified as held for sale	149,998,221.71	149,998,221.71
Current portion of non-current assets		
Other current assets		
Total current assets	274,383,810.38	274,151,770.25
Non-current assets:		
Investments in debt obligations		
Available-for-sale financial assets		
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	180,600,008.26	180,758,208.26
Investments in other equity instruments		
Other non-current financial assets		

Investment property	4,708,489.66	4,774,374.35
Fixed assets	32,337,031.89	33,386,544.09
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	8,183,050.74	8,316,682.67
R&D expense		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets	2,527,871.57	2,565,371.57
Other non-current assets		
Total non-current assets	228,356,452.12	229,801,180.94
Total assets	502,740,262.50	503,952,951.19
Current liabilities:		
Short-term borrowings		
Trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	19,442.64	19,442.64
Advances from customers	75,178,103.66	75,178,103.66
Contract liabilities		
Payroll payable	1,459,647.57	930,883.49
Taxes payable	17,137,469.89	16,728,652.55
Other payables	16,165,900.82	14,802,406.86
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	109,960,564.58	107,659,489.20

Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	109,960,564.58	107,659,489.20
Owners' equity:		
Share capital	318,600,000.00	318,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	52,129,496.58	52,129,496.58
Less: Treasury stock		
Other comprehensive income		
Specific reserve		
Surplus reserves	86,036,260.20	86,036,260.20
Retained earnings	-63,986,058.86	-60,472,294.79
Total owners' equity	392,779,697.92	396,293,461.99
Total liabilities and owners' equity	502,740,262.50	503,952,951.19

3. Consolidated Income Statement

Unit: RMB

Item	H1 2019	H1 2018
1. Revenue	895,132.43	94,049,651.75
Including: Operating revenue	895,132.43	94,049,651.75
Interest income		

Premium income		
Handling charge and commission income		
2. Costs and expenses	5,921,830.38	101,142,729.49
Including: Cost of sales	850,626.81	93,356,686.67
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	415,416.54	496,613.91
Selling expense	298,502.64	1,129,119.53
Administrative expense	4,309,639.91	6,096,595.06
R&D expense		
Finance costs	47,664.48	63,714.32
Including: Interest expense		
Interest income		
Add: Other income		
Return on investment (“-” for loss)	77,525.28	536.00
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Foreign exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		

Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)		
Asset impairment loss (“-” for loss)	796,995.35	2,942,220.19
Asset disposal income (“-” for loss)		
3. Operating profit (“-” for loss)	-4,152,177.32	-4,150,321.55
Add: Non-operating income	13,276.95	600,000.00
Less: Non-operating expense	2,004.30	189,007.15
4. Profit before tax (“-” for loss)	-4,140,904.67	-3,739,328.70
Less: Income tax expense	201,730.61	768,741.42
5. Net profit (“-” for net loss)	-4,342,635.28	-4,508,070.12
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)		
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	-4,262,281.71	-5,004,199.91
5.2.1 Net profit attributable to non-controlling interests	-80,353.57	496,129.79
6. Other comprehensive income, net of tax		
Attributable to owners of the Company as the parent		
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit pension schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity		

instruments		
6.1.4 Changes in the fair value of the company's credit risks		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss		
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets		
6.2.4 Other comprehensive income arising from the reclassification of financial assets		
6.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.6 Allowance for credit impairments in investments in other debt obligations		
6.2.7 Reserve for cash flow hedges		
6.2.8 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.9 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	-4,342,635.28	-4,508,070.12
Attributable to owners of the Company as the parent	-4,262,281.71	-5,004,199.91
Attributable to non-controlling interests	-80,353.57	496,129.79
8. Earnings per share		

8.1 Basic earnings per share	-0.0136	-0.016
8.2 Diluted earnings per share	-0.0136	-0.016

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

Legal representative: Chen Hongcheng (acting)

Chief financial officer: Chen Jincai

Head of financial department: Zeng Zhihua

4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2019	H1 2018
1. Operating revenue	0.00	0.00
Less: Cost of sales	0.00	0.00
Taxes and surcharges	414,000.00	414,000.00
Selling expense		
Administrative expense	3,208,603.19	4,495,612.33
R&D expense		
Finance costs	3,168.91	33,208.37
Including: Interest expense		
Interest income		
Add: Other income		
Return on investment (“-” for loss)		
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)		
Asset impairment loss (“-” for loss)	150,000.00	368,000.00

Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	-3,475,772.10	-4,574,820.70
Add: Non-operating income		
Less: Non-operating expense	491.97	191.37
3. Profit before tax (“-” for loss)	-3,476,264.07	-4,575,012.07
Less: Income tax expense	37,500.00	92,000.00
4. Net profit (“-” for net loss)	-3,513,764.07	-4,667,012.07
4.1 Net profit from continuing operations (“-” for net loss)		
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit pension schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value of the company’s credit risks		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Gain/Loss on changes in the fair value of available-for-sale		

financial assets		
5.2.4 Other comprehensive income arising from the reclassification of financial assets		
5.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.6 Allowance for credit impairments in investments in other debt obligations		
5.2.7 Reserve for cash flow hedges		
5.2.8 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.9 Other		
6. Total comprehensive income	-3,513,764.07	-4,667,012.07
7. Earnings per share		
7.1 Basic earnings per share	-0.01	-0.015
7.2 Diluted earnings per share	-0.01	-0.015

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2019	H1 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	7,826,572.35	242,538,551.98
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		

Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds for acting trading of securities		
Tax rebates		2,173.89
Cash generated from other operating activities	1,992,810.90	32,140,506.72
Subtotal of cash generated from operating activities	9,819,383.25	274,681,232.59
Payments for commodities and services	997,743.40	239,773,853.88
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in financial assets held for trading		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	1,586,917.31	3,430,108.55
Taxes paid	34,764.88	520,780.47
Cash used in other operating activities	8,198,760.69	32,162,181.12
Subtotal of cash used in operating activities	10,818,186.28	275,886,924.02
Net cash generated from/used in	-998,803.03	-1,205,691.43

operating activities		
2. Cash flows from investing activities:		
Proceeds from disinvestment		6,852.00
Return on investment		
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities		6,852.00
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	56,858.03	565,214.37
Payments for investments		
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units	30,000.00	
Cash used in other investing activities		
Subtotal of cash used in investing activities	86,858.03	565,214.37
Net cash generated from/used in investing activities	-86,858.03	-558,362.37
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		

Subtotal of cash generated from financing activities		
Repayments of borrowings		
Payments for interest and dividends		
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities		
Net cash generated from/used in financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents	33.95	14.06
5. Net increase in cash and cash equivalents	-1,085,627.11	-1,764,039.74
Add: Cash and cash equivalents, beginning of the period	1,611,675.90	2,956,199.38
6. Cash and cash equivalents, end of the period	526,048.79	1,192,159.64

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2019	H1 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services		
Tax rebates		
Cash generated from other operating activities	7,799,372.29	29,815,585.86
Subtotal of cash generated from operating activities	7,799,372.29	29,815,585.86
Payments for commodities and services		
Cash paid to and for employees	542,765.06	487,587.87

Taxes paid	5,531.83	39,194.45
Cash used in other operating activities	7,205,853.07	29,230,851.65
Subtotal of cash used in operating activities	7,754,149.96	29,757,633.97
Net cash generated from/used in operating activities	45,222.33	57,951.89
2. Cash flows from investing activities:		
Proceeds from disinvestment		
Return on investment		
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities		
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets		
Payments for investments		
Net payments for the acquisition of subsidiaries and other business units	30,000.00	
Cash used in other investing activities		
Subtotal of cash used in investing activities	30,000.00	
Net cash generated from/used in investing activities	-30,000.00	
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings obtained		
Net proceeds from the issuance of bonds		

Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayments of borrowings		
Payments for interest and dividends		
Cash used in other financing activities		
Subtotal of cash used in financing activities		
Net cash generated from/used in financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	15,222.33	57,951.89
Add: Cash and cash equivalents, beginning of the period	150,376.48	166,675.93
6. Cash and cash equivalents, end of the period	165,598.81	224,627.82

7. Consolidated Statements of Changes in Owners' Equity

H1 2019

Unit: RMB

Item	H1 2019														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	General reserves	Retained earnings	Other	Subtotal			
	Preferred shares	Perpetual bonds	Other													
1. Balances as at the end of the prior year	318,600.00				52,303,274.80				86,036,260.20		-117,840,473.36		339,099,061.64	31,303,124.94	370,402,186.58	

	00													
Add: Adjustments for changed accounting policies														
Adjustments for corrections of previous errors														
Adjustments for business combinations under common control														
Other adjustments														
2. Balances as at the beginning of the year	318 ,60 0,0 00. 00			52,3 03,2 74.8 0				86,0 36,2 60.2 0		-117 ,840, 473. 36		339, 099, 061. 64	31,3 03,1 24.9 4	370, 402, 186. 58
3. Increase/ decrease in the period ("—" for decrease)										-4,2 62,2 81.7 1		-4,2 62,2 81.7 1	-80, 353. 57	-4,3 42,6 35.2 8
3.1 Total comprehensiv e income										-4,2 62,2 81.7 1		-4,2 62,2 81.7 1	-80, 353. 57	-4,3 42,6 35.2 8
3.2 Capital increased and reduced by owners														
3.2.1 Ordinary shares														

increased by shareholders																			
3.2.2 Capital increased by holders of other equity instruments																			
3.2.3 Share-based payments included in owners' equity																			
3.2.4 Other																			
3.3 Profit distribution																			
3.3.1 Appropriation to surplus reserves																			
3.3.2 Appropriation to general reserve																			
3.3.3 Appropriation to owners (or shareholders)																			
3.3.4 Other																			
3.4 Transfers within owners' equity																			
3.4.1 Increase in capital (or share capital)																			

from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balances as	318				52,3				86,0		-122		334,	31,2	366,

