



**GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED
ANNUAL REPORT 2020**

April 2020

Part I Important Notes, Table of Contents and Definitions

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

HongCheng Chen, the Company’s legal representative, head of the Company’s financial department and accounting agency’s legal representatiiv(equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

Alle directors have attended the Board meeting for the review of this report.

UnITax Zhenqing Certified Public Accountants (Special General Partnership) issued a qualified opinion with explanatory notes on the Company's 2020 audit report. the Board of Directors, the Supervisory Committee have explained the relevant matters in detail, please pay attention to reading.

UnITax Zhenqing Certified Public Accountants (Special General Partnership) issued negative opinions on the company's 2020 internal control audit report, the company has Significant deficiencies in internal control, the Supervisory Committee have explained the relevant matters in detail, please pay attention to reading.

During the period from March 15, 2021 to April 12, 2021, the daily closing price of the company's stock was lower than 1 yuan for 20 consecutive trading days through the trading system of Shenzhen Stock Exchange, which touched the situation of stock delisting stipulated by Shenzhen Stock Exchange. The company's shares have been suspended since the opening of the market on April 13, 2021.

The company's shares were terminated by Shenzhen Stock Exchange in accordance with the regulations, no delisting period, and the company's shares are delisted within 15 trading days. After the company's shares are terminated from listing, it will, in accordance with relevant regulations, promptly employ a share transfer service agency to arrange for the shares to be transferred to the national small and medium-sized enterprise share transfer system and other securities trading places to transfer shares. The company will handle the relevant matters after the termination of listing.

The company will continue to take gold and jewelry sales as its main business in the future, gradually solve the matters reserved and emphasized in the audit report, and improve and perfect the internal control. Secondly, the top priority of the company's future development is to re-plan and adjust its business, solve the problem of sustainable development, and improve the company's profitability. To continuously explore and solve the problem of domestic listed foreign shares (B shares) is the key node of the company's future development, and the company will continue to promote this work.

Future plans and other forward-looking statements do not constitute the company's substantial commitment to investors. Investors and related parties should maintain sufficient risk awareness of this and understand the differences between plans, budgets and commitments.

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

Gold and jewelry business is the main business of the company. The company has been engaged in gold and jewelry business for a short time, with small scale and high dependence on original customers, resulting in single product structure and large balance of inventory. In recent years, due to the macro situation and market competition, the company's sales continued to shrink. Gradually de stocking is the main goal of the company in the next few years.

The company plans not to distribute cash dividends, nor send red shares, nor increase capital with reserve fund.

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Part I Definitions

Term	Definition
Reporting Period	January 1, 2020-December 31, 2020
SZSE, the stock exchange	Shenzhen Stock Exchange
Company, the Company	GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED
Shenghengchang Huifu	Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.
Risheng Chuangyuan	Shenzhen Lianhua Huiren Industrial Co., Ltd.
Lianhua Huiren	Shenzhen Shengguorong Financing Guarantee Co., Ltd.
Shengguorong Financing Guarantee	Shenzhen Future Growing Business Fund (Limited Partnership)
Future Growing Business Fund	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.
Chinese Gold Nobility	Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.
Shanghai Yunpeng	Shanghai Yunpeng Network Technology Co., Ltd
Future industry fund	Shenzhen future industry development fund enterprise (limited partnership)
Financing guarantee of Shenzhen Guorong	Shenzhen shengguorong Financing Guarantee Co., Ltd
Gaopu industry	Shenzhen Gaopu Industrial Co., Ltd
Blue Bay residence	Blue Bay mansion (Shenzhen) Commercial Co., Ltd
Yuan, wan yuan	RMB

Part II Corporate Profile and Key Financial Information

I Corporate Information

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

II Contact Information

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

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

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

Place where this Report is kept	503 Xili yiben e-commerce building, Nanshan District, Shenzhen
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IV Company Registered Information and Alterations

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

V Other Information

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

Name	UnITax Zhenqing Certified Public Accountants (Special General Partnership)
Office address	No.20 Shangqing Road, Shibei District, Qingdao City, Shandong Province
Accountants writing signatures	Qi Zhang, Shimei Li

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

Applicable Not applicable

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

Applicable Not applicable

VI Key Financial Information

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

Yes No

	December 31, 2020	December 31, 2019	Change of December 31, 2019 over December 31, 2018	December 31, 2018
Sales revenue (RMB)	12,093,926.25	19,065,432.67		96,715,841.62
Net income attributable to shareholders of the listed company (RMB)	-52,388,872.87	1,996,242.74		-13,392,596.16
Net income attributable to shareholders of the listed company before nonrecurring gains and losses (RMB)		-12,006,826.15		-13,770,099.67

	December 31, 2020	December 31, 2019	Change of December 31, 2019 over December 31, 2018	December 31, 2018
Net cash flows from operating activities (RMB)	15,654,815.70	5,555,997.23		-85,829,630.50
Basic earnings per share (RMB/share)	-0.1644	0.0063		-0.0420
Diluted earnings per share (RMB/share)	-0.1644	0.0063		-0.0420
Weighted average return on equity (%)		0.59%		-3.87%
Total assets (RMB)	461,628,690.73	514,650,229.26		544,902,591.70
Equity attributable to shareholders of the listed company (RMB)	294,083,105.54	345,098,328.40		339,099,061.64

The company's net profit before and after deducting non-recurring profit and loss in the last three fiscal years is negative, and the audit report of the last year shows that the sustainable operation ability of the company is uncertain

Yes No

The lower of the net profit before and after deducting the non-recurring profit and loss is negative

Yes No

Item	2020	2019	Remark
Operating income (yuan)	12,093,926.25	19,065,432.67	

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

1. Net Income and Equity Differences under CAS and IFRS

Applicable Not applicable

No such differences for the Reporting Period.

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

Applicable Not applicable

No such differences for the Reporting Period.

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

Applicable Not applicable

VIII Key Financial Information by Quarter

单位：元

	Q1	Q2	Q3	Q4
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Are there any significant differences between the above financial indicators or their sum and the financial indicators related to the company's disclosed quarterly report and semi-annual report

Yes No

During the reporting period, the company sold all the equity of its subsidiary, Shanghai Yunpeng Network Technology Co., Ltd., which was not included in the scope of merger.

IX Nonrecurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2020	2019	2018	Note
Gains and losses on disposal of non-current assets (inclusive of offset allowance for asset impairments)		953,732.29		
In addition to the effective hedging business related to the normal business of the company, the profit and loss from changes in fair value arising from holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, as well as the investment income from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments			536.00	
Other non-operating income and expenses other than the above		13,041,547.87	419,561.43	
Less: Income tax effects		-427.35	1,037.86	
Impact of minority shareholders' equity (after tax)		-7,361.38	41,556.06	
Total		14,003,068.89	377,503.51	--

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

Applicable Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Main Business Scope of the Company in the Reporting Period

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

1. Macro-economic and Industry Development

According to the data from the National Bureau of statistics, in 2020, the per capita disposable income of residents in China will be 32,189 yuan, a nominal increase of 4.7% over the previous year, and a real increase of 2.1% after deducting the price factor. Among them, the per capita disposable income of urban residents was 43,834 yuan, an increase of 3.5% (unless otherwise specified below, it is a nominal year-on-year increase), and the actual increase was 1.2% after deducting the price factor; The per capita disposable income of rural residents was 17,131 yuan, an increase of 6.9%. After deducting the price factor, the actual increase was 3.8%. In 2020, the median per capita disposable income of residents in China will be 27,540 yuan, an increase of 3.8%, and the median will be 85.6% of the average. Among them, the median per capita disposable income of urban residents was 40,378 yuan, an increase of 2.9%, which was 92.1% of the average; The median per capita disposable income of rural residents was 15,204 yuan, an increase of 5.7%, which was 88.7% of the average.

In 2020, China's per capita consumption expenditure will be 21,210 yuan, a nominal decrease of 1.6% over the previous year, and a real decrease of 4.0% after deducting price factors. Among them, the per capita consumption expenditure of urban residents was 27,007 yuan, a decrease of 3.8%. After deducting the price factor, the actual decrease was 6.0%; The per capita consumption expenditure of rural residents was 13,713 yuan, an increase of 2.9%. After deducting the price factor, the actual decrease was 0.1%.

In 2020, the per capita consumption expenditure of food, tobacco and alcohol of the whole country was 6,397 yuan, an increase of 5.1%, accounting for 30.2% of the per capita consumption expenditure; The per capita clothing consumption expenditure was 1,238 yuan, down 7.5%, accounting for 5.8% of the per capita consumption expenditure; The per capita consumption expenditure was 5,215 yuan, up 3.2%, accounting for 24.6% of the per capita consumption expenditure; The per capita consumption of household goods and services was 1260 yuan, down 1.7%, accounting for 5.9% of the per capita consumption expenditure; The per capita expenditure on transportation and communication is 2,762 yuan, down 3.5%, accounting for 13.0% of the per capita consumption expenditure; The per capita expenditure on education, culture and entertainment is 2,032 yuan, down 19.1%, accounting for 9.6% of the per capita consumption expenditure; The per capita expenditure on health care consumption was 1,843 yuan, down 3.1%, accounting for 8.7% of the per capita consumption expenditure; The per capita expenditure on other goods and services was 462 yuan, down 11.8%, accounting for 2.2% of the per capita consumption expenditure.

In 2020, the total retail sales of social consumer goods will reach 391,981 billion yuan, a decrease

of 3.9% over the previous year. By consumption type, the year-on-year nominal growth of gold, silver and jewelry from January to December 2020 is - 4.7%.

According to the statistics released by the China Gold Association, the actual consumption of gold in 2020 will be 820.98 tons, down 18.13% compared with the same period in 2019. Among them: 490.58 tons of gold jewelry, a year-on-year decrease of 27.45%; Gold bars and gold coins were 246.59 tons, up 9.21% year on year; Industrial and other gold consumption was 83.81 tons, a year-on-year decrease of 16.81%.

In early 2020, novel coronavirus pneumonia outbreaks and strict control measures were taken in the country. Gold jewelry, gold bars, and other products were greatly affected by production and processing. Retail consumption of gold in the first quarter decreased by 48.20% compared with the same period last year. With the improvement of domestic epidemic prevention and control situation and sustained and stable economic recovery, gold consumption steadily rebounded. In particular, some gold retail enterprises open new markets online, and their sales performance is excellent. However, due to the low online sales base, they still can't make up for the decline of store sales. The huge fluctuation of gold price and loose monetary policy have aroused the attention of private investors to gold, especially the consumption of gold bars and gold coins in the second half of the year increased by 50.91% compared with the same period of the previous year, thus reversing the annual consumption trend of gold bars and gold coins.