2. Balances as at the beginning of the year	318,600.00				52,303,274.80					86,036,260.20					-104,447,877.20					352,491,657.80	40,626,566.76	393,118,224.56
3. Increase/decrease in the period (“-” for decrease)															-5,004,199.91					-5,004,199.91	496,129.79	-4,508,070.12
3.1 Total comprehensive income															-5,004,199.91					-5,004,199.91	496,129.79	-4,508,070.12
3.2 Capital increased and reduced by owners																						
3.2.1 Ordinary shares increased by shareholders																						
3.2.2 Capital increased by holders of other equity instruments																						
3.2.3 Share-based payments included in owners' equity																						
3.2.4 Other																						
3.3 Profit distribution																						
3.3.1 Appropriatio																						

n to surplus reserves																			
3.3.2 Appropriation to general reserve																			
3.3.3 Appropriation to owners (or shareholders)																			
3.3.4 Other																			
3.4 Transfers within owners' equity																			
3.4.1 Increase in capital (or share capital) from capital reserves																			
3.4.2 Increase in capital (or share capital) from surplus reserves																			
3.4.3 Loss offset by surplus reserves																			
3.4.4 Changes in defined benefit pension schemes transferred to retained																			

Add:												
Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	318,600,000.00				52,129,496.58				86,036,260.20	-60,472.29		396,293,461.99
3. Increase/decrease in the period (“-” for decrease)										-3,513.76		-3,513,764.07
3.1 Total comprehensive income										-3,513.76		-3,513,764.07
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in												

owners' equity												
3.2.4 Other												
3.3 Profit distribution												
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)												
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to												

retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	318,600,000.00				52,129,496.58				86,036,260.20	-63,986,058.86		392,779,697.92

H1 2018

Unit: RMB

Item	H1 2018											Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	
		Preferrred shares	Perpetual bonds	Other								
1. Balances as at the end of the prior year	318,600,000.00				52,129,496.58				86,036,260.20	-62,047,542.95		394,718,213.83
Add: Adjustments for changed												

accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	318,600.000.00			52,129,496.58				86,036,260.20	-62,047,542.95			394,718,213.83
3. Increase/decrease in the period (“-” for decrease)									-4,667,012.07			-4,667,012.07
3.1 Total comprehensive income									-4,667,012.07			-4,667,012.07
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners’												

equity												
3.2.4 Other												
3.3 Profit distribution												
3.3.1 Appropriatio n to surplus reserves												
3.3.2 Appropriatio n to owners (or shareholders)												
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit												

pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	318,600,000.00				52,129,496.58				86,036,260.20	-66,714,555.02		390,051,201.76

III. Company Profile

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

Guangdong Jadiete Holdings Group Company Limited (original name: Guangdong Rieys Group Company Ltd, hereinafter referred to as ‘the Company’) was a limited liability company registered in Guangdong Province and had been approved by the Y-H-B [1997] No. 580 document of People’s Government of Guangdong Province on 17 November 1997, which established by five enterprises including Puning Haicheng Industrial Co., Ltd. (this company changed its name to Shenzhen Shenghengchang Industrial Co., Ltd. after relocating in Shenzhen; in 2007 this company was renamed as Guangzhou Shenghengchang Investment Co., Ltd.; in 2008 this company was renamed as Guangzhou Shenghengchang Trade and Development Co., Ltd.; on 28 January 2010 this company was renamed as Puning Shenghengchang Trade Development Co., Ltd.; on 26 July 2013, this company was renamed as Shenzhen Shenghengchang Huifu Industrial Co., Ltd. as relocation), an original Sino-foreign cooperated enterprise of Hongxing Weaving Garment Co., Ltd. Under approval of Guangdong Province Administration for Industry and Commerce, the Company registered with the registration number of the license of the business corporation of: 914452002311318335. The Share B, which was the HK

common stock as well as the domestically listed foreign share issued by the Company, had listed on the SZSE. The registration place of the Company: Meixin Industrial Park, Junbu Town, Puning, Guangdong Province, of which the Company as the parent was the Shenzhen Shenghengchang Huifu Industrial Co., Ltd. and the ultimate actual controller of the Group was Chen Hongcheng.

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

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

As at 30 June 2019, the Company's total share capital was 318,600,000 shares, including 164,025,000 non-tradable legal shares (representing 51.48% of total shares and 154,575,000 domestic listed foreign shares (stock B) (representing 48.52% of total shares).

2. Operating scope

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

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

Naught

4. Business nature and major operating activities of the Company

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

5. Approval of the presentation of the financial statements

The financial statements and the notes to the financial statements were approved by the 30th Meeting of the 7th Board of Directors of the Company on 26 August 2019.

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

Name of the subsidiary	Type of the subsidiary	Shareholding proportion (%)	Voting right proportion (%)
Shenzhen Rieys Industrial Co., Ltd.	Limited liability company	90.00	90.00
Tianrui (Hong Kong)	Limited liability	100.00	100.00

Trading Co., Ltd.	company		
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Limited liability company	51.00	51.00
Shanghai Yunpeng Internet Technology Co., Ltd	Limited company	60.00	60.00

Shenzhen Magake Blue Arrow Technology Co., Ltd. was not included into the scope of the consolidated financial statement because its equity has been sold during the Reporting Period. for more details, please refer to “VIII. Changes of Consolidation Scope” and “IX. Equity in Other Entities”.

IV. Basis for the Preparation of the Financial Statement

1. Basis for the Preparation

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

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

2. Continuing Operations

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

V. Significant Accounting Policies and Estimates

Specific accounting policies and accounting estimates indicators:

Naught

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

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company’s, and the relevant information of the Company’s merger and financial positions as at 30 June 2019, as well as the merger, business results and the merger and cash flows for the first half year of 2019.

2. Fiscal Period

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

3. Operating Cycle

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

4. Recording Currency

Recording currency is RMB.

5. Accounting Treatment for Business Combinations under the Common Control and Not under the Common Control

(1) Judgment standard of the package deal

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

- ① these transactions are considered simultaneously, or in the case of mutual influence made;
- ② these transactions as a whole in order to achieve a complete business results;
- ③ the occurrence of a transaction depends on occurs at least one other transaction ;
- ④ a transaction look alone is not economical, but when considered together with other transaction is economical.

(2) Business combination under the same control

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

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

(3) Business combination not under the same control

Business combination not under the common control refers to that parties involved in the merger are not subject to

the ultimate control of the same party or same multi-parties before & after the merger.

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

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

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

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

In a business combination not under same control realized by two or more transactions of exchange, according to about the 5th Notice about the Treasury Issuing the Accounting Standards for Enterprises (Finance accounting) [2012] No. 19 and Article 51 of Accounting Standards for Enterprises No. 33—Consolidated Financial Statements of Criterion about the “package deal”, whether the deals are “package deal” or not, belong to the “package deal”, see the previous paragraphs described in this section and note IV, 12 “long term equity investment transaction” and conduct accounting treatment, those not belong to the “package deal” distinguish between the individual financial statements and the consolidated financial statements and conduct relevant accounting treatment.

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

In the Company’s consolidated financial statements, the merger cost is the sum of the consideration pays on the purchase date and the fair value on the purchase date of the equity of the acquirees hold before the purchase date. As for the equity interests that the Company holds in the acquiree before the acquiring date, they shall be

re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. Other related comprehensive gains in relation to the equity interests that the Company holds in the acquiree before the acquiring date, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree's re-measurement, the others shall be transferred into current investment gains.

6. Preparation of the Consolidated Financial Statements

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

The consolidated financial statement bases on the financial statement of the Company and the subsidiaries and prepares according to the other relevant materials by the Company. When preparing the consolidated financial statement, the accounting policies and the accounting period of the Company and the subsidiaries were required to maintain unanimous while the intercompany significant contracts and the come-and-go balance should be offset.

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

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

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

Where the Company loses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Company according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Company's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment in the original subsidiary are treated on the same accounting basis as the acquiree directly disposes the relevant assets or liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases. And subsequent measurement is conducted on the residual equity interests according to the No. 2 Accounting Standard for Business Enterprises-Long-term Equity Investments or the No. 22 Accounting Standard for Business Enterprises-Recognition and Measurement of Financial Instruments.

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

7. Confirmation Standard for Cash and Cash Equivalent

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

8. Transactions of Foreign Currencies and Conversion of Financial Statements in Foreign Currencies

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

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

(2) In balance sheet, assets and liabilities items are converted into RMB at the exchange rate prevailing on the consolidated balance sheet date. Owner's equity items (excluding undistributed profit item) are converted into

RMB at the exchange rate when the transaction occurs. In income statement, revenue and expenses items are accrued by the proper method and the approximate rate when the transaction occurs. Translation difference occurred for above reason is disclosed in the consolidated balance sheet as a separate item.

9. Financial Instruments

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

(1) Recognition and derecognition of the financial instruments

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

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

- ① Where the contractual rights for collecting the cash flow of the said financial asset are terminated;
- ② Where the said financial asset has been transferred and meets the conditions for recognizing the termination of financial assets as follows.

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

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

(2) Category and measurement of the financial assets

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

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

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

Held-to-maturity investment

The term “held-to-maturity investment “refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the enterprise holds for a definite purpose or the enterprise

is able to hold until its maturity. The following non-derivative financial assets shall not be classified as investments held to their maturity. As for the held-to-maturity investment, shall make subsequent measurement on its financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, while the gains or losses of the derecognition, impairment or amortization should be recorded in the current gains and losses.

Accounts receivable

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

Available-for-sale financial assets

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

(3) Category and measurement of financial liabilities

The financial liabilities of the Company are classified as the follows when initially recognized: financial liabilities measured by fair value with the changes are recorded in the current gains and losses and other financial liabilities. As for those had not be divided as the financial liabilities measured by fair value with the changes be recorded in the current gains and losses, the relevant transaction expenses should be recorded in the initial recognized amount. Financial liabilities measured by fair value with the changes be recorded in the current gains and losses

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

Other financial liabilities

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

(4) Fair value of the financial instruments

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

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

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

(5) Impairment of financial assets

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

Financial assets measured by amortized cost

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

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

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

Available-for-sale financial assets

Where there are objective evidences indicate that the available-for-sale financial assets are impaired, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the current period. The accumulative losses that

are transferred out shall be the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period.

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

Financial assets measured by cost

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

(7) Transformation of the financial assets

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

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

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

10. Accounts Receivable

At the end of the reporting period, if objective evidences indicate that accounts receivable (including accounts receivable, bills receivable, other accounts receivable and long-term accounts receivable etc.) depreciate, corresponding book value shall be written down to the recoverable amount. The write-down amount shall be recognized as the assets impairment loss and calculated into the current loss and gain.

The advance payment shall regard its nature as the risk features. In terms of the advance payment for purchasing the goods or equipment before the agreed delivery date or if the contract is left unsettled in despite of the delivery of goods, corresponding provision for bad debts shall not be calculated and withdrawn; when the other party fails to deliver the goods as scheduled for more than one year after the contract is established, corresponding provision for bad debts shall be calculated and withdrawn according to the risk features of account receivables. In terms of the advance payment for the construction work, corresponding provision for bad debts shall not be calculated and withdrawn before all amounts are fully paid and the construction work's ownership is expected to be obtained.

In terms of accounts receivable incurred among the group's internal units, corresponding provision for bad debts shall be calculated and withdrawn according to the estimated bad debt loss.

At the end of the reporting period, the impairment test shall be separately conducted for the account receivable of significant single amount. If corresponding objective evidence proves its depreciation, the impairment loss shall be recognized and corresponding provision for bad debts shall be calculated and withdrawn according to the difference resulting from its future cash flow's current value less than its book value.

Significant single amount refers to the sum of the top 5 account receivable balances or the accounts occupying over 10% of account receivable balances.

For the account receivable of insignificant single amount at the end of the reporting period, the impairment test shall be separately conducted; it's required to separately test the account receivable (including the account receivable of significant single amount and that of insignificant single amount) not subject to the depreciation, and include it into the account receivable group of similar credit risk features. However, the impairment loss shall be determined and corresponding provision for bad debts shall be calculated and withdrawn based on a certain proportion of the period-end balance of these account receivable groups.

Except the account receivable whose provision for impairment shall be separately calculated and withdrawn, the Company shall determine the specific proportion applied to calculate and withdraw the bad debt provision according to equivalent or similar actual loss rate possessing similar credit risk features to those accounts receivable divided based on the aging and in line with the actual situation:

Type of group	Basis for recognizing group	Method of withdrawing bad debt provision according to group
Aging group	Aging state	Aging analysis method

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

Aging	Withdrawal proportion for accounts receivable %	Withdrawal proportion for other receivables %
Within 1 year (including 1 year)	2	2
1 to 2 years	10	10
2 to 3 years	50	50
3 to 5 years	80	80
Over 5 years	100	100

11. Inventory

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

Yes

Related industry of jewelry

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

(1) Inventory classification

The inventory of the Company was classified into:

Raw materials, products in production, stock merchandise, delivery commodity, commission processing materials, etc.

(2) Method for inventory valuation

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

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

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

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

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

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

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

(4) System of stock inventories

Perpetual inventory system is applied.

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

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

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

12. Assets Held for Sale

(1) Recognition Standards of Held-for-sale Assets

The Company shall recognize the non-current assets or assets group meeting the following conditions as the held-for-sale assets. This part of assets is available for immediate sales according to the applicable clauses; the enterprise has concluded corresponding resolution on disposing this part of assets. If the shareholders' approval is obtained as required, it shall be deemed that the approval from the shareholder meeting or competent authority is also obtained; if the enterprise has signed the non-cancellable transfer agreement with the transferee, such transfer will be completed within one year.

(2) Accounting Treatment Methods applied to Held-for-sale Assets

For the held-for-sale fixed assets, it's required to adjust its estimated net residual value, enabling the fixed assets' estimated net residual value to reflect the amount by deducting the disposal expenses from its fair value without exceeding the original book value when various held-for-sale conditions are met. The difference between the original book value and the adjusted estimated net residual value shall be calculated into the current loss and gain as the assets impairment loss. Other held-for-sale non-current assets shall be treated by obeying the above-mentioned principles. The held-for-sale non-current assets shall include the single assets and the treatment group. The treatment group refers to a group of assets sold as a whole or treated by other means.

(3) Liabilities vested in the Held-for-sale Treatment Group

The Company shall list the liabilities divided into the held-for-sale treatment group as the liabilities vested in the held-for-sale treatment group. The long-term equity investment mentioned here refers to the investment subject to the control, joint control or significant influence of the Company over/on the invested unit. The long-term equity investment not subject to the control, joint control or significant influence of the Company over/on the invested unit shall be regarded as the available-for-sale financial assets or calculated as the financial assets measured at its fair value with variations included in the current loss and gain. Please refer to Note IV (9)—Financial Instrument for detailed accounting policies.

13. Long-term Equity Investment

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

(1) Recognition of investment costs

As for long-term equity investments acquired by enterprise merger, if the merger is under the same control, the share of the book value of the owner's equity of the merged enterprise, on the date of merger, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted (If the consideration of the merging enterprise is that it issues equity securities, it shall,

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

For the long-term investment required from the business combination under different control, the initial investment cost regarded as long-term equity investment on the purchasing date according to the combination cost, the combination costs shall be the sum of the fair values of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company (The equities of the acquirees which respectively acquired through multiple transaction that ultimately form into the combination of the enterprises under the different control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, the sum of the book value of the original held equity investment of the acquirees and the newly added investment cost should be regarded as the initial investment cost of the long-term equity investment that changed to be accounted by cost method. If the original held equity is calculated by cost method, the other relevant comprehensive income would not have any accounting disposal for the moment. If the original held equity investment is the financial assets available for sale, its difference between the fair value and the book value as well as the accumulative changes of the fair value that include in the other comprehensive income, should transfer into the current gains and losses).

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

Besides the long-term equity investments formed by business combination, the other long-term equity investments shall be initially measured by cost, the cost is fixed in accordance with the ways of gaining, such as actual cash payment paid by the Group, the fair value of equity securities issued by the Group, the agreed value of the investment contract or agreement, the fair value or original carrying amount of exchanged assets from non-monetary assets exchange transaction, the fair value of the long-term equity investments, etc. The expenses,

taxes and other necessary expenditures directly related with gaining the long-term equity investments shall also be recorded into investment cost. The long-term equity investment cost for those could execute significant influences on the investees because of appending the investment or could execute joint control but not form as control, should be as the sum of the fair value of the original held equity investment and the newly added investment cost recognized according to the No. 22 of Accounting Standards for Business Enterprises—Recognition and Measurement of Financial Instrument.

(2) Subsequent measurement and recognition of gains or losses

Long-term equity investment measured by cost method

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

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

Long-term equity investment measured by equity method

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

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

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

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

investees.

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

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

Disposal of the long-term equity investment

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

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

recorded in the current gains and losses.

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

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

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

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

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

(4) Impairment testing and impairment provision methods

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

14. Investment Property

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

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

For investment properties and rental assets measured at the cost model, they will be implemented the same depreciation policy similar to fixed assets, land use right for rental will be implemented the same amortization policy to intangible assets; for those with the indication of impairment, the recoverable amount can only be estimated, and if recoverable amount is lower than its book value, the corresponding impairment loss should be confirmed.

15. Fixed Assets

(1) Conditions for Recognition

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

B. The cost of the fixed assets can be measured reliably.

Upon acquired, the fixed assets shall be initially measured based on the actual cost.

A. The cost of purchased fixed assets shall be determined according to the purchase price, related taxes and transportation expenses, loading/unloading expenses, installation expenses and professional service expenses that can be attributed to the assets before enabling the fixed assets to achieve its designed serviceable status.

B. As the delayed payment for purchasing the fixed assets beyond the normal credit conditions is substantially of the financing nature, the cost of fixed assets shall be determined based on the current value of the purchase price. The cost of the self-built fixed assets shall consist of all necessary expenditures incurred before the assets achieve its designed serviceable status.

C. The entry value of the fixed assets obtained by the debtor to pay a debt through debt restructuring shall be determined based on the fair value of the fixed assets, and the difference between the book value of the restructured debt and the fair value of the fixed assets applied to pay a debt shall be included into the current loss and gain;

D. When the non-currency assets' exchange is of the commercial nature and the fair value of the swap-in assets or the swap-out assets can be reliably measured, corresponding entry value of the swap-in assets shall be determined based on the fair value of the swap-out assets unless the solid evidence is available to prove that the swap-in assets' fair value is more reliable; for the non-currency assets exchange not meeting the above-mentioned conditions, the book value of the swap-out assets and related taxes payable shall be the cost of the swap-in fixed assets without recognizing the loss and gain.