2. Industry position and competitive advantage of the company

The company is mainly engaged in gold jewelry, and is operated by the wholly-owned subsidiary, Chinese Gold Nobility. Chinese Gold Nobility is relatively weak in brand, personnel funds, etc., and its industry position is relatively low. In the situation of weak macro-economy, especially the weak consumption of luxury goods and the aggravation of competition among the peers, it is very obvious that it has no obvious competitive advantage.

3. Main business situation

(1). Sales

The main sales mode of the first product in the report period is single exhibition hall retail, no direct stores and no franchise stores. During the reporting period, the operating income of main business was 10.5178 million yuan, the operating cost was 7.223 million yuan, and the gross profit rate was 29.23%.

(2). Production and purchase

During the reporting period, due to the goal of destocking, no entrusted processing or purchase contract was signed.

II Material Change in Main Assets

1. Material Change in Main Assets

Major assets	Significant changes
Equity assets	No
Fixed assets	Due to the closure of some fixed assets, some of them are adjusted to other non-current assets.
intangible assets	Because the land was sealed up, it was transferred to other non-current assets.
Construction in progress	No
Non-current assets	Some fixed assets and intangible assets were sealed up.

2. Main Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

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

Part IV Company Performance Discussion and Analysis

1. Summary

In 2020, the main income decreased and the net profit lost compared with the previous year. On the one hand, it was affected by the macroeconomic weakness and epidemic situation, which led to the depression of the main gold and jewelry industry and the lack of consumption. On the other hand, the non recurring income in the reporting period decreased compared with the previous year.

2. Main work contents in 2020,

(1) Strengthening the management of accounts receivable and improving the recovery have achieved certain results.

Due to the adjustment of business plan, the company's holding subsidiary Rieys industry terminated nickel trade in 2017. After the termination of the business, Rieys industry received more than 24 million yuan from Shanghai Zhaoke. After continuous recovery, Shanghai Zhaoke paid more than 17.6 million yuan to Rieys industry in March 2020. According to the accounting policies, the company has written back more than 8.8 million yuan of bad debt reserves.

(2) Sell the equity of Shanghai Yunpeng and withdraw from the field of clothing E-commerce

Due to the intensified competition and insufficient investment of the company, the operation of Shanghai Yunpeng, which is engaged in clothing e-commerce business, has not changed. In order to further reduce losses, the company withdrew from the field of clothing e-commerce by selling shares of Shanghai Yunpeng.

(3) Take measures to reduce inventory

The subsidiary, Chinese Gold Nobility actively negotiated with suppliers and customers, properly solved some existing problems, promoted the restructuring of creditor's rights and debts, properly reduced the inventory and debt amount by more than 20 million yuan, and further optimized the asset structure.

(4) Carry out tax planning and reduce operation results

By combing the company's internal current account, making clear the relationship between creditor's rights and debt, considering the overall tax cost of the company, and through the negotiation between enterprises within the company, the tax payment of enterprises within the company was adjusted on the premise of legal compliance, thus reducing the operating cost.

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

1. Sales and operation

During the reporting period, there were no other direct stores outside the exhibition hall of subsidiaries, no new stores or online sales.

2. As of December 31, 2020, the inventory of various products of the company is as follows (unit: 10000 yuan)

Item	Balance
Inventory	14,309.07
Including: Gold Commodities	13,895.43
Jade Accessories	383.603
Diamond inlay	28.70
18K accessories	1.34

II Analysis of Main Business

1. Summary

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

2. Revenue and Cost

(1) Breakdown of Sales Revenue

Unit: RMB

	2020		2019		Change
	Sales revenue	Percentage of total sales revenue (%)	Sales revenue	Percentage of total sales revenue (%)	
Total	12,093,926.25	100%	19,065,432.67	100%	
By operating division					
Gold jewelry wholesale			15,324,468.13	80.38%	
Clothes sales by electric business			2,970,886.55	15.58%	
Others			770,077.99	4.04%	
By products					
Gold jewelry wholesale			15,324,468.13	80.38%	
Clothes sales by electric business			2,970,886.55	15.58%	
Others			770,077.99	4.04%	
By location					
Gold jewelry wholesale			15,324,468.13	80.38%	
Clothes sales by electric business			2,970,886.55	15.58%	

Others			770,077.99	4.04%	
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(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Sales Revenue or Income

Applicable Not applicable

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

Yes No

Operating division	Item	Unit	2020	2019	Change
Gold jewelry industry	sales volume	G		49,469	
	Inventory	G		620,873.94	

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

Applicable Not applicable

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

Applicable Not applicable

(5) Breakdown of Cost of Sales

By operating division

By operating division

Unit: RMB

Operating division	Item	2020		2019		Change
		Cost of sales	Percentage of total cost of sales (%)	Cost of sales	Percentage of total cost of sales (%)	
Gold jewelry wholesale	Gold jewelry wholesale			12,021,716.87	83.97%	
Clothes sales by electric business	Clothes sales by electric business			2,090,225.75	14.60%	
Others	Others			204,840.45	1.43%	

Note

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

Yes No

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

Applicable Not applicable

(8) Main Customers and Suppliers

Main Customers,

Information about top five customers,

No.	Customer	Sales revenue generated (RMB)	Percentage of total sales of Reporting Period (%)

Other information about the main customers

Applicable Not applicable

Main suppliers,

Information about top five suppliers

No.	Supplier	Purchase amount (yuan)	Proportion in total annual procurement

Other information about the main suppliers

Applicable Not applicable

3. Expense

Unit: RMB

	2020	2019	Change	Reason for material change
Selling expenses	329,345.75	554,903.76		
Administrative expenses	7,740,550.73	9,695,842.11		
Finance costs	494,272.71	291,583.71		

4. Research and Development Expense

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2020	2019	Change
Subtotal of cash inflow from operating activities	32,649,121.22	33,580,174.44	
Subtotal of cash outflow from operating activities	16,994,305.52	28,024,177.21	
Net cash flow from operating activities	15,654,815.70	5,555,997.23	

Subtotal of cash inflow from investment activities	1,382,926.14	1,879,004.75	
Subtotal of cash outflow from investment activities	17,499,899.36	7,788,522.36	
Net cash flow from investment activities	-16,116,973.22	-5,909,517.61	
Net increase in cash and cash equivalents	-462,838.16	-353,440.60	

Explanation of why any of the data above varies materially:

Applicable Not applicable

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

Applicable Not applicable

III Non-Core Business Analysis

Applicable Not applicable

Unit: RMB

	Amount	Percentage of pretax income (%)	Source/Reason	Recurring or not

IV Analysis of Assets and Liabilities

1. Material Change in Asset Composition

The company will implement new income standard or new lease standard for the first time since 2020, and adjust and implement relevant items of financial statements at the beginning of the year

Applicable Not Applicable

Unit, RMB

	Beginning of 2020		End of 2020		Change in percentage (%)	Reason for material change
	Value	Percentage of total assets (%)	Value	Percentage of total assets (%)		
Monetary assets	797,061.47		1,259,899.63	0.24%		
Accounts receivable	6,401.71		9,124,432.68	1.77%		
Inventories	143,090,724.36		173,929,882.99	33.80%		

Investment property			5,868,823.78	1.14%		
Long-term equity investment	100,600,000.00		100,600,000.00	19.55%		
Fixed assets	17,243,097.09		31,563,817.93	6.13%		
Hold-for-sale assets			149,998,221.71	29.15%		

2. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

3. Restricted Asset Rights as of End of Reporting Period

Due to the loan contract dispute between industrial and Commercial Bank of China Jieyang Rongcheng sub branch (hereinafter referred to as "ICBC Jieyang Rongcheng sub branch") and huafengqiang, etc., ICBC Jieyang Rongcheng sub branch applied to the people's Court of Rongcheng District, Jieyang City, Guangdong Province (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company located in shenxiangou, Junbu Town, Puning. [Certificate Number: yuefangdiquan zhengpuzhanguzi no.079-087 of real estate certificate, pufuguoyong 2001 Zi Dite 00420, 00421 of state-owned land use certificate, pufuguoyong 2002 Zi Dite 00448, 00449 of state-owned land use certificate] the real estate and state-owned land use right shall be sealed up, the value of sealing up shall be limited to RMB 25 million, and the sealing up period shall be three years, from March 2, 2020 to March 1, 2023.

Due to the loan contract disputes between Jieyang branch of industrial and Commercial Bank of China Limited (hereinafter referred to as "Jieyang branch of ICBC") and lailisheng, Jieyang branch of ICBC applied to the people's Court of Rongcheng District, Jieyang City, Guangdong Province (hereinafter referred to as "Jieyang Rongcheng court") to seal the company in chenshangou village, Junbu Town, Puning City The property of Junxin village [property right certificate No.: Guangdong (2017) Puning real estate No. 0000915 and 0000919) shall be sealed up, with the value of the property being sealed up to RMB 30million, with a period of 3 years, from March 2, 2020 to March 1, 2023.

V Investments Made

1. Total Investment Amount

Applicable Not applicable

2. Material Equity Investments Made in Reporting Period

Applicable Not applicable

3. Material Non-Equity Investments Ongoing in Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No securities investment during the reporting period

5. Use of Funds Raised

Applicable Not applicable

No such cases in this Reporting Period.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in this Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

Trading party	On sell Equity	the date of sale	Transaction price (10K yuan)	Net profit (RMB 10K) of the equity contribution to the listed	The Impact of Sales on Company	The proportion of net profit contributed by equity sale to total	Pricing Principle of Equity Sale	If connected transaction	Relationship with trading party	Has all the equity involved been transferred	Whether it is implemented as planned or not, and if No, the	Disclosure date (if any)	Index to disclosed information (if any)
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				company from the beginning of the current period to the date of sale		net profit of listed company					reasons and measures taken by the company shall be explained.		
Shenzhen Gaopu Industrial Co., Ltd	Shenzhen Guorong guarantees 30% equity	2018-09-30	15,000	0	Recovery of funds	0.00%	consult	No	No connection	No	The company failed to implement the plan and sent letters to negotiate solutions and sign supplementary agreements for many times	2018-11-30	Announcement on the sale of shares of Shenzhen Guorong Financing Guarantee Co., Ltd. (Announcement No.: 2018-059) published on the securities

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

1. In this Reporting Period

√ Applicable □ Not applicable

Time	Where	Way	Type of reception object	Reception target	Main contents of discussion and materials provided	Basic information index of research
2020-06-09	In Company office	By Phone	Individual	Investor	Does the company have a restructuring plan	
Reception times						1
Number of reception agencies						0
Number of reception individuals						1
Number of other clients received						0
Whether to disclose, disclose or divulge unpublished material information			Failure to disclose, disclose or divulge unpublished material information.			