E. The entry value of fixed assets obtained by means of the enterprise consolidation by merger under the same control shall be determined based on the book value of the consolidated party; the entry value of fixed assets obtained by means of the enterprise consolidation by merger not under the same control shall be determined based on its fair value.

(2) Depreciation Methods

Category of fixed assets	Method	Useful life	Expected net salvage value	Annual depreciation
Buildings and constructions	Straight-line method	35 years	5%	2.71%

Machinery equipment	Straight-line method	10 years	5%	9.50%
Transportation equipment	Straight-line method	8 years	5%	11.88%
Office equipment and others	Straight-line method	5 years	5%	19.00%

Of which, the fixed assets with impairment allowance shall also be deducted the accumulated amount of withdrawn impairment allowance for fixed assets to account the depreciation rate.

For the remodeling expense of fixed assets meeting with the capitalization condition, the depreciation shall be withdrawn separately with the straight-line method during the shorter period between the period of two decorations and the period of the service period of fixed assets (2 to 5 years).

(3) Recognition Basis, Pricing and Depreciation Method of Fixed Assets by Finance Lease

The entry value of the fixed assets subject to the financial lease shall be determined according to the lower between the fair value of the leasing assets on the commencement date of lease and the current value of the minimum lease payment.

The fixed assets gained from financing leasing, if could ensure reasonable to gain the ownership of the leasing assets when the term expired, should withdraw the depreciation during the service period of the leasing assets; if could not ensure reasonable to gain the ownership of the leasing assets when the term expired, should withdraw the depreciation during the shorter period between the leasing period and the service period of the leasing assets. If the fixed assets gained from the financing leasing method met with the capitalization condition of the remodeling expense, should average amortized according to the shortest period among the period between the two decorations, the rest leasing period and the service period of the fixed assets.

16. Construction in Progress

(1) Classification of construction in progress

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

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

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

17. Borrowing Expenses

(1) Confirmation principle of capitalization of borrowing expenses

In case the borrowing expenses occurring in the Company may directly be attributable to the construction and productions of assets complying with the capitalization conditions, they will be capitalized and accrued to the

relevant capital costs; other borrowing expenses will be confirmed as the expenses based on the actual amount at the time of occurrence and accrued to the current profit or loss.

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

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

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

B. The borrowing expenses have occurred;

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

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

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

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

(2) Capitalization period of borrowing expenses

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

(3) Calculation method about capitalization amount of borrowing expenses

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

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

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

18. Intangible Assets

(1) Pricing Method, Service Life and Impairment Test

Pricing method of the intangible assets

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

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

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

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

(2) Service life and amortization of the intangible assets

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

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

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

B. Amortization of the intangible assets:

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

19. Long-term Assets Impairment

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

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

- (1) Where there is any evidence indicating a possible impairment of assets, the enterprise shall, on the basis of single item assets, estimate the recoverable amount.
- (2) Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs.
- (3) The recoverable amount shall be determined on the basis of the higher one of the net amount of the fair value of the asset minus the disposal expenses and the current value of the expected future cash flow of the asset

Where the recoverable amount of the assets is lower than its carrying value, the book value of the assets should be written down to the recoverable amount with the written-down amount be recognized as the impairment losses of the assets and record which in the current gains and losses as well as at the same time withdraw the corresponding impairment provision of the assets.

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

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

20. Long-term Deferred Expense

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

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

21. Payroll

(1) Accounting Treatment of Short-term Compensation

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

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

(2) Accounting Treatment of the Welfare After Demission

Welfare after demission refers to various forms of the compensation and benefits provided by the Company which receive the service from the employees after the retirement or the relief of the labor relation with the enterprise of the service workers, except for the short-term compensation and demission welfare. Welfare plan after demission is classified into defined contribution plans and defined benefit plans.

A. Defined contribution plans

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

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

B. Defined benefit plans

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

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

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

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

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

(3) Accounting Treatment of the Demission Welfare

Dismission welfare refers to the compensation given to the employees for terminating the labor relationship before the labor contract expires or encouraging the employees to voluntarily accept the dismissal, which shall be included in the current loss and gain. When the Company cannot unilaterally withdraw the earlier one between the demission welfare provided owing to the relieve of the labor relation plans or the reduction advices and the recognition of the cost or expenses related to the reorganization involved with the payment of the demission welfare, the liabilities of the employee compensation from the demission welfare should be recognized and be recorded in the current gains and losses.

22. Estimated Liabilities

(1) Recognition principles:

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

- A. That obligation is a current obligation of the Company;
- B. It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; and
- C. The amount of the obligation can be measured in a reliable way.

(2) Measurement methods:

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

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

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

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

When all or some of the expenses necessary for the liquidation of an estimated debts of an

enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset when it is virtually certain that the reimbursement will be obtained and the amount recognized for the reimbursement should not exceed the book value of the estimated debts.

23. Revenue

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

Yes

Related industry of jewelry

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

(1) Sales of goods

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

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

(2) Providing service

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

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

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

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

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

(3) Use right of transferred assets

In case the economic benefits related to the transaction will probably flow into the enterprise and the income amounts can be reliably calculated, the Company will determine the income amount about use right of transferred assets by the following means:

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

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

24. Government Subsidies

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

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

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

B. The enterprise can obtain the government subsidies.

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

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

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

25. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

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

provisions of tax laws, which effect will be included in current income tax expense.

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

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

26. Lease

(1) Accounting Treatment of Operating Lease

(1) The Company as the lessor:

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

(2) The Company as the lessee:

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

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

(2) Accounting Treatments of Finance Lease

(1) The Company as the 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 each period during the lease term, it will use the effective interest method to confirm the current financing income.

(2) The Company as the lessee

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

method to confirm the current financing cost.

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

27. Other Significant Accounting Policies and Estimates

28. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

Applicable Not applicable

Changes to the accounting policies and why	Approval process	Remark
The Ministry of Finance issued on 30 April 2019 the Notice on Revising and Issuing the Format of Financial Statements for General Enterprises of 2019 (CK [2019] No. 6.	The 30 th meeting of the 7 th Board of Directors	

The impact of the Company's execution of the Notice (CK [2019] No. 6) is as follows:

Changes to the accounting policies and why	Financial statement item affected	Amount affected	Restated amount of the prior period
1. Notes receivable and accounts receivable presented separately	Notes receivable		
	Accounts receivable	16,039,856.58	22,021,179.73
2. Notes payable and accounts payable presented separately	Notes payable		
	Accounts payable	16,244,371.35	16,141,549.26

(2) Significant Changes in Accounting Estimates

Applicable Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standard Governing Financial Instruments, Revenue or Leases

Applicable Not applicable

(4) Retrospective Restatement of Previous Comprehensive Data due to the First Execution of any New Standard Governing Financial Instruments or Lease

Applicable Not applicable

29. Other**VI. Taxation****1. Main Taxes and Tax Rate**

Category of taxes	Tax basis	Tax rate
VAT	Revenue of product	13%
Consumption tax	Revenue of sale of taxable product	5%
Urban maintenance and construction tax	VAT payable	7%
Corporate income tax	Income tax payable	25%
VAT	Revenue of sales of real estate (after May 1, 2016, apply a simplified method)	5%
Business tax	Revenue of sales of real estate (before April 30, 2016)	5%

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

Name	Income tax rate
Tianrui (HK) Trading Co., Ltd.	16.5%

2. Other

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

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

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

VII. Notes on Major Items in Consolidated Financial Statements of the Company**1. Monetary Funds**

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	29,894.38	20,999.74
Bank deposits	350,768.14	1,223,778.75
Other monetary funds	145,386.27	368,561.74
Total	526,048.79	1,613,340.23

Of which: Total amount deposited in overseas	3,590.57	1,391.63
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Other notes:

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

2. Accounts Receivable

(1) Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	10,158,727.64	34.89%	10,158,727.64	100.00%	0.00	10,148,800.54	28.39%	10,148,800.54	100.00%	0.00
Of which:										
Accounts receivable withdrawal of bad debt provision by group	18,956,904.64	65.11%	2,917,048.06	15.39%	16,039,856.58	25,595,150.24	71.21%	3,573,970.51	13.96%	22,021,179.73
Of which:										
Portfolio of ageing	18,542,356.13	63.69%	2,502,499.55	13.50%	16,039,856.58	25,167,994.68	70.45%	3,159,422.00	12.55%	22,008,572.68
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	414,548.51	1.42%	414,548.51	100.00%	0.00	427,155.56	1.16%	414,548.51	97.05%	12,607.05
Total	29,115,	100.00	13,075,	44.91	16,039,	35,743,	100.00	13,722,	38.39%	22,021,1

	632.28	%	775.70	%	856.58	950.78	%	771.05		79.73
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Accounts receivable for which bad debt provision separately accrued: RMB10158727.64.

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Victoria International (USA) INC	5,934,423.01	5,934,423.01	100.00%	Due to bankruptcy of the major customer of Victoria International (USA) INC, the Company withdrew the 100% of the bad debt for the ending balance RMB5,934,423.01 based on the conservatism principle
Hong Kong Jinhua Trade Limited	4,224,304.63	4,224,304.63	100.00%	Long-term credit, the Company believes it irrecoverable
Total	10,158,727.64	10,158,727.64	--	--

Accounts receivable for which bad debt provision separately accrued: RMB 10,158,727.64.

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal

Accounts receivable for which bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal

Accounts receivable withdrawal of bad debt provision by group: RMB2,502,499.55.