Part V Significant Events

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

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

Applicable Not applicable

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

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

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

Unit RMB

Year	Cash dividends (tax included)	Net profit attributable to common shareholders of Listed Companies in annual consolidated statements of dividends	The ratio of cash dividend amount to the net profit attributable to common shareholders of Listed Companies in the consolidated statements	Amount of cash dividends in other ways (such as share repurchase)	Proportion of cash dividends in other ways to the net profit attributable to common shareholders of Listed Companies in the consolidated statement	Total cash dividends (including other methods)	The ratio of total cash dividends (including other methods) to the net profit attributable to the common shareholders of the listed company in the consolidated statement
2020	0.00	-52,388,872.87	0.00%	0.00	0.00%	0.00	0.00%
2019	0.00	1,996,242.74	0.00%	0.00	0.00%	0.00	0.00%
2018	0.00	-13,392,596.16	0.00%	0.00	0.00%	0.00	0.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

III Performance of commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirer, as well as the Company and Other Commitment Makers, Fulfilled in this Reporting Period or Ongoing at the Period-end

Applicable Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Period of commitment	Fulfillment
Commitments made in share reform						
Commitments made in acquisition documents or shareholding alteration documents						
Commitments made in time of asset restructuring	The Company's largest shareholder Shenzhen Shenghengchang Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.		Excepting the company stock, it can not in any area, in any form, engaged in production produce or business operation may form competition to the company stock and its subsidiaries which stipulated by the law, regulations and	May 21, 2015	Perpetual	Performing

			stipulations from CSRC.			
	The Company's largest shareholder Shenzhen Shenghengchang Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.		We will try our best to avoid or reduce the related party transactions between the company and its controlled enterprises . In case of unavoidable related party transactions with the company's shares, such related party transactions must be carried out in accordance with the principles of fairness, fairness and compensation for equal value. The transaction price shall be determined	May 21, 2015		

			<p>according to the reasonable price recognized by the market, and the voting of the general meeting of shareholders on related party transactions shall be avoided in accordance with the related party transaction decision-making procedures specified in the articles of association of Guangdong Rieys (Group) Co., Ltd, Or cause the related directors to avoid the voting of the board of directors on the related</p>			
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			transaction matters.			
Initial public offering or refinancing commitments						
Equity incentive commitment						
Other commitments to minority shareholders of the company	Hongcheng Chen		If the company sells 45% equity of jinshitonghe through future industry fund and obtains equity transfer funds for profit distribution, the accumulated amount received is less than 120 million yuan, or the future industry fund fails to distribute according to the agreed profit distribution plan, the actual controller Chen Hongcheng shall make up the cash within one	2018-12-29	Make up the time agreed to fulfill the obligation	Performing

			<p>month from the date of the event, and the specific arrangements for cash compensation are as follows: 1 If the difference is less than 30 million, it shall be paid to the company's account within 10 days from the date when the company receives all the profit distribution funds or the future industrial fund fails to distribute according to the agreed profit distribution plan; 2. If the difference is between 30 million and 80 million yuan, 30 million yuan will be</p>			
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			<p>paid within 10 days after the company receives all the profit distribution funds or the future industrial fund fails to distribute according to the agreed profit distribution plan, and the remaining amount will be paid within 15 days after that; 3. If the difference is higher than 80 million yuan, 30 million yuan will be paid within 10 days from the date when the company receives all the profit distribution funds or the future industrial fund fails to</p>			
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			distribute in accordance with the agreed profit distribution plan, and another 50 million yuan will be paid within 15 days, and the rest will be paid within 5 days.			
	Hongcheng Chen		If the amount recovered from the future sale of 30% equity of Shenzhen Guorong guarantee is less than RMB 150 million, it shall make up with cash within one month from the date of completion of the matter. If the company has not signed a formal equity	2018-04-06	Make up the time agreed to fulfill the obligation	Performing

			transfer agreement with the counterparties before November 30, 2018, the entity designated by the actual controller shall sign the corresponding equity transfer agreement with the company, and the transfer amount of this part of equity shall not be less than RMB 150 million before December 31, 2018.			
Is the commitment fulfilled on time	Yes					

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

(1) The contents of the qualified opinions are as follows,

1. As of December 31, 2020, the book value of the company's long-term equity investment in Shenzhen future industry development fund enterprise (limited partnership) (hereinafter referred to as future industry fund) is 100.6 million yuan. Chen Hongcheng, the actual controller of the company, promised on December 29, 2018 that the company would sell 45% of the shares of jinshitonghe through the future industry fund (the future industry fund holds 45% of the shares of Shenzhen jinshitonghe Investment Co., Ltd.) and distribute the profits by obtaining the equity transfer funds, If the accumulated amount received is less than 120 million yuan or the future industrial fund is not distributed according to the agreed profit distribution plan, Chen Hongcheng, the actual controller, shall make up with cash within one month from the date of the event. As of the audit report date, the company still has 100.6 million long-term investment fund not recovered. Although we have implemented audit measures including field interviews, we are still unable to obtain sufficient and appropriate audit evidence to determine the completeness of the presentation of long-term equity investment, whether it is necessary to make provision for impairment of the long-term equity investment, and whether it is possible to recover the long-term investment and its impact on the company's financial statements

2. The company failed to receive all transfer funds of 30% of the equity of Shenzhen shengguorong Financing Guarantee Co., Ltd. on schedule. As of december31,2020, the company has recovered RMB 75.22 million and the remaining RMB 74.78 million has not been recovered. The actual controller Chen Hongcheng promised to make up the difference on March 16th, 2018. The actual controller promised to cover the difference. The actual controller promised to cover the difference as follows: "if the amount recovered from the sale of 30% of the shares of Shenzhen Guorong guarantee in the future is less than RMB 150 million, it shall make up in cash within one month from the date of completion of the matter; If the company has not signed a formal equity transfer agreement with the counterparty before November 30, 2018, the entity designated by the actual controller shall sign the corresponding equity transfer agreement with the company. The transfer fund of such part of the equity shall be received no less than 150 million yuan before December 31st, 2018. Although we have implemented audit measures including field interviews, we still cannot obtain sufficient and appropriate audit evidence to determine the integrity of the presentation of held for sale assets, whether it is necessary to withdraw the impairment provision for the held for sale assets, and to determine the possibility of the recovery of the transfer funds of the assets to be sold and the extent of the impact on the financial statements of the company.

(2) The content of the emphasis paragraph is as follows

1. Significant uncertainties related to going concern

We remind the users of the financial statements to pay attention. As stated in Note 6 and 22 of the financial statements, as of December 31, 2020, Guangdong shunzhe company has accumulated losses of RMB 164217783.52; In addition, the operating revenue in 2020 is significantly lower than that in the previous year and previous years. As stated in notes 3 and 2 to the financial statements, these events or circumstances indicate that there are significant uncertainties that may cause major doubts about the sustainable operation ability of Guangdong shunzhe company. This matter does not affect the audit opinions that have been published.

2. Due to the dispute over the loan contract between industrial and Commercial Bank of China Jieyang Rongcheng sub branch (hereinafter referred to as "ICBC Jieyang Rongcheng sub branch") and huafengqiang, etc, Industrial and Commercial Bank Jieyang Rongcheng sub branch applied to Guangdong Jieyang Rongcheng District People's Court (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company, which is located in shenxiangou, Junbu Town, Puning [Certificate Number: real estate ownership certificate, Guangdong real estate ownership certificate, puzhanguzi, no.079-087; state owned land use certificate, pufuguoyong, 2001, 00420, 00421, pufuguoyong, 2002, 00448 00449] and the use right of state-owned land. The value of the seizure is limited to RMB 25 million. The seizure period is three years, from March 2, 2020 to March 1, 2023. In response to the seizure, the company has estimated a debt of 25 million yuan. This matter does not affect the audit opinions that have been published.

3. Due to the loan contract disputes between Jieyang branch of industrial and Commercial Bank of China Limited (hereinafter referred to as "Jieyang branch of ICBC") and lailisheng, Jieyang branch of ICBC applied to the people's Court of Rongcheng District, Jieyang City, Guangdong Province (hereinafter referred to as "Jieyang Rongcheng court") to seal the company in chenshangou village, Junbu Town, Puning City The property of Junxin village [property right certificate No.: Guangdong (2017) Puning real estate No. 0000915 and 0000919) shall be sealed up, with the value of the property being sealed up to RMB 30million, with a period of 3 years, from March 2, 2020 to March 1, 2023. The company has estimated liabilities of RMB 2376600 to deal with the sealing up. This matter does not affect the audit opinions that have been published.

II. Special explanation of the board of directors on the matters involved in the audit opinion of the section on strengthening the adjustment in the 2020 audit report

(1) The board of Directors believes that the audit opinions objectively reflect the actual situation

(2) The company formulates the following measures to solve the matters involved in the audit opinion

1. Matters involved in the qualified opinion

(1) Future industry fund issues

The future industrial fund signed an equity transfer agreement with LANWAN public museum on November 28, 2018. The future industrial fund sold 45% of its equity held by Shenzhen jinshitong Investment Co., Ltd. at a price of RMB 140million. The payment progress of the equity transfer payment is,

1. 20 million yuan within 10 working days from the effective date of the agreement
2. Another 30 million yuan will be paid within one month (NATURAL month) from the effective date of the agreement
3. Another 40 million yuan will be paid within 4 months (NATURAL month) from the effective date of the agreement
4. Another 30 million yuan will be paid within 5 months (NATURAL month) from the effective date of the agreement
5. Another 20 million yuan will be paid within 6 months (NATURAL month) from the effective date of the agreement

In the future, the industrial fund shall distribute profits to the company within three working days after receiving the above equity transfer payment and deducting the fund related expenses.

Since LANWAN mansion paid the above-mentioned 20 million yuan for the first equity transfer, Li Yongming, the shareholder holding 55% equity of jinshitonghe, failed to sign the resolution of the general meeting of shareholders of jinshitonghe due to a debt dispute with the actual controller of the company, resulting in the failure of jinshitonghe, a party to the equity transfer agreement, to issue the corresponding resolution of the general meeting of shareholders as agreed, In order to protect its own interests, LANWAN mansion is unwilling to continue to pay the transfer money according to the equity transfer agreement, which leads to the failure of the future industrial fund to continue the profit distribution.

The company learned that Li Yongming and the actual controller of the company had a new negotiation on the debt dispute. If the debt dispute between Li Yongming and the actual controller of the company is resolved, there will be no other legal obstacles in this equity transfer. LANWAN mansion will continue to perform the equity transfer agreement, and the industrial fund will pay the relevant funds to the company in the form of dividends in the future. The company will judge whether to trigger the commitment of the actual controller according to the results of performance.

(2) Transfer of guarantee equity of Shenzhen Guorong financing

As the company holds 30% equity of Shenzhen Guorong financing guarantee, it does not control the company. The company has signed "equity transfer agreement" and "supplementary agreement" with Gaopu industry on the equity guarantee of Shenzhen Guorong financing, and the company has received part of the equity transfer price of 75.22 million yuan. The company and Gaopu industry have not yet terminated the equity transfer agreement and supplementary agreement, and the relevant agreements are being implemented. At the same time, because the equity transfer agreement and the equity transfer agreement have not been fulfilled, the actual controller has not yet triggered the conditions of his commitment. The company is actively negotiating with Gaopu industry, hoping to reach a consensus on accelerating the financing guarantee of Shenzhen Guorong. The company and the actual controller will perform their respective rights and obligations according to the results of negotiation.

2. Emphasis on the following items,

(1) As for the sustainable operation ability, the company plans to take the following measures to solve the problem of sustainable development in the future.

During the reporting period, in order to reduce losses, the company withdrew from the clothing e-commerce business through equity transfer. In 2020, the business of CICC Yipin will still be the main revenue source of the company. The company will continue to promote the measures of increasing revenue and reducing expenditure. On the one hand, CICC will actively adopt various flexible sales methods to maintain the stability of its existing business and actively push it into the target of inventory; On the other hand, the company will strengthen cost control, take the initiative to reduce and save all kinds of expenses, in order to achieve the goal of efficiency. So as to gradually solve the problem of sustainable development faced by the company. At the same time, the company will further strengthen the recovery of receivables, find new target businesses according to the established standards, and gradually increase new profit points through effective ways, so as to enhance the profitability of the company.

To sum up, the company has formulated a clear business plan, and the relevant problems will be solved step by step. The existing business is relatively stable, and the company will fundamentally solve the problem of sustainable development of the company.

(2) As for the closure of the real estate used for mortgage guarantee, the company has accrued the estimated liabilities

The company pays close attention to the progress of the project. On the one hand, the company communicated with huafengqiang and lailisheng respectively, urging them to take measures to repay the loan as soon as possible, or to provide sufficient guarantee to the company to resolve the risks that the company needs to bear. On the other hand, the company is planning ahead of time. If the real estate used for mortgage guarantee is sealed up, the company will immediately take legal measures to recover from the relevant units, so as to reduce the company's losses and make corresponding disclosure.

3. The impact of the matter on the listed companies

Through the self-examination of the company's management, it is not found that the above reserved and strengthened items have other significant adverse effects on the company's financial situation and operating results in 2020

4. Independent director's independent opinions on the matters and solutions involved in the audit opinion of the retained strengthened matters section

The company should strictly implement the relevant measures, eliminate the impact of the audit opinions on the company, and effectively safeguard the interests of investors, especially small and medium-sized investors

VI YoY Changes in Accounting Policies, Estimations and Methods

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

VIII YoY Changes in the Scope of the Consolidated Financial Statements

Applicable Not applicable

IX Engagement and Disengagement of CPAs Firm

CPAs firm at present

Name of the domestic CPAs firm	UnITax Zhenqing Certified Public Accountants (Special General Partnership)
The Company's payment for the domestic CPAs firm (RMB'0,000)	49
Consecutive years of the audit service provided by the domestic CPAs firm	1
Name of certified public accountant of the domestic CPAs firm	Qi Zhang, Shimei Li
Continuous years of audit services of Certified Public Accountants of the domestic CPAs firm	1、 1

Whether the CPAs firm was changed in the Reporting Period

Yes No

Whether to change the accounting firm during the audit period

Yes No

Does the change follow the approval procedure

Yes No

Detailed description of changing the accounting firm,

Due to the tight personnel arrangement of the Asia (Group) CPAs (Special General Partnership), in order to ensure the audit quality, the company failed to reach an agreement with Asia (Group) CPAs (Special General Partnership) on the audit work arrangement. After full consultation, the company decided not to re employ Asia (Group) CPAs (Special General Partnership), The company UnITax Zhenqing Certified Public Accountants (Special General Partnership) as the company's 2020 annual financial report and internal control audit organization.

For details, please refer to the announcements (No.: 2021-012, 2021-017) disclosed in the securities times, Ta Kung Pao and CNKI on March 23, 2021 and March 27, 2021.

Information of employing internal control audit accounting firm, financial consultant or sponsor

Applicable Not applicable

The company employs UnITax Zhenqing Certified Public Accountants (Special General Partnership) as the company's internal control audit institution in 2020, and the internal control audit fee is RMB 210000.

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

Applicable Not applicable

During the period from March 15, 2021 to April 12, 2021, the daily closing price of the company's stock was less than 1 yuan for 20 consecutive trading days through the trading system of Shenzhen Stock Exchange, which touched the situation of the termination of the listing of shares as stipulated in Item (4) of article 14.2.1 of the stock listing rules (2020 Revision) of Shenzhen Stock Exchange. The company's shares have been suspended since the opening of the market on April 13, 2021. If the Shenzhen stock exchange decides to terminate the listing of the company's shares according to the regulations, there will be no delisting period. The company's shares will be delisted within 15 trading days, and the company's shares will terminate the listing.

XI Bankruptcy and Restructuring

Applicable Not applicable

No such cases in the Reporting Period.

XII Significant Litigations and Arbitrations

Applicable Not applicable

Status	Amount involved	Whether to form	Progress	Results and impact	Implementation of	Date of disclosure	Disclosure index
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	(10000 yuan)	estimated liabilities			litigation (Arbitration) judgment		
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XIII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

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

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

Applicable Not applicable

No such cases in the Reporting Period.

XVI Significant Related-party Transactions

1. Related-party Transactions Relevant to Routine Operation

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Other Significant Related Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XVII Significant Contracts and Execution

1. Entrustment, Contracting and Leasing

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leasing

Applicable Not applicable

No such cases in the Reporting Period

22. Significant Guarantees

Applicable Not applicable

(1) Guarantees Provided by the Company

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclose date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not

Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Guarantees provided by the subsidiaries of the Company for subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total amount of company guarantee (i.e. total of the first three items)								
Of which:								

Explanation on guarantee that adopts complex method

(2) Illegal external guarantee

Applicable Not applicable

3. Cash asset management entrusted by others

(1) Entrusted Cash Management

Applicable Not applicable

No such cases in the Reporting Period.

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Major contracts for daily operation

Applicable Not applicable

5. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period

XVIII Social Responsibilities

1. Social Responsibilities Taken

Not applicable

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

(1) Targeted poverty alleviation planning

(2) Annual summary of targeted poverty alleviation

(3) Targeted poverty alleviation achievement

KIP	UOM	Status
I. General situation	—	—
II. Itemized input	—	—
1. Industrial Development and poverty alleviation	—	—
2. By Transferring employment	—	—
3. By Moving	—	—
4. By education	—	—
5. Through health	—	—
6. By Ecological protection	—	—
7. The lowest guarantee	—	—
8. Social poverty alleviation	—	—
9. Other projects	—	—
III. Awards (content, level)	—	—

(4) Follow up targeted poverty alleviation plan

3. Environmental protection related situations

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

Yes No

XIX Other Significant Events

Applicable Not applicable

No such cases in the Reporting Period.

XX Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	QTY	Percent age (%)	new issue	Stock dividen d	Conver sion of provide nt fund into shares	Other	Subtotal	QTY	Percent age (%)
1. Restricted shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
1.1 Promoter’s shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Of which: shares held the state	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic juridical persons	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Shares held by foreign juridical person	0	0.00%	0	0	0	0	0	0	0.00%
Other	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Public corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Internal employee shares	0	0.00%	0	0	0	0	0	0	0.00%
1.4 Preferred shares or other	0	0.00%	0	0	0	0	0	0	0.00%
2. Non-restricted shares	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%
2.1 RMB common shares	0	0.00%	0	0	0	0	0	0	0.00%
2.2 Domestically listed shares for foreign investors	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%

4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	318,600,000	100.00%	0	0	0	0	0	318,600,000	100.00%

Reasons for any share changes:

Applicable Not applicable

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

Progress in the implementation of share repurchase through centralized bidding

Applicable Not applicable

The impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share in the latest year and the latest period, net assets per share attributable to common shareholders of the company, etc

Applicable Not applicable

Other contents deemed necessary by the company or required to be disclosed by the securities regulatory authority

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II Issuance and Listing of Securities

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing Employee-held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Total Number of Shareholders and their Shareholdings

Unit, share

Total number of common shareholders at the period-end	8,392	Total number of common shareholders at the prior month-end before the disclosure of this Report	7,930	Total number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)	0	Total number of preference shareholders with resumed voting rights at the prior month-end before the disclosure of this Report (if any) (see note 8)	0	
5% or greater shareholders or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during this Reporting Period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status	QTY
Shenzhen shenghengchang HuiFu Industrial Co., Ltd	Domestic non-state-owned corporation	36.99%	117,855,000	0	117,855,000	0	Pledged	117,855,000
							Freeze	117,855,000
Shenzhen Risheng Chuangyuan	Domestic non-state-owned corporation	10.68%	34,020,000	0	34,020,000	0	Pledged	34,020,000
							Freeze	34,020,000

Asset Management Co., Ltd								
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	6.66%	21,224,015	-1,826,740		21,240,15		
Andersen International Securities (Hong Kong) Limited	Foreign corporation	6.39%	20,354,244	13,823,571		20,354,244		
Shenwan Hongyuan securities (Hong Kong) Limited	Foreign corporation	5.39%	17,170,259	3,653,404		17,170,259		
Shenzhen Lianhua Hui ren Industrial Co., Ltd	Domestic non-state-owned corporation	3.81%	12,150,000	0	12,150,000		Pledged	12,150,000
							Freeze	12,150,000
Haitong International Securities Company Limited-Account Client	Foreign corporation	2.94%	9,382,284	5,409,362		9,382,284		
China Everbright Securities (Hong Kong) Limited	Foreign corporation	1.33%	4,226,600	0		4,226,600		
Chen Jianxing	Domestic natural person	0.63%	2,011,746	288,023		2,011,746		
Liu Yonghe		0.40%	1,276,340	553,900		1,276,340		

						34 0		
The top 10 shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see note 3)	Not applicable							
Description of the above shareholders' related relationship or concerted action	Shenzhen shenghengchang HuiFu Industrial Co., Ltd., Shenzhen rishengchuangyuan Asset Management Co., Ltd. and Shenzhen Lianhua Huiren Industrial Co., Ltd. have related relationship and concerted action relationship, while the related relationship or concerted action relationship of other shareholders is unknown.							
Description of the above shareholders involved in entrusted / entrusted voting right and waiver of voting right	Not applicable							
Shareholding of top 10 circulation shareholders								
Shareholder	Number of listed and circulating shares held at the end of the report period	Classification of shares						
		Types of shares	QTY					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	21,224,015	Overseas listed foreign shares	21,224,015					
Andersen International Securities (Hong Kong) Limited	20,354,244	domestically listed B shares in foreign currencies	20,354,244					
Shenwan Hongyuan securities (Hong Kong) Limited	17,170,259	domestically listed B shares in foreign currencies	17,170,259					
Haitong International Securities Company Limited-Account Client	9,382,284	domestically listed B shares in foreign currencies	9,382,284					
China Everbright Securities (Hong Kong) Limited	4,226,600	domestically listed B shares in foreign currencies	4,226,600					
Jianxing Chen	2,011,746	domestically listed B shares in foreign currencies	2,011,746					
Yonghe Liu	1,276,340	domestically listed B shares in foreign currencies	1,276,340					

Jinming Chen	765,500	domestically listed B shares in foreign currencies	765,500
Zhenqi Chen	701,800	domestically listed B shares in foreign currencies	701,800
Tingting Wang	635,107	domestically listed B shares in foreign currencies	635,107
Description of the relationship or concerted action between the top 10 shareholders of non tradable shares and between the top 10 shareholders of non tradable shares and the top 10 shareholders	Unknown		
Description of the top 10 common shareholders participating in Margin Trading (if any) (see note 4)	N/A		

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

Yea No

No such cases in this Reporting Period.