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	130,572.75	3,991.88	3.06%
1 to 2 years	17,666,136.81	1,765,352.98	9.99%
2 to 3 years	18,344.56	9,172.28	50.00%
3 to 4 years	14,442.76	11,554.21	80.00%
4 to 5 years	2,155.24	1,724.19	80.00%
Over 5 years	710,704.01	710,704.01	100.00%

Total	18,542,356.13	2,502,499.55	--
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Notes of confirming the basis of the groups:

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes of confirming the basis of the groups:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	130,572.75
1 to 2 years	17,666,136.81
2 to 3 years	18,344.56
Over 3 years	727,302.01
3 to 4 years	14,442.76
4 to 5 years	2,155.24
Over 5 years	710,704.01
Total	18,542,356.13

(2) Accounts Receivable Withdraw, Reversed or Collected during the Reporting Period

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics	22,021,179.73	0.00	646,995.35	0.00	16,039,856.58
Total	22,021,179.73	0.00	646,995.35	0.00	16,039,856.58

Of which significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of the entity	Amount	Method
Shanghai Zhaoke Trading Co., Ltd.	6,559,224.50	Bank transfer
Total	6,559,224.50	--

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

Name	Amount	Bad debt provision	Proportion %
Shanghai Zhaoke Trading Co., Ltd	17,645,769.15	1,764,576.92	60.61
Victoria International(USA) INC	5,934,423.01	5,934,423.01	20.38
Hong Kong Jinhua Trade Limited	4,224,304.63	4,224,304.63	14.51
Hong Kong Heyi Co., Ltd	452,499.70	452,499.70	1.55
Guangzhou Chen Shunqin	335,904.80	335,904.80	1.15
Total	28,592,901.29	12,711,709.06	98.20

3. Prepayment

(1) List by Aging Analysis

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	490,604.68	100.00%	30,911,067.38	99.88%
1 to 2 years			35,878.94	0.12%
Total	490,604.68	--	30,946,946.32	--

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

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

Name of the entity	Ending amount	Proportion (%)	Time	Reason
Mcs Outfitters (Shanghai) Limited	138,109.36	28.15	2018	The contract is not fulfilled
Shanghai Jiancheng Trading Co., Ltd.	137,542.25	28.04	2018	The contract is not fulfilled
Shanghai Ruiguo Fashion Co., Ltd.	100,000.00	20.38	2019年	The contract is not fulfilled
Zhuoyue (Shanghai) Fashion Co.,Ltd.	56,410.14	11.50	2018	The contract is not fulfilled

Shanghai Ruihe Fashion Co., Ltd.	30,308.69	6.18	2018	The contract is not fulfilled
Total	456,370.44	94.25	-	-

Other notes:

4. Other Accounts Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Other accounts receivable	4,222,660.20	4,189,883.29
Total	4,222,660.20	4,189,883.29

(1) Other Accounts Receivable

1) Other Accounts Receivable Listed by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying balance
Petty cash	343,125.81	811,744.67
The cash pledge and guarantee	251,297.92	148,312.66
Payment on behalf	1,808,789.17	1,734,132.15
Intercourse funds	7,628,691.20	7,454,937.71
Tax	2,331,608.20	2,331,608.20
Total	12,363,512.30	12,480,735.39

2) Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019				8,290,852.10
Balance of 1 January 2019 in the current period	—	—	—	—
Balance of 30 June 2019				8,140,852.10

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	2,029,125.36
1 to 2 years	2,266,844.61
2 to 3 years	90,941.50
Over 3 years	5,524,536.82
3 to 4 years	0.00
4 to 5 years	1,592,928.62
Over 5 years	3,931,608.20
Total	9,911,448.29

3) Bad Debt Provision Withdrawal, Reversed or Collected during the Reporting Period

Information of withdrawal of bad debt provision

Unit: RMB

Category	Beginning balance	Changes in the Reporting period		Ending balance
		Withdrawal	Reversal or recovery	
	8,290,852.10	0.00	150,000.00	8,140,852.10
Total	8,290,852.10	0.00	150,000.00	8,140,852.10

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

Unit: RMB

Name of the entity	Reversed or collected amount	Method
Zheng Jialing	150,000.00	Cash
Total	150,000.00	--

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion%	Ending balance of bad debt provision
Refund of tax for export receivable-VAT	Tax	2,331,608.20	Over 5 years	18.86%	2,331,608.20
Shenzhen Minglong Trading Co., Ltd.	Intercourse funds	1,575,035.30	1 to 2 years	12.74%	157,503.53
Suning Banhe Chemical Fiber Simulation Fabric	Payment on behalf	800,000.00	Over 5 years	6.47%	800,000.00

Co., Ltd.					
Guangzhou Panyu Tanzhou Zhenyu Textile Printing and Dyeing Co., Ltd.	Intercourse funds	800,000.00	Over 5 years	6.47%	800,000.00
Guangdong Yuanfeng Trade Development Co., Ltd.	Intercourse funds	700,000.00	Within 5 years	5.66%	700,000.00
Total	--	6,206,643.50	--	50.20%	4,789,111.73

5. Inventory

Whether the Company has executed the new income standards

Yes No

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
Raw materials	7,019,915.71		7,019,915.71			
Inventory goods	179,029,647.13		179,029,647.13	151,753,952.17		151,753,952.17
Commissioned processing materials				7,019,915.71		7,019,915.71
Delivery commodity				141,366.44		141,366.44
Total	186,049,562.84		186,049,562.84	158,915,234.32		158,915,234.32

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

No

(2) Falling Price Reserves of Inventory

Unit: RMB

Item	Beginning	Increase	Decrease	Ending balance
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	balance	Withdrawal	Other	Reserve or write-off	Other	
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(3) Notes to Inventories with Capitalized Borrowing Expense in Ending Balance**(4) Complete but Unsettled Assets Generated from Construction Contract at the Period-end**

Unit: RMB

Item	Amount
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Other notes:

6. Held-for-sale Assets

Unit: RMB

Item	Ending carrying amount	Depreciation reserve	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time
Shenzhen Shengguorong Financing Guarantee Co., Ltd.	149,998,221.71		149,998,221.71	150,000,000.00	75,000.00	31 August 2019
Total	149,998,221.71		149,998,221.71	150,000,000.00	75,000.00	--

Other notes:

On 30 November 2018, the Company signed the equity transfer agreement subject to conditions with Shenzhen Gaopu Industrial Co., Ltd. to transfer 30% of equity in Shenzhen Shengguorong Financing Guarantee Co., Ltd. to Shenzhen Gaopu Industrial Co., Ltd. The transaction base date was on 30 September 2018, and all parties agreed to start the transfer procedures of underlying shares within five days from the day when aforesaid agreement is validated and Guangdong Jadiete Holdings Group Co., Ltd. obtained the full amount of 90% equity transfer from Shenzhen Gaopu Industrial Co., Ltd. As of 30 June 2019, RMB75 million for equity transfer has been received in accordance with the agreement.

7. Other Current Assets

Whether the Company has executed the new income standards

 Yes No

Unit: RMB

Item	Ending balance	Beginning balance
Input tax to be verified	27,132,819.68	23,600,078.85

Total	27,132,819.68	23,600,078.85
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Other notes:

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

8. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of depreciation reserves	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Shengrong Financing Guarantee Co., Ltd.											
Shenzhen Future Growing Business Fund (Limited)	100,600,000.00									100,600,000.00	

d Partner ship)											
Subtotal	100,60 0,000.0 0									100,60 0,000.0 0	
Total	100,60 0,000.0 0									100,60 0,000.0 0	

Other notes

The Company received the notice from Shenzhen Future Growing Business Fund (hereinafter referred as “Future Business Fund”) on 30 November 2018 that Future Business Fund has signed the sale agreement on 28 November 2018 to sell 45% of equity in Shenzhen Jinshitonghe Investment Co., Ltd. in RMB140 million, among which the first transferred equity amount of RMB20 million was received on 18 December 2018, and Future Business Fund distributed RMB19.4 million to the Company on that day.

9. Investment Property

(1) Investment Property Adopting the Cost Measurement Mode

√ Applicable □ not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	4,411,933.34	494,210.40		4,906,143.74
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer from inventory/fixed assets/construction in progress				
(3) Enterprise combination increase				
3. Decreased amount of the period				

(1) Disposal				
(2) Other transfer				
4. Ending balance	4,411,933.34	494,210.40		4,906,143.74
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	121,769.40	9,999.99		131,769.39
2. Increased amount of the period	60,884.70	4,999.99		65,884.69
(1) Withdrawal or amortization	60,884.70	4,999.99		65,884.69
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	182,654.10	14,999.98		197,654.08
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	4,229,279.24	479,210.42		4,708,489.66

2.Beginning carrying value	4,290,163.94	484,210.41	4,774,374.35
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(2) Investment Property Adopting Fair Value Measurement Mode

Applicable Not applicable

(3) Investment Property Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
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Other notes

(1) Information of Investment Property

- ① The amount of depreciation and amortization was RMB65,884.69 in the Reporting Period.
- ② The withdrawal amount of depreciation reserves for investment property was RMB 0.00.
- ③ The information of investment property used as mortgage and guarantee: No

(2) Investment Property Failed to Accomplish Certification of Property

There is no certification of property failed to accomplish in the Reporting Period.

(3) Information of property and measurement mode transformation

The Company leased out part of house property at the original factory from 1 January 2018. From lease commencement date, the houses and land will be transferred to investment property and measured by cost method.

10. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	33,783,352.69	34,965,810.73
Total	33,783,352.69	34,965,810.73

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Transportation	Electronic equipment and others	Total
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I. Original carrying value				
1. Beginning balance	71,012,106.62	3,848,312.30	1,870,688.24	76,731,107.16
2. Increased amount of the period			46,760.94	46,760.94
(1) Purchase			46,760.94	46,760.94
(2) Transfer from construction in progress				
(3) Enterprise combination increase				
3. Decreased amount of the period				
(1) Disposal or scrap				
4. Ending balance	71,012,106.62	3,848,312.30	1,917,449.18	76,777,868.10
II. Accumulative depreciation				
1. Beginning balance	38,215,881.43	2,604,039.94	945,375.06	41,765,296.43
2. Increased amount of the period	937,648.20	130,553.48	161,017.30	1,229,218.98
(1) Withdrawal	937,648.20	130,553.48	161,017.30	1,229,218.98
3. Decreased amount of the period				
(1) Disposal or scrap				
4. Ending balance	39,153,529.63	2,734,593.42	1,106,392.36	42,994,515.41
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount				

of the period				
(1) Disposal or scrap				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	31,858,576.99	1,113,718.88	811,056.82	33,783,352.69
2. Beginning carrying value	32,796,225.19	1,244,272.36	925,313.18	34,965,810.73

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value	Notes
Houses and buildings	71,012,106.62	39,153,529.63		31,858,576.99	-

11. Intangible Assets

(1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent right	Non-patent right	Computer software	Total
I. Original carrying value					
1. Beginning balance	12,995,874.60			500,890.33	13,496,764.93
2. Increased amount of the period					
(1) Purchase					
(2) Internal R&D					
(3) Business combination increase					
3. Decreased				127,775.33	127,775.33

amount of the period					
(1) Disposal					
Other transfer				127,775.33	127,775.33
4. Ending balance	12,995,874.60			373,115.00	13,368,989.60
II. Accumulated amortization					
1. Beginning balance	4,679,191.93			373,115.00	5,052,306.93
2. Increased amount of the period	133,631.93				133,631.93
(1) Withdrawal	133,631.93				133,631.93
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	4,812,823.86			373,115.00	5,185,938.86
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying	8,183,050.74			0.00	8,183,050.74

value					
2. Beginning carrying value	8,316,682.67			127,775.33	8,444,458.00

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets was 0.00%.

12. Goodwill

(1) Original Carrying Value of Goodwill

Unit: RMB

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

(2) Impairment Provision for Goodwill

Unit: RMB

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

Information on the assets group or combination of assets groups which goodwill belongs to

Notes of the testing process of goodwill impairment, parameters (such as growth rate of the forecast period, growth rate of stable period, rate of profit, discount rate, forecast period and so on for prediction of future present value of cash flows) and the recognition

method of goodwill impairment losses:

Influence of testing impairment of goodwill

Other notes

13. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Decoration expense	536,172.24	10,097.09	65,705.76		480,563.57
Total	536,172.24	10,097.09	65,705.76		480,563.57

Other notes

14. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets that Had not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	15,177,825.28	3,794,456.32	15,984,747.72	3,996,186.93
Total	15,177,825.28	3,794,456.32	15,984,747.72	3,996,186.93

(2) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible losses	23,294,264.49	25,392,517.11
Total	23,294,264.49	25,392,517.11

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

Unit: RMB

Years	Ending amount	Beginning amount	Notes
Y2018			
Y2019	14,209,131.72	14,209,131.72	

Y2020	2,439,938.30	2,439,938.30	
Y2021			
Y2022	5,418,164.79	5,418,164.79	
Y2023	1,227,029.68	3,325,282.30	
Total	23,294,264.49	25,392,517.11	--

Other notes:

15. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Loans	16,244,371.35	16,141,549.26
Total	16,244,371.35	16,141,549.26

16. Advances from Customers

Whether the Company has executed the new income standards

Yes No

(1) List of Advances from Customers

Unit: RMB

Item	Ending balance	Beginning balance
Loans	11,214,192.53	11,215,991.53
Advances collection of equity transfer	75,000,000.00	75,000,000.00
Total	86,214,192.53	86,215,991.53

(2) Significant Advances from Customers Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Jiangxi Yuetong Industrial Co., Ltd.	10,738,840.00	Contract in execution
Total	10,738,840.00	--

(3) Settled but Uncompleted Projects Formed by Construction Contracts at the Period-end

Unit: RMB

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

Other notes

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

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	1,357,727.74	1,910,990.38	1,406,730.77	1,861,987.35
II. Post-employment benefit-defined contribution plans	11,567.51	191,145.42	202,712.93	
Total	1,369,295.25	2,102,135.80	1,609,443.70	1,861,987.35

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	1,352,953.22	1,730,008.08	1,220,973.95	1,861,987.35
2. Employee welfare		109,990.00	109,990.00	
3. Social insurance	5,380.52	45,408.70	50,789.22	
Of which: Medical insurance premiums	4,696.56	40,387.48	45,084.04	
Work-related injury insurance	210.86	1,791.17	2,002.03	
Maternity insurance	473.10	3,230.05	3,703.15	
4. Housing fund	-606.00	25,583.60	24,977.60	
Total	1,357,727.74	1,910,990.38	1,406,730.77	1,861,987.35

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits	11,264.72	183,047.66	194,312.38	
2. Unemployment insurance	302.79	8,097.76	8,400.55	

Total	11,567.51	191,145.42	202,712.93
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Other notes:

18. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	481,634.11	481,736.10
Corporate income tax	18,044,995.02	18,047,007.75
Property tax	2,580,877.32	2,256,922.32
Land use tax	713,115.00	623,070.00
Other	1,791,634.75	1,795,943.95
Business tax	781,313.74	781,313.74
Total	24,393,569.94	23,985,993.86

Other notes:

19. Other Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Other accounts payable	41,221,126.99	46,728,023.22
Total	41,221,126.99	46,728,023.22

(1) Other Accounts Payable

1) Other Payables Listed by Nature of Account

Unit: RMB

Item	Ending balance	Beginning balance
Intercourse funds	38,778,585.35	44,505,544.22
Payment on behalf	129,301.64	134,687.40
Rental bond	380,000.00	380,000.00
Other	1,933,240.00	1,707,791.60
Total	41,221,126.99	46,728,023.22

20. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Current portion of long-term payables	14,888.00	59,552.00
Total	14,888.00	59,552.00

Other notes:

Wuxi Yunpeng, the subsidiary of Shanghai Yunpeng, the holding subsidiary of the Company, purchased a Buick with RMB242,494.02 including tax in the prior period, among which RMB108,494.02 for down payment and the residual payment of RMB134,000.00 will be paid off in 18 installments. As of 30 June 2019, 16 installments have been paid off, and the rest will be expired in two months.

21. Share Capital

Unit: RMB

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

Other notes:

For more details, please refer to Note I. Basic Information of the Company.

22. Capital Reserves

Unit: RMB

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

Other notes, including changes and reason of change:

23. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	49,036,260.20			49,036,260.20
Discretionary surplus reserves	37,000,000.00			37,000,000.00
Total	86,036,260.20			86,036,260.20

Notes, including changes and reason of change:

24. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	-117,840,473.36	-104,447,877.20
Beginning balance of retained earnings after adjustments	-117,840,473.36	-104,447,877.20
Add: Net profit attributable to owners of the Company as the parent	-4,262,281.71	-13,392,596.16
Dividend of ordinary shares payable	-122,102,755.07	-117,840,473.36

List of adjustment of beginning retained earnings:

- (1) RMB0.00 beginning retained earnings was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMB0.00 beginning retained earnings was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained earnings was affected by correction of significant accounting errors.
- (4) RMB0.00 beginning retained earnings was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained earnings was affected totally by other adjustments.

25. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	895,132.43	850,626.81	94,049,651.75	93,356,686.67
Total	895,132.43	850,626.81	94,049,651.75	93,356,686.67

Whether the Company has executed the new income standards

 Yes No

Other notes:

26. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Consumption tax	126.51	268.68
Urban maintenance and construction tax	8.86	15,163.41
Education surcharge	6.33	10,831.00

Resources tax	0.00	0.00
Property tax	323,955.00	55,745.82
Land use tax	90,045.00	90,045.00
Vehicle and vessel use tax	0.00	605.00
Stamp duty	1,274.84	323,955.00
Total	415,416.54	496,613.91

Other notes:

According to relevant provisions in “Provisions Concerning the Accounting Treatments on Value-Added Tax” (Caikui No. [2016] 22) published by Ministry of Finance, item “Business Tax and Surcharges” in the income statement is adjusted to “Taxes and Surtaxes”. Property tax, land use tax, vehicle and vessel use tax, stamp duty and relevant taxes, which were recorded into administrative expense before, are now adjusted into the item “Taxes and Surtaxes” since 1 May 2016.

27. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Salary	15,303.31	449,769.85
Rent		225,225.21
Software charge		31,162.92
Service charge	134,062.46	286,282.84
Social security premiums		33,122.20
Office expenses	66,353.66	24,066.51
Commission charge for gold purchase		
Depreciation	11,662.28	12,936.11
Packaging fee		
Business travel charges	39,305.51	20,404.46
Business entertainment fees	1,148.00	49.50
Other	30,667.42	46,099.93
Total	298,502.64	1,129,119.53

Other notes:

28. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
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Salary	1,205,239.02	1,365,644.18
Depreciation	1,278,441.40	1,336,480.53
Rental	279,641.20	343,057.27
Audit fee	400,000.00	405,000.00
Expense on securities affairs	12,000.00	312,000.00
Automobile expenses	117,973.98	101,306.53
Business travel charges	91,126.37	164,975.51
Water & electricity fees	75,861.87	119,384.11
Expense on financial consultant		800,000.00
Membership fees for the Board of Directors and Supervisory Committee	197,500.00	197,500.00
Office expenses	46,015.15	87,482.30
Entertainment expenses	47,124.67	68,099.86
Welfare fees	179,533.55	122,010.60
Social security premiums	99,242.89	150,289.59
Amortization of intangible assets	138,631.92	138,631.92
Other	141,307.89	384,732.66
Total	4,309,639.91	6,096,595.06

Other notes:

29. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense		30,666.37
Less: Interest income	630.59	4,716.00
Foreign exchange profit or loss	42,204.96	30,810.86
Handling charge and other	6,070.11	6,953.09
Total	47,664.48	63,714.32

Other notes:

30. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Investment income from disposal of long-term equity investment	77,525.28	

Investment income from disposal of trading financial assets		536.00
Total	77,525.28	536.00

Other notes:

31. Asset Impairment Loss

Whether the Company has executed the new income standards

Yes No

Unit: RMB

Item	Reporting Period	Same period of last year
I. Bad debt loss	796,995.35	2,942,220.19
Total	796,995.35	2,942,220.19

Other notes:

32. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Other	13,276.95	600,000.00	13,276.95
Total	13,276.95	600,000.00	13,276.95

Government subsidies recorded into current profit or loss

Unit: RMB

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

Other notes:

“Other” was mainly maternity benefits.

33. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss

Penalty and fine for delaying payment	2,004.30	189,007.15	2,004.30
Total	2,004.30	189,007.15	2,004.30

Other notes:

34. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense		14,909.91
Deferred income tax expense	201,730.61	753,831.51
Total	201,730.61	768,741.42

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

Unit: RMB

Item	Reporting Period
Profit before taxation	-4,140,904.67
Current income tax expense accounted at statutory/applicable tax rate	-1,035,226.17
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	1,227,029.68
Other	9,927.10
Income tax expense	201,730.61

Other notes

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

35. Cash Flow Statement

(1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Other intercourse funds received	1,668,274.04	31,982,807.35

Accounts generated from operating activities	324,536.86	157,699.37
Total	1,992,810.90	32,140,506.72

Notes:

(2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Other intercourse funds paid	6,200,142.48	27,851,000.00
Commission paid such as audit fee	100,000.00	2,205,000.00
Expense used in operating activities	1,898,618.21	2,106,181.12
Total	8,198,760.69	32,162,181.12

Notes:

36. Supplemental Information for Cash Flow Statement**(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	-4,342,635.28	-4,508,070.12
Add: Provision for impairment of assets	-796,995.35	-2,942,220.19
Depreciation of fixed assets, oil-gas assets, and productive living assets	1,290,103.68	1,349,416.64
Amortization of intangible assets	138,631.92	138,631.92
Amortization of long-term prepaid expenses	65,705.76	210,508.77
Investment loss (gains: negative)	-77,525.28	-536.00
Decrease in deferred income tax assets (increase: negative)	201,730.61	753,831.51
Decrease in inventories (increase: negative)	-27,134,328.52	-836,985.56
Decrease in accounts receivable generated from operating activities (increase: negative)	35,479,989.99	227,104,771.45

Increase in accounts payable used in operating activities (decrease: negative)	-5,823,446.61	-222,475,025.79
Other	-33.95	-14.06
Net cash generated from/used in operating activities	-998,803.03	-1,205,691.43
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	526,048.79	1,192,159.64
Less: Beginning balance of cash	1,611,675.90	2,956,199.38
Net increase in cash and cash equivalents	-1,085,627.11	-1,764,039.74

(2) Cash and Cash Equivalent

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	526,048.79	1,611,675.90
Including: Cash on hand	29,894.38	91,659.42
Bank deposit on demand	350,768.14	617,310.41
Other monetary assets on demand	145,386.27	483,189.81
III. Ending balance of cash and cash equivalents	526,048.79	1,611,675.90

Other notes:

37. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Fixed assets	13,929,255.11	External guaranty
Intangible assets	8,183,050.74	External guaranty
Investment property	4,708,489.66	External guaranty
Total	26,820,795.51	--

Other notes:

38. Foreign Currency Monetary Items**(1) Foreign Currency Monetary Items**

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	
Including: USD	84.28	6.8747	579.40
EUR			
HKD	3,423.10	0.8797	3,011.17
Accounts receivable	--	--	0.44
Including: USD	966,279.32	6.8747	6,642,880.44
EUR			
HKD			
Long-term borrowings	--	--	
Including: USD			
EUR			
HKD			
Other receivables			
Including: USD	20,000.00	6.8747	137,494.00
EUR			
HKD	56,780.00	0.8797	49,947.09

Other notes:

VIII. Changes of Consolidation Scope**1. The Disposal of Subsidiary**

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

√ Yes □ No

Unit: RMB

Name	Equity disposal price	Equity disposal proportion	Way of equity disposal	Time and place of	Recognition method and	The difference in net	The proportion of residu	The carrying value	The fair value of	Income from remeasureme	Recognition method and	Amount of other compr
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		tion	al	losing control power	main assum ption of time and place of losing control power	assets of subsidi ary enjoye d on the consol idated financi al statem ents level corres pondin g dispos al price and dispos al invest ment	al stock rights on the date of losing control power	of residua l stock rights on the date of losing control power	residua l stock rights on the date of losing control power	nt of residua l stock rights at fair value	main assum ption of fair value of residua l stock rights on the date of losing control power	ehens ive incom e related to former subsidi aries transfe red into invest ment profit or loss
Shenz hen Majiak e Lanjia n Techn ology Co., Ltd.	173,20 0.00	100.00 %	Sale	21 Februa ry 2019	Compl eted the change s of busine ss registr ation		0.00%					

Other notes:

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

Yes No

IX. Equity in Other Entities

1. Equity in Subsidiary

(1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shenzhen Rieys Industrial Co., Ltd.	Shenzhen	Shenzhen	Trading	90.00%		Set-up
TIANRUI (HK) TRADING COMPANY LIMITED	Hong Kong	Hong Kong	Trading	100.00%		Merger
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Shenzhen	Shenzhen	Sales of gold jewelry	100.00%		Merger
Shanghai Yunpeng Network Technology Co., Ltd.	Shanghai	Shanghai	Technical service, development, consulting, transfer of network technology etc.	60.00%		Set-up
Wuxi Yunpeng Business Management Co., Ltd.	Wuxi	Wuxi	Business management service, R&D, technical service, consulting and transfer of network technology, ICT, and computer software & hardware		60.00%	Set-up

Notes: Holding proportion in subsidiary different from voting proportion:

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

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

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

Other notes:

(2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Shenzhen Rieys Industrial Co., Ltd.	10.00%	7,484.36		2,807,585.28
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	49.00%	-87,837.93		28,415,186.09

Holding proportion in subsidiary different from voting proportion:

Other notes:

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

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Shenzhen Rieys Industrial Co., Ltd.	28,361,269.00	1,768,692.71	30,129,961.71	2,054,108.91		2,054,108.91	28,398,337.94	2,013,232.32	30,411,570.26	2,410,561.09		2,410,561.09
Shenzhen Chinese Gold Nobility Jewelry	213,055,931.71	95,395,070.07	213,151,326.78	155,161,151.08		155,161,151.08	213,042,081.17	108,293,380.38	213,150,374.55	154,980,937.77		154,980,937.77

Jewelry Co., Ltd.												
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Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Riye Industrial Co., Ltd.	0.00	74,843.63	74,843.63	-14,303.59	14,089.29	-1,750,642.91	-1,750,642.91	-119,319.04
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	2,530.17	-179,261.08	-179,261.08	-6,073.47	92,990,638.89	329,841.78	329,841.78	18,921,542.02

Other notes:

X. Connected Party and Connected Transaction

1. Information Related to the Company as the Parent of the Company

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

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

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

The final controller of the Company was Chen Hongcheng.

Other notes:

2. Subsidiaries of the Company

Refer to Note VIII for details.

3. Information on Other Connected Parties

Name	Relationship with the Company
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	The shareholder holding 10.68% shares of the Company and the affiliated enterprise controlled by Chen Hongcheng
Shenzhen Lianhua Huiren Industrial Co., Ltd.	The shareholder holding 3.81% shares of the Company and the affiliated enterprise controlled by Chen Hongcheng's relatives
Chen Hongcheng	The actual controller of the Company
Chen Xuewen	Direct relative of Chen Hongcheng
Ding Lihong	Board Chairman of the Company and relative of Chen Hongcheng
Yu Liqun	Key management personnel of the Company and shareholder of subsidiary
Wuxi Hengye Technology Co., Ltd.	Actually controlled by the key management personnel of the Company

Other notes

4. List of Connected Transactions

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

Information on acquisition of goods and reception of labor service

Unit: RMB

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

Information of sales of goods and provision of labor service

Unit: RMB

Connected party	Content	Reporting Period	Same period of last year
Wuxi Hengye Technology Co., Ltd.	Operation service	193,873.56	432,737.28

Notes

(2) Information on Remuneration for Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
Remuneration for key management personnel	306,000.00	360,000.00

5. Accounts Receivable and Payable of Connected Party**(1) Accounts Receivable**

Unit: RMB

Item	Connected party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Wuxi Hengye Technology Co., Ltd.	34,991.54		52,035.75	
Other receivables	Yu Liqun	719,289.51		789,561.52	

(2) Accounts Payable

Unit: RMB

Item	Connected party	Ending carrying amount	Beginning carrying amount
Other payables	Ding Lihong	48,500.00	470,231.70
Other payables	Yu Liqun	132,652.04	82,652.04
Other payables	Chen Xuewen	679,761.66	532,953.03
Other payables	Wuxi Hengye Technology Co., Ltd.	100,000.00	100,000.00

6. Commitments of Connected Party

The main commitment content can be described as follows: The actual controller Chen Hongcheng shall commit that, if the Company sells 45% shares of Jinshitonghe via the Future Growing Business Fund, and the received amount in total by conducting the profit distribution based on the obtained equity transfer fund is less than RMB120 million or if the Future Growing Business Fund cannot be distributed according to the agreed profit distribution plan, the actual controller Chen Hongcheng shall make it up in cash within one month after such event occurs. The specific arrangement can be described as follows:

(1) If the difference is less than RMB30 million, it shall be paid to the Company's bank account within 10 days after the Company receives all funds for profit distribution or the Future Growing

Business Fund cannot be distributed based on the agreed profit distribution plan;

(2) If the difference is between RMB30 million and RMB80 million, RMB30 million shall be paid within 10 days after the Company receives all funds for profit distribution or the Future Growing Business Fund cannot be distributed based on the agreed profit distribution plan, and the residual funds shall be completely paid in the following 15 days;

(3) If the difference is more than RMB 80million, RMB30 million shall be paid within 10 days after the Company receives all funds for profit distribution or the Future Growing Business Fund cannot be distributed based on the agreed profit distribution plan, RMB50 million in the following 15 days and the residual funds in the following 5 days.