2. Information about the Controlling Shareholder

Nature of the controlling shareholder: natural person shareholding

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Credibility code	Main business scope
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Chen Hongcheng	1997-05-14	91440300741222321 M	Sales of hardware, electric, building materials, electronic products and auto parts; import and export goods, technology import and export (except for

				projects prohibited by laws and administrative regulations; projects prohibited by laws and administrative regulations can be operated with permission)
Equity of other domestic and foreign listed companies controlled and participated by controlling shareholders during the reporting period	No			

Change of the controlling shareholder during this Reporting Period

Applicable Not applicable

No such cases in this Reporting Period

3. Information about the Actual Controller

Nature of the actual controller: domestic natural person

Type of the actual controller: natural person

Name	Relationship with actual controller	Nationality	If have the right of abode in other countries or regions
Chen Hongcheng	Self	China	No
Chen Honghai	Concerted action (including agreement, relatives and the same control)	China	No
Chen Dongjia	Concerted action (including agreement, relatives and the same control)	China	No
Ding Lihong	Concerted action (including agreement, relatives and the same control)	China	No
Chen Xuewen	Concerted action (including	China	No

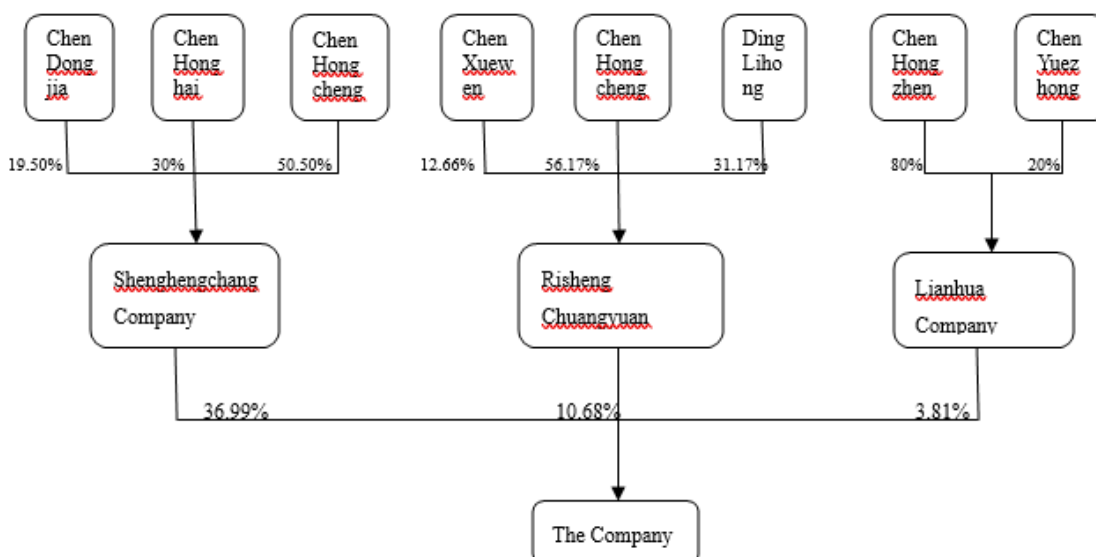
	agreement, relatives and the same control)		
Chen Hongzhen	Concerted action (including agreement, relatives and the same control)	China	No
Chen Yuezhong	Concerted action (including agreement, relatives and the same control)	China	No
Main occupation and position	Director, acting chairman and acting president of the company		
Particulars on his controlling listed companies over the past ten years	N/A		

Change of the actual controller during this Reporting Period

Applicable Not applicable

No such cases in this Reporting Period.

Ownership and control relations between the actual controller and the Company



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

Applicable Not applicable

4. 10% or Greater Corporate Shareholders

Applicable Not applicable

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

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

Applicable Not applicable

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period

Part VIII Convertible bonds

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Directors, Supervisors, Senior Management and Staff

I Changes in Shareholdings of Directors, Supervisors and Executive Officers

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

Yanfang	Director	Incumbent			-22	1-21					
Li Ning	Supervisor	Incumbent	Male	51	2016-01-22	2019-01-21	8,200	0	0	0	8,200
Chen Jincai	CFO, VP	Incumbent	Male	68			0	0	0	0	0
Xu Wei	Secretary and VP of the board of directors	Incumbent	Male	43			5,000	0	0	0	5,000
合计	--	--	--	--	--	--	15,200	0	0	0	15,200

II Changes in Directors, Supervisors and Executive Officers

√ Applicable □ Not applicable

Name	Position	Status	Date	Reason
Pan Xiaochun	independent director	Left	2020-09-24	Work reasons
Xu Wei	Secretary and vice president of the board of directors	Dismissal	2020-10-28	Job turnover

III Brief Biographies

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

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

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

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

Co. (Limited Partnership).

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

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

Independent Director, Mr. Pan Xiaochun born in 1971, Chinese, Postgraduate degree, with many years of enterprise management experience, is currently the deputy general manager of the financing management center of Shenzhen Baoneng Investment (Group) Co., Ltd. and has worked in Shenzhen Jinhongsheng Investment (Group) Co., Ltd., Shenzhen Maoye (Group) Co., Ltd.

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

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

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

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

Posts concurrently held in shareholding entities

Applicable Not applicable

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

Posts held concurrently in other entities

Applicable Not applicable

Name	Other entity	Post	Starting date of tenure	Ending date of tenure	Allowance from the entity (yes/no)
Zhuang weidong	China Commercial Law Co., Ltd				Yes
Liuyong	Pinghai Accounting Firm, Shenzhen,	Partner			Yes

	Hunan (General Partnership)				
Chen Dongwei	Shenzhen Jinshi Tonghe Investment Co., Ltd., Shenzhen Jinshi Tonghe Stock Investment Center (L.P), Hunan Majiake Blue Arrow Technology Co., Ltd., Hunan Guoguang Ceramic Group Co., Ltd. and Qianhai Hengsheng (Shenzhen) Fund Management Co., Ltd.	Director/executive director			Yes

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

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Executive Officers

Decision making procedure, determination basis and actual payment of remuneration for directors, supervisors and senior managers

According to the "proposal on the formulation of the remuneration of the company's senior executives" deliberated and passed at the first meeting of the second board of directors in 2002, the "proposal on the adjustment of the allowance for directors, independent directors and supervisors" deliberated and passed at the general meeting of shareholders in 2007, and the "Remuneration assessment system for directors and senior executives" deliberated and passed at the general meeting of shareholders in 2012, the directors, independent directors and supervisors of the company have been approved Each independent director pays an annual allowance of 50000 yuan (including tax), and each supervisor pays an annual allowance of 15000 yuan (including tax). The reasonable expenses incurred by independent directors when attending the board of directors and the general meeting of shareholders or exercising other functions and powers in accordance with relevant laws, regulations and the articles of association shall be reimbursed by the company according to the actual situation.

Remuneration of directors, supervisors and senior managers of the company during the reporting period

Unit: RMB'0000

Name	Office title	Gender	Age	Incumbent/former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company (yes/no)
Chen Hongcheng	Vice Chairman of the Board	Male	63	Incumbent	23.1	No
Chen Honghai	Director	Male	67	Incumbent	5	No
Chen Dongwei	Director	Male	31	Incumbent	5	No
Liu Yong	Independent director	Male	44	Incumbent	5	No

Pan Xiaochun	Independent director	Female	50	Left	1.67	No
Zhuang Weidong	Independent director	Male	48	Incumbent	5	No
Yan Mingfei	supervisory board chairman	Male	52	Incumbent	1.5	No
Huang Yanfang	Supervisor	Female	55	Incumbent	10.5	No
Li ning	Supervisor	Male	52	Incumbent	11.7	No
Chen Jincai	CFO and vice president	Male	69	Incumbent	15.6	No
Xu Wei	Secretary of the Board and vice president	Male	44	Left	13	No
Total	--	--	--	--	97.07	--

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

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Major composition	
Major composition category	Number
Education level	
Education	Qty(person)
postgraduate	
bachelor	
senior school	
junior middle school	

2. Employee Remuneration Policy

During the reporting period, the company's salary policy has not changed, and the salary structure has not been adjusted, mainly including basic salary, post salary, subsidies, five insurances and one fund, etc.

3. Employee Training Plans

During the reporting period, the company did not carry out any other training except organizing some directors, supervisors and senior executives to participate in the training organized by the industry association.

4. Labor Outsourcing

Applicable Not applicable

Part X Corporate Governance

I Basic Situation of Corporate Governance

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

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

Yes No

No such cases in this Reporting Period.

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

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

1. In respect of business, the Company owned an integrated business structure and independent operation, it doesn't depend on any shareholder or other party; besides, it exist no horizontal competition or any obviously unfair related-party transaction between the Company and its controlling shareholder, actual controller and other enterprises controlled by it, nor any event that the controlling shareholder directly or indirectly intervened the operation of the Company.

2. In respect of personnel, in terms of labor, personnel and salary management, the Company and the controlling shareholder were independent from each other. Such senior management staff as Chairman of the Board, General Manager, and Deputy General Managers all drew remuneration from the Company, and they did not take any post in the controlling shareholder and its subsidiaries.

3. In respect of assets, separated from the controlling shareholder, the Company owned independent production and operation site, integrated assets structure, independent production system, auxiliary production systems and ancillary facilities, land use right and ownership of house, etc., and independent procurement and sales system. Besides, it owned complete controlling right on all the assets, there was no illegal occupation of assets and funds by the controlling shareholder, actual controller or their controlling enterprises that did any harm to the interest of the Company.

4. In respect of organization, the Company has set up a perfect organization that was independent

from the controlling shareholder or its functional departments.

5. In respect of financing, the Company owned independent financial department with independent accountants, established independent accounting system and financial management system, independently made the financial decision. Besides, it opened independent bank account and paid tax independently.

III Horizontal Competition

Applicable Not applicable

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

1. General meeting of shareholders during the reporting period

Times	Type	Investor participation ratio	Date of meeting	Date of disclosure	Disclosure index
General meeting of shareholders in 2019	Annual general meeting	51.49%	2020-06-29	2020-06-30	Published in the securities times, Ta Kung Pao and CNKI www.cninfo.com.cn Announcement on the resolution of the general meeting of shareholders in 2011 (Announcement No.: 2020-017)

2. The preferred shareholders whose voting rights are restored request to hold an extraordinary general meeting of shareholders

Applicable Not applicable

V Performance of Independent Directors in this Reporting Period

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

Attendance of independent directors in board meetings and meetings of shareholders							
Independent director	Due presence in	Presence on site for	Presence by telecommuni	Presence through a	Absence for board	Absent for two	Presence or meetings of

	this Reporting Period for board meetings (times)	board meetings (times)	excuse for board meetings (times)	proxy for board meetings (times)	meetings (times)	consecutive times for board meetings	shareholders (times)
Zhuang Weidong	6	6	0	0	0	No	1
Liu Yong	6	5	0	1	0	No	1
Pan Xiaochun	3	1	0	0	2	Yes	0

Explanation of not attending the board meeting in person for two consecutive times

Ms. Pan Xiaochun, an independent director, failed to attend the board of directors in time due to work reasons. She resigned as an independent director on September 24, 2020.

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

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

Yes No

No such cases in this Reporting Period.

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

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

Yes No

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

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

(I) Performance of Board Audit Committee

1. Review of the financial statements of the company by the audit committee of the board of directors

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

(2) The audit committee of the board of directors reviewed the relevant financial statements after the initial audit opinion was issued by the accounting firm, and considered that after the financial statements of the company were adjusted according to the audit adjustment entries, the financial statements of the company were in line with the situation of the company, and had no objection to the preliminary audit opinion of the financial report of 2019.

(3) After the audit results of the company in 2019 issued by the accounting firm, the audit committee of the board of directors reviewed the financial and accounting report again, agreed with the audit results of the accounting firm on the company's financial statements in 2019, and agreed to submit the audit report to the board of directors for deliberation.

2. Supervision of the Audit Committee on the annual audit work of the company

Before the entry of the annual audit accountant, the audit committee, the company's finance department and the accounting firm have jointly negotiated and determined the audit schedule of the company's financial report for this year. The audit committee of the board of directors shall, after the annual audit of certified public accountants, conduct face-to-face communication with the certified public accountants of the accounting firm according to the audit work schedule and audit process determined through consultation with the accounting firm, entrust special personnel to follow up and urge them to submit the audit report within the agreed time limit by telephone, e-mail, etc.

3. A summary report on the audit work of accounting firms in 2019

The audit committee of the board of Directors believes that the Asia Pacific (Group) accounting firm (special general partnership) has carried out and completed the audit work of the company in 2019 in strict accordance with the provisions of the audit regulations and standards. Its audit time is sufficient, the professional quality of the staff is high, the practice ability and the risk awareness are strong. The audit report issued by the company fully reflects the company's financial situation in 2019 Operating results and cash flow, the audit conclusions truly reflect the actual situation of the company.

4. Review and approve the appointment of audit institutions in 2020

The audit committee proposed Asia Pacific (Group) accounting firm (special general partnership) as the company's auditing body in 2020.

5. The development of internal audit by the audit committee

- (1) Require internal audit department to make annual internal audit plan;
- (2) Carry out special or comprehensive internal audit work according to the situation listed in the financial statements on a quarterly basis;
- (3) Timely submit the problems found to relevant departments for rectification.

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

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

VII Performance of Duties by the Supervisory Committee

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

Yes No

The Supervisory Board raised no objections in this Reporting Period.

VIII Appraisal and Incentive for Executive Officers

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

IX Internal Control

1. Serious Internal Control Defects Found in this Reporting Period

√ Yes No

Details
<p>The defects of internal control of financial report and the rectification of the company during the reporting period are as follows:</p> <p>Due to the dispute over the loan contract between industrial and Commercial Bank of China Jieyang Rongcheng sub branch (hereinafter referred to as "ICBC Jieyang Rongcheng sub branch") and huafengqiang, etc, Industrial and Commercial Bank Jieyang Rongcheng sub branch applied to Guangdong Jieyang Rongcheng District People's Court (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company, which is located in shenxiangou, Junbu Town, Puning [Certificate Number: real estate ownership certificate, Guangdong real estate ownership certificate, puzhanguzi, no.079-087; state owned land use certificate, pufuguoyong, 2001, 00420, 00421, pufuguoyong, 2002, 00448 00449] and the use right of state-owned land. The value of the seizure is limited to RMB 25 million. The seizure period is three years, from March 2, 2020 to March 1, 2023.</p> <p>Due to the loan contract disputes between Jieyang branch of industrial and Commercial Bank of China Limited (hereinafter referred to as "Jieyang branch of ICBC") and lailisheng, Jieyang branch of ICBC applied to the people's Court of Rongcheng District, Jieyang City, Guangdong Province (hereinafter referred to as "Jieyang Rongcheng court") to seal the company in chenshangou village, Junbu Town, Puning City The property of Junxin village [property right certificate No.: Guangdong (2017) Puning real estate No. 0000915 and 0000919) shall be sealed up, with the value of the property being sealed up to RMB 30million, with a period of 3 years, from March 2, 2020 to March 1, 2023.</p> <p>The company pays close attention to the progress of the project. On the one hand, the company communicated with huafengqiang and lailisheng respectively, urging them to take measures to repay the loan as soon as possible, or to provide sufficient guarantee to the company to resolve the risks that the company needs to bear. On the other hand, the company is planning in advance. If the property used for mortgage guarantee is sealed and disposed, the company will take legal measures to recover the compensation to the relevant units respectively, so as to ensure the loss of the company is reduced and the corresponding disclosure work is done.</p>

2. Internal Control Self-evaluation Report

Disclosure date of the Self-appraisal Report on Internal Control	2021-04-30	
Index to the disclosed internal control self-evaluation report	www.cninfo.com.cn	
Total assets of the evaluated entities as a percentage in the consolidated total assets		100.00%
Operating revenues of the evaluated entities as a percentage in the consolidated operating revenues		100.00%
Defect identification standards		
Type	Financial-report related	Non-financial-report related

<p>Nature standard</p>	<p>a. Major defects:</p> <p>(1) The directors, supervisors and senior management committed frauds;</p> <p>(2) There are material misstatements in the issued financial statements, affecting the authenticity, completeness and fairness, and therefore, the company shall correct them;</p> <p>(3) The certified public account discovered materials misstatements in the current financial statements, while the internal control fails to discover such misstatements in its operation;</p> <p>(4) The company audit committee and internal audit body’s supervision on the internal control is inefficient.</p> <p>b. Key defects:</p> <p>(1) The control environment is in sufficient;</p> <p>(2) The company’s accounting policies violates the Accounting Standards for Business Enterprises;</p> <p>(3) The accounting policies applied in the company is incompliant with the company’s accounting system;</p> <p>(4) There is no corresponding control mechanism for accounting treatment of non-regular or special transactions, or such control mechanism is not put into operation;</p> <p>(5) There is one or more defect with the control of the financial reporting process at the end of the period, and therefore, it cannot reasonably ensure that the authenticity and completeness in the prepared financial statements.</p> <p>c. Minor defects: Other control defects except the major defects and key defects.</p>	<p>a. Major defect:</p> <p>(1) There is no legal decision making procedure for significant matters;</p> <p>(2) Lack of decision making procedure or the undisciplined decision-making procedure leads to major errors;</p> <p>(3) The company is subject to criminal penalties or is ordered to suspend production or business operation, or subject to the revoking or temporary seizure of its marketing license or business license and other such administrative penalties, because of the violation of state laws, regulations, rules or normative documents;</p> <p>(4) The major defects in internal control are not rectified;</p> <p>(5) There is no system control for significant businesses or the system has a systematic malfunction.</p> <p>b. When there is solid evidence to prove that the company is in one of the following circumstances at the end of the evaluation period, it shall be deemed that the internal control has key defects:</p> <p>(1) The decision making procedure exists, but it is not perfect;</p> <p>(2) The irregularity of the decision making procedure results in significant error;</p> <p>(3) The company is subject to criminal penalties or is ordered to suspend production or business operation, or subject to the revoking or temporary seizure of its marketing license or business license and other such administrative penalties, because of the violation of state laws, regulations, rules or normative documents;</p> <p>(4) The key business system has a key</p>
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		defect; (5) The key defects in the internal control are not rectified. c. Minor defects: Other control defects except the major defects and key defects.
Quantitative standard	The quantitative standard takes the amount of direct property losses as the measurement indicator. If the amount of direct loss in assets caused by one defect alone or together with other defects is lower than 5% of the net assets in the consolidated financial statement, the defect is a minor defect; If the amount of direct loss in assets exceeds 5% of the net assets in the consolidated financial statements but less than 10%, the defect is a key defect; If the amount of direct loss in assets exceeds 10% of the net assets in the consolidated financial statements, the defect is a major defect.	The quantitative standard takes the amount of direct property losses as the measurement indicator. If the amount of direct loss in assets caused by one defect alone or together with other defects is lower than 5% of the net assets in the consolidated financial statement, the defect is a minor defect; If the amount of direct loss in assets exceeds 5% of the net assets in the consolidated financial statements but less than 10%, the defect is a key defect; If the amount of direct loss in assets exceeds 10% of the net assets in the consolidated financial statements, the defect is a major defect.
Number of major defects in financial report		0
Number of major defects in non-financial Report		2
Number of important defects in financial report		0
Number of important defects in non-financial Report		0

Part X Auditor’s Report on Internal Control

Applicable Not Applicable

Opinion paragraph in the auditor’s report on internal control	
Due to the above major defects and the impact of achieving the control objectives, GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED failed to maintain effective internal control over financial reporting in all major aspects in accordance with the basic norms for enterprise internal control and relevant regulations on December 31, 2020.	
Information	Disclosure
Disclosure date	2021-04-30
Full disclosure index	www.cninfo.com.cn

Opinion types of internal control audit report	Negative opinion
Whether there are major defects in non-financial reports	Yes

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

Yes No

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

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

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

Due to the dispute over the loan contract between industrial and Commercial Bank of China Jieyang Rongcheng sub branch (hereinafter referred to as "ICBC Jieyang Rongcheng sub branch") and huafengqiang, etc, Industrial and Commercial Bank Jieyang Rongcheng sub branch applied to Guangdong Jieyang Rongcheng District People's Court (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company, which is located in shenxiangou, Junbu Town, Puning [Certificate Number: real estate ownership certificate, Guangdong real estate ownership certificate, puzhanguzi, no.079-087; state owned land use certificate, pufuguoyong, 2001, 00420, 00421, pufuguoyong, 2002, 00448 00449], the value of which is limited to RMB 25 million, and the period of sealing up is three years, from March 2, 2020 to March 1, 2023.