XI. Commitments and Contingency

1. Significant Commitments

Significant commitments on the balance sheet date

As of 30 June 2019, there was no significant commitment for the Company to disclose.

2. Contingency

(1) Significant Contingency on Balance Sheet Date

(1) Contingent Liabilities Generated from Providing Debt Guarantee for Other Entities and their Financial Impacts

① The Company provided the mortgage guarantee for the loan contract of maximum amount (RCZH2014GDZ No. 3632, duration: 11 Nov. 2014-11 Nov. 2019) signed by Puning Huafengqiang Trading Co., Ltd. with Jieyang Rongcheng Branch of ICBC pledged by the real estate (with evaluation of RMB36.32 million). On 16 May 2019, Puning Huafengqiang Trading Co., Ltd. signed with Jieyang Rongcheng Branch of ICBC the renewal loan contract of RMB11.4 million with the duration of 12 months.

② The Company provided the mortgage guarantee for the loan contract of maximum amount (0201900134-2017XQ[D]Z No. 0042; duration: 8 Sep. 2017-8 Sep. 2022) signed by Puning Lailisheng Trading Co., Ltd. with Jieyang Branch of ICBC pledged by the real estate (with evaluation of RMB47,704,862). On 18 February 2019, Puning Lailisheng Trading Co., Ltd. signed with Jieyang Branch of ICBC to renew the loan of RMB23.50 million with the duration of 12 months.

As of 30 June 2019, the guarantees provided by the Company for loans by non-connected parties were listed as follows:

Secured party	Event	Amount (RMB'0,000)	Duration	Notes
Puning Huafengqiang Trading Co., Ltd.	Pledge for bank borrowings	1,140.00	16 May 2019 to 15 May 2020	
Puning Lailisheng Trading Co., Ltd.	Pledge for bank borrowings	2,350.00	18 February 2019 to 18 February 2020	

Total	-	3,490.00	-	-
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(2) As of 30 June 2019, there was no contingency such as pending action or guarantee etc. for the Company to disclose.

As of 30 June 2019, there was no other contingency for the Company to disclose other than the above-mentioned contingencies.

XII. Events after Balance Sheet Date

1. Notes to Other Events after Balance Sheet Date

As of 26 August 2019 (Approval date of the Interim Report by the Board), there was no other event after balance sheet date for the Company to disclose.

XIII. Other Significant Events

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

Approved in the 23rd meeting of 7th Board of Directors, Guangdong Jadiete Holdings Group Company Limited (hereinafter referred as “the Company”) signed the agreement of equity transfer with Shenzhen Chinese Gold Nobility Investment Co., Ltd. (hereinafter referred as “Chinese Gold Investment”) on 14 December 2018, which the Company will purchase 49% of equity in Chinese Gold Nobility Jewelry Co., Ltd. (hereinafter referred as “Chinese Gold Nobility”) held by Chinese Gold Investment with RMB24.5 million. The Company hasn't paid for the aforesaid equity transfer, and has completed the registration changing procedures on 24 June 2019.

As of 30 June 2019, there was no other significant event for the Company to disclose other than the above-mentioned significant events.

XIV. Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	

				ion					ion	
Accounts receivable for which bad debt provision separately accrued	4,608,276.88	100.00%	4,608,276.88	100.00%	0.00	4,608,276.88	100.00%	4,608,276.88	100.00%	0.00
Of which:										
Of which:										
Total	4,608,276.88	100.00%	4,608,276.88	100.00%	0.00	4,608,276.88	100.00%	4,608,276.88	100.00%	0.00

Accounts receivable for which bad debt provision separately accrued: RMB4,608,276.88.

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Capital airport	21,713.00	21,713.00	100.00%	Long-term credit, the Company believes it irrecoverable
Ningbo Industrial and Commercial Bureau	26,354.45	26,354.45	100.00%	Long-term credit, the Company believes it irrecoverable
Chen Shunqin	335,904.80	335,904.80	100.00%	Long-term credit, the Company believes it irrecoverable
Hong Kong Jinhua Trading Company	4,224,304.63	4,224,304.63	100.00%	Long-term credit, the Company believes it irrecoverable
Total	4,608,276.88	4,608,276.88	--	--

Withdrawal of bad debt provision separately:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes to the determination basis for the group:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Over 3 years	4,608,276.88
Over 5 years	4,608,276.88
Total	4,608,276.88

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

Name	Amount	Bad debt provision with drawn	Proportion to total accounts receivable (%)
Capital airport	21,713.00	21,713.00	0.47
Ningbo Industrial and Commercial Bureau	26,354.45	26,354.45	0.57
Chen Shunqin	335,904.80	335,904.80	7.29
Hong Kong Jinhua Trading Company	4,224,304.63	4,224,304.63	91.67
Total	4,608,276.88	4,608,276.88	100.00

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	124,219,989.86	124,003,172.06
Total	124,219,989.86	124,003,172.06

(1) Other Receivables

1) Other Receivables Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Fund of connected party	123,645,079.02	123,645,079.02
Intercourse funds	3,623,081.55	3,578,522.73
Tax	2,331,608.20	2,331,608.20
Payment on behalf	63,735.51	41,476.53

Guarantee deposit and cash deposit	3,000.00	3,000.00
Petty cash	2,169.00	2,169.00
Total	129,668,673.28	129,601,855.48

2) Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019				5,598,683.42
Balance of 1 January 2019 in the current period	—	—	—	—
Balance of 30 June 2019				5,448,683.42

Changes of carrying amount with significant amount changed of loss provision in the current period

 Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,352.25
1 to 2 years	30,722.67
2 to 3 years	5,628.96
Over 3 years	3,079,371.34
3 to 4 years	0.00
4 to 5 years	1,779,371.34
Over 5 years	1,300,000.00
Total	3,117,075.22

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

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period		Ending balance
		Withdrawal	Reversal or recovery	
	5,598,683.42	0.00	150,000.00	5,448,683.42
Total	5,598,683.42	0.00	150,000.00	5,448,683.42

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

Unit: RMB

Name of entity	Amount reversed or recovered	Way of recovery
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4) Top 5 Other Receivables in Ending Balance Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables	Ending balance of bad debt provision
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Intercourse fund of connected party	103,940,000.00	Within 1 year	80.16%	
Tianrui (HK) Trading Co., Ltd.	Intercourse fund of connected party	19,705,079.02	2 to 3 years	15.20%	
Refund of tax for export receivable	Tax	2,331,608.20	Over 5 years	1.80%	2,331,608.20
Guangdong Yuanfeng Trade Co., Ltd.	Intercourse fund	700,000.00	Over 5 years	0.54%	700,000.00
Shenzhen Zhao Tong Investment Co., Ltd.	Intercourse fund	600,000.00	Over 5 years	0.46%	600,000.00
Total	--	127,276,687.22	--	98.16%	3,631,608.20

3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	80,000,008.26		80,000,008.26	80,158,208.26		80,158,208.26
Investment to joint ventures and associated enterprises	100,600,000.00		100,600,000.00	100,600,000.00		100,600,000.00
Total	180,600,008.26		180,600,008.26	180,758,208.26		180,758,208.26

(1) Investment to the Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Withdrawal of depreciation reserve	Other		
Shenzhen Riays Industrial Co., Ltd.	45,000,000.00					45,000,000.00	
Tianrui (HK) Trading Co., Ltd.	8.26					8.26	
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	30,000,000.00					30,000,000.00	
Shanghai Yunpeng Network Technology Co., Ltd.	5,000,000.00					5,000,000.00	
Shenzhen Majiake Lanjian Technology Co., Ltd.	158,200.00				158,200.00	0.00	
Total	80,158,208.26				158,200.00	80,000,008.26	

XV. Supplementary Materials**1. Items and Amounts of Non-recurring Profit or Loss**

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Current net gains and losses of	77,525.28	

subsidiaries acquired in business combination under the same control from period-begin to combination date		
Other non-operating income and expense other than the above	11,272.65	
Less: Income tax effects	-499.44	
Non-controlling interests effects (after tax)	-111.08	
Total	89,408.45	--

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

Applicable Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	-1.30%	-0.0136	-0.0136
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	-1.32%	-0.0139	-0.0139

Part XI Documents Available for Reference

- I. The financial statements signed and sealed by the Company's legal representative, the CFO and head of the financial department (equivalent to financial manager); and
 - II. The originals of the company announcements and documents disclosed on the CSRC-designated newspapers during the Reporting Period.
- (The Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.)