Due to the loan contract dispute between Jieyang branch of industrial and Commercial Bank of China Limited (hereinafter referred to as "ICBC Jieyang branch") and lailisheng, etc., ICBC Jieyang branch applied to the people's Court of Rongcheng District, Jieyang City, Guangdong Province (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company located in chenshangou village, Junbu Town, Puning The real estate of Junxin village [property certificate No.: Yue (2017) Puning real estate property No. 0000915, 0000919] will be sealed up. The value of sealing up is limited to RMB 30 million, and the sealing up period is 3 years, from March 2, 2020 to March 1, 2023.

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

Yes No

Part XI Corporate Bonds

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

No.

Part XII financial reports

1. Audit report

Type	Qualified opinion
Date	2021-04-29
Name	UnITax Zhenqing Certified Public Accountants (Special General Partnership)
Name of CPA	Zhang Qi, Li Shimei

Report text

GUANGDONG JADIETE HOLDINGS GROUP COMPANY LIMITED,

I. Qualified opinion

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

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

II. The foundation of forming reservations

1. As of December 31, 2020, the book value of the company's long-term equity investment in Shenzhen future industry development fund enterprise (limited partnership) (hereinafter referred to as future industry fund) is 100.6 million yuan. Chen Hongcheng, the actual controller of the company, promised on December 29, 2018 that the company would sell 45% of the shares of

jinshitonghe through the future industry fund (the future industry fund holds 45% of the shares of Shenzhen jinshitonghe Investment Co., Ltd.) and distribute the profits by obtaining the equity transfer funds, If the accumulated amount received is less than 120 million yuan or the future industrial fund is not distributed according to the agreed profit distribution plan, Chen Hongcheng, the actual controller, shall make up with cash within one month from the date of the event. As of the audit report date, the company still has 100.6 million long-term investment fund not recovered. Although we have implemented audit measures including field interviews, we are still unable to obtain sufficient and appropriate audit evidence to determine the completeness of the presentation of long-term equity investment, whether it is necessary to make provision for impairment of the long-term equity investment, and whether it is possible to recover the long-term investment and its impact on the company's financial statements.

2. The company failed to receive all transfer funds of 30% of the equity of Shenzhen shengguorong Financing Guarantee Co., Ltd. on schedule. As of december31,2020, the company has recovered RMB 75.22 million and the remaining RMB 74.78 million has not been recovered. The actual controller Chen Hongcheng promised to make up the difference on March 16th, 2018. The actual controller promised to cover the difference. The actual controller promised to cover the difference as follows: "if the amount recovered from the sale of 30% of the shares of Shenzhen Guorong guarantee in the future is less than RMB 150 million, it shall make up in cash within one month from the date of completion of the matter; If the company has not signed a formal equity transfer agreement with the counterparty before November 30, 2018, the entity designated by the actual controller shall sign the corresponding equity transfer agreement with the company. The transfer fund of such part of the equity shall be received no less than 150 million yuan before December 31st, 2018. Although we have implemented audit measures including field interviews, we still cannot obtain sufficient and appropriate audit evidence to determine the integrity of the presentation of held for sale assets, whether it is necessary to withdraw the impairment provision for the held for sale assets, and to determine the possibility of the recovery of the transfer funds of the assets to be sold and the extent of the impact on the financial statements of the company.

We have carried out the audit work in accordance with the auditing standards for Chinese certified public accountants. The part of audit report "CPA's responsibility for financial statement audit" further elaborates our responsibilities under these standards. According to the code of professional ethics of Chinese certified public accountants, we are independent of Guangdong Shun Yi company and fulfill other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate and provides the basis for the publication of reservations.

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

III. Significant uncertainties that related to continuous operation

1. Significant uncertainties related to going concern

We remind the users of the financial statements to pay attention, as stated in Note 6 and 22 of the financial statements, as of December 31, 2020, the JADIETE Company has accumulated losses of RMB 164217783.52; In addition, the operating revenue in 2020 is significantly lower than that in the previous year and previous years. As stated in notes 3 and 2 to the financial statements, these events or circumstances indicate that there are significant uncertainties that may cause major doubts about the sustainable operation ability of JADIETE Company. This matter does not affect the audit opinions that have been published.

2. Due to the dispute over the loan contract between industrial and Commercial Bank of China Jieyang Rongcheng sub branch (hereinafter referred to as "ICBC Jieyang Rongcheng sub branch") and huafengqiang, etc, Industrial and Commercial Bank Jieyang Rongcheng sub branch applied to Guangdong Jieyang Rongcheng District People's Court (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company, which is located in shenxiangou, Junbu Town, Puning [Certificate Number: real estate ownership certificate, Guangdong real estate ownership certificate,

puzhanguzi, no.079-087; state owned land use certificate, pufuguoyong, 2001, 00420, 00421, pufuguoyong, 2002, 00448 00449] and the use right of state-owned land. The value of the seizure is limited to RMB 25 million. The seizure period is three years, from March 2, 2020 to March 1, 2023. In response to the seizure, the company has estimated a debt of 25 million yuan. This matter does not affect the audit opinions that have been published.

3. Due to the loan contract dispute between Jieyang branch of industrial and Commercial Bank of China Limited (hereinafter referred to as "ICBC Jieyang branch") and lailisheng, etc., ICBC Jieyang branch applied to the people's Court of Rongcheng District, Jieyang City, Guangdong Province (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company located in chenshangou village, Junbu Town, Puning The real estate of Junxin village [property certificate No.: Yue (2017) Puning real estate property No. 0000915, 0000919] will be sealed up. The value of sealing up is limited to RMB 30 million, and the sealing up period is 3 years, from March 2, 2020 to March 1, 2023. In response to the seizure, the company has estimated liabilities of 23.7606 million yuan. This matter does not affect the audit opinions that have been published.

IV. Key audit matters

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

(1) Revenue recognition

i. Description

In 2020, the main business income of Guangdong shunzhe is 12093926.25 yuan, and the main business income of Shenzhen Chinese Gold Nobility Jewelry Co., Ltd. (hereinafter referred to as "Chinese Gold Nobility") is 10517813.69 yuan. As an important source of consolidated profits of Guangdong shunzhe company, Chinese Gold Nobility determines the authenticity and cut-off of main business income as the key audit matters.

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

(2) Audit response

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

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

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

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

iiii. Have Sample checks on the income at the end of 2020 and the beginning of 2021, audit deadline of sales revenue and so on.

V. Other information

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

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

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

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

VI. Responsibility of management and governance for financial statements

Management of the Company (hereinafter referred to as management) is responsible for preparing

financial statements according to the accounting standards of enterprises, making it fair to reflect, designing, implementing, and maintaining necessary internal control, making financial statements do not exist major misstatement caused by fraud or errors.

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

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

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

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

Reasonable assurance is high level guarantee, but it doesn't guarantee that audit performed according to auditing standards can always be found in the presence of a major misstatement.

Misstatements may be caused by fraud or error, misstatements are often considered to be major if the reasonable anticipation of misstatement may separate or gathered affect economic decisions by the user of the financial statements,

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

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

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

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

(4) Came to a conclusion for the appropriateness of management using the continuous operation hypothesis. At the same time, according to the audit evidence obtained, came to a conclusion for the

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

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

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

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

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

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

I. Company Profile

1. Establishment

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

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

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

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

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

2. Business scope

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

3. Limit operating term

Naught.

4. Main business activity

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

5. The approval of financial statements

The financial statements and the notes of financial statements were submitted upon approval of 33th Meeting of the 7th Term of Board on 27 Apr. 2021.

II. Merger scope

5 Entities in merger scope this year:

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

Shenzhen Xiaoxiaomei Technology Co., Ltd	Limited company	100.00	100.00
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III. Basis for the preparation of financial statements

1. Basis for the preparation of financial statements

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

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

2. Gong concern

Till 31th Dec. 2020, the company has accumulated loss of RMB 166,859,453.48, operating revenue declined sharply from the previous year. The main reason for the loss of the company is the continuous depression of macro-economy and the impact of epidemic situation, resulting in the gradual shrinkage of sales. According to the company's latest development plan, the company will continue to promote the measures of increasing revenue and reducing expenditure. On the one hand, the company will actively adopt a variety of flexible sales methods to maintain the stability of the main business and actively push in the target of inventory; On the other hand, the company will strengthen cost control, actively reduce and save all kinds of expenses, so as to achieve the goal of efficiency. At the same time, the company will also improve the recovery of receivables, actively withdraw funds, and expand new business areas according to the established standards, and gradually increase new profit points through effective ways, so as to enhance the profitability of the company. With the implementation of the above plan, the company's overall revenue will gradually rise. Therefore, the financial statements are prepared on the basis of the assumption of going concern.

IV. Important Accounting Principles and Accounting Estimates

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

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's financial positions as at 31 Dec. 2020, business results and cash flows for the year of 2020, and other relevant information.

2. Fiscal year

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

3. Operating cycle

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

4. Presentation currency

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

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

(1) The judgement standards of 'package deal'

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

- i These transactions are considered simultaneously or another case of the occurrence of the impact of entering into a transaction depends;
- ii these transactions as a whole in order to reach a complete business results;
- iii have at least one other transaction;
- iv see a transaction alone is not economical, but, it is economical when other transactions are taken into account.

(2) Business combination under common control

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

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

(3) Business combination under non-common control

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

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

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

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

For a business combination achieved in stages that involves multiple exchange transactions, according to the 'No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Caikuai No.19 [2012])' and Article 51of 'Chinese Accounting Standards for Business Enterprises No.33- Consolidated financial statement', relating with the judgment standards of package deal, a judgment about whether it is package deal or not should be

made. If it is package deal, please refer to the note IV.13 - Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment:

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

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

6. Preparation of the consolidated financial statements

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

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

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

cash flows, as appropriate. For a subsidiary disposed during the period, no adjustment is made to the opening balance of the consolidated financial statements.

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

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

When the Company loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value on the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the 'Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment' or 'Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments'.

The Company's losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to identify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control is lost, the difference between each receipt of every transaction and the related shared proportion of identified net assets are recognized as other comprehensive income. The other comprehensive income will be transferred into profit and loss in the period when losing control. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of 'partly disposing of the long-term equity investment without losing control' (refer to previous paragraphs for detail) and 'losing the control to subsidiary due to partly disposing the equity investment or other reasons' (see the previous paragraph for details).

7. Standard for cash and cash equivalent

In preparing the statement of cash flows, the cash equivalents of the Company include the investments with short period (it usually expires within three months from the purchase date), characteristics of high liquidity, being readily convertible to a known amount of cash and being subject to an insignificant risk of changes in value.

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

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

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

(2) In statement of financial position, assets and liabilities items are converted into RMB at the exchange rate prevailing on the consolidated statement of financial position date. Owner's equity items (excluding undistributed profit item) are converted into RMB at the exchange rate when the transaction occurs. In statement of profit or loss and other comprehensive income, revenue and expenses items are accrued by the proper method and the approximate rate when the transaction occurs. Translation difference occurred for above reason is disclosed in the consolidated statement of financial position as a separate item.

9. Financial instruments

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

(1) Effective interest method

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

When calculating the effective interest rate, the company estimates the future cash flow based on all

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

(2) Classification of financial instruments

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

(3) Recognition and measurement of financial assets

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

Financial assets measured at amortized cost

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

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

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

In addition, the company designates some non tradable equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The company shall record the relevant dividend income of such financial assets into the current profit and loss, and the change of fair value into other comprehensive income. When the financial asset is

derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings, not included in the current profit and loss.

Financial assets measured at fair value through profit or loss

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

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

(4) Classification, recognition and measurement of financial liabilities

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

Financial liabilities measured at fair value through profit or loss

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

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

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

of the change in the credit risk of the enterprise itself) into the current profit and loss

Other financial liabilities

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

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

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

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

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

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

If the company sells the financial assets with recourse or transfers the financial assets it holds by endorsement, it is necessary to determine whether almost all the risks and rewards of the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; if almost all risks and rewards in the ownership of the financial asset have been retained, the recognition of the financial asset shall not be terminated; If almost all risks and rewards related

to the ownership of financial assets have not been transferred or retained, it is necessary to continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the preceding paragraphs.

(6) Derecognition of financial liabilities

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

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

(7) Offsetting of financial assets and financial liabilities

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

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

Fair value refers to the price that market participants can receive or pay for the transfer of a liability when selling an asset in an orderly transaction on the measurement date. If there is an active market for a financial instrument, the company shall determine its fair value with the quoted price in the active market. Quoted price in active market refers to the price easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurred in fair trading. If there is no active market for financial instruments, the company adopts valuation technology to determine their fair value. Valuation techniques include referring to the prices used in recent market transactions by parties familiar with the situation and willing to trade, referring to the current fair value of other financial instruments that are essentially the same, discounted cash flow method and option pricing model, etc. In the process of valuation, the company adopts valuation technology applicable in the current situation and supported by sufficient data and other information, selects input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of

relevant assets or liabilities, and gives priority to the use of relevant observable input values as much as possible. When the relevant observable input value cannot be obtained or is not feasible, the non-observable input value is used.

(9) Equity instruments

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

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

(10) Finance Assets Devalue

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

Recognition method of impairment provision

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

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

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

the loss reserves according to the amount equivalent to the expected credit loss in the next 12 months. In assessing the expected credit loss, the company considers all reasonable and reasonable information, including forward-looking information.

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

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

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

Portfolio approach to evaluate expected credit risk based on Portfolio

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

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

Accounting treatment method for impairment of financial assets

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

The determination method of credit loss of various financial assets

① Notes receivable

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

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

② Receivables and contractual assets

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

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

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

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

③ Other receivables

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

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

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

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

10. Inventory

(1) Inventory classification

Inventory is classified to:

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

(2) Inventory valuation

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

Real estate development product costs include land cost, construction costs and other costs. Borrowing costs meet the capitalization conditions are also included in real estate development product costs. Non-real estate development product costs include purchase cost, process cost and other costs.

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

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

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

In normal operation process, net realizable values of commodities inventories for direct sales including finished goods, commodities and materials for sales are determined by the estimated selling prices minus the estimated selling expenses and relevant taxes and fees; In normal operation process, net realizable values of materials that need further processing are determined by the estimated selling prices of the finished goods minus estimated cost to completion, estimated selling

expenses and relevant taxes. For the inventory held to implement sales contract or work contract, its net realizable value is calculated on the basis of contract price. For the balance of inventory beyond the amount of the sales contract, its net realizable value is calculated on the basis of general selling price.

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

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

(4) System of stock inventories

Perpetual inventory system is applied.

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

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

For package materials, use lump-sum amortization method.

11. Held-for-sale assets

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

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

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

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

It should adjust estimated residual value of the fixed asset for held-for-sale assets, the estimated residual value of the fixed asset reflects the amount of its fair value minus disposal expenses, but it shall not exceed the original book value of the fixed asset when the company meets the conditions

for sales, the difference between the original book value and the adjusted estimated residual value shall be included in the current profit and loss as assets impairment loss. For held-for-sale other non-current assets, according to the above treatment principles, it includes individual assets and disposal groups, disposal group is a group of assets that are sold as a whole or disposed all at the same time in other ways.

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

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

12. Long-term equity investments

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

(1) Determination of investment cost

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

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

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

The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. Theses ways include the cash purchase price the Company actually paid, the fair value of equity security issued by the Company, value specified in the investment

contract or agreement, the fair value or carrying value of the asset transferred out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment. Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost. For the long-term equity investments that the Company can have significant influence or common control on the investee, but cannot control the investee, because of the added investments, the cost of the long-term equity investment should be the sum of original fair value of the investment and the cost of newly added investment.

(2) Subsequent measurement

Cost method of accounting for long-term equity investments

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

Equity method of accounting for long-term equity investments

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

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

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

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

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

The assets launched by the Company to the associated enterprises or the joint ventures if could form into business, the long-term equity investment without control right which acquired by the investors, should regard the fair value of the launched business as the initial investment cost the newly added long-term equity investment, and for the difference between the initial investment cost and the book value of the launched business, should be included into the current gains and losses with full amount. The assets sold by the Company to the associated enterprises or the joint ventures if could form into business, the difference between the acquired consideration and the book value of the business should be included in the current gains and losses with full amount. The assets purchased by the Company to the associated enterprises or the joint ventures if could form into business, should be accounting disposed according to the regulations of No. 20 of ASBE—Business Combination, and should be recognized gains or losses related to the transaction with full amount.

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

Disposal of long-term equity investment

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

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

profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

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

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

(3) Joint control and significant influence

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

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

(4) Impairment of long-term equity investment

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

13. Investment properties

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

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

14. Property, plant and equipment

(1) Recognition standard of property, plant and equipment

Property, plant and equipment (hereinafter referred as PPE), tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes; they have useful lives over one fiscal year. And they shall be recognized only when both of the following conditions are satisfied:

- (a) It is probable that economic benefits associated with the assets will flow to the enterprise; and
- (b) The cost of the PPE can be measured reliably.

(2) Initial measurement of PPE

PPE are recorded at the actual cost on acquisition.

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

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

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

(d) In the circumstance of the non-monetary assets exchange has commercial nature and fair value of surrendered or received assets can be measured reliably, recording value of received assets

should be recognized as fair value of surrendered assets unless there is clear evidence to indicate that fair value of received assets is more reliable; for non-monetary assets exchange which doesn't meet the requirement of premise mentioned above, cost of received assets should be recognized as carrying amount and related tax expenses payable of surrendered assets and should not be recognized as profit or loss.

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

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

(30) Depreciation method of PPE

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

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

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

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

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

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

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

15. Construction in progress

(1) Classification of construction in progress

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

(2) Transfer time of construction in progress to PPE

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

16. Borrowing costs

(1) Confirmation principle of capitalization of borrowing costs

In case the borrowing costs occurring in the Company may directly be attributable to the construction and productions of assets complying with the capitalization conditions, they will be capitalized and accrued to the relevant capital costs; other borrowing costs will be confirmed as the expenses based on the actual amount at the time of occurrence and accrued to the current profit or loss.

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

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

- (a) The asset payment has been made which include the payment such as the paid cashes, transferred non-currency assets or borne liabilities with the interests to construct or produce the assets complying with the capitalization conditions
- (b) The borrowing costs have occurred
- (c) The necessary construction or production activities to make the assets ready for use or sales have been launched

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

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

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

(2) Capitalization period of borrowing costs

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

(3) Calculation method about capitalization amount of borrowing costs

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

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

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

17. Intangible assets

(1) Calculation method of intangible assets

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

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

(b) For intangible assets formed through obtaining them by the debtor paying for debt in debt restructure, recognize its recording value as fair value of the intangible assets, and record the difference between the carrying amounts of debt restructure and the intangible assets used for paying debt into current profit or loss; in the circumstance of the non-monetary assets exchange has commercial nature and fair value of surrendered or received assets can be measured reliably, recording value of received assets should be recognized as fair value of surrendered assets unless there is clear evidence to indicate that fair value of received assets is more reliable; for

non-monetary assets exchange which doesn't meet the requirement of premise mentioned above, cost of received assets should be recognized as carrying amount and related tax expenses payable of surrendered assets and should not be recognized as profit or loss.

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

(2) Useful life and amortization of intangible assets

(a) Estimation of useful life for intangible assets with finite useful life:

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

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

(b) Amortization of intangible assets:

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

18. Long-term assets impairment

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

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

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

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

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

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

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

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

19. Long-term deferred expenses to be amortized

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

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

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

20. Employee benefits

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

(1) Short-term benefits

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

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

(2) Demission welfare

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

(3) Welfare after demission

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

Defined contribution plans

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

Defined benefit plan

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

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

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

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

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

21. Provisions

(1) Recognizing principles

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

- (a) The obligation is the present obligation of the Company
- (b) The performance of such obligation is likely to lead to an outflow of economic benefits

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

(2) Measurement methods:

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

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

Best estimated amount is handled under the following circumstances:

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

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

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

22. Revenue

(1) Sale of goods

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

(2) Rendering of service

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

The Company will determine the total amount of rendering of service based on the prices in

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

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

- (a) In case the labor costs that have occurred can be compensated, the labor costs will be confirmed based on such labor costs and the same amounts will be settled as the labor costs.
- (b) In case the labor costs that have occurred cannot be compensated, such labor costs will be accrued to the current profit or loss and will not be confirmed as the labor costs.

(3) Transferring use right

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

- (a) The interest income amount will be calculated and determined based on the use time of currency capital from the Company by others and actual interest rate.
- (b) The income amount of use expenses will be calculated and determined subject to the charging time and method agreed in the relevant contracts and agreements.

(4) Government grants

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

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

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

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

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

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

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

23. Deferred income tax assets / deferred income tax liabilities

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

The company's tax base will be determined upon the company obtains the assets or liabilities; on the statement of financial position date, take the statement of financial position as the basis, and if the book value of related assets or liabilities are different from the tax bases provided by tax laws, it will calculate and confirm the deferred income tax assets or deferred income tax liabilities occurred in accordance with the provisions of tax laws, which effect will be included in current income tax expense.

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

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

24. Leasing

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

(1) The Company is a lessor

In finance lease, at the lease beginning date, the Company takes the minimum lease receipt and the initial direct costs as the entry value of finance lease receivable, and records the unguaranteed residual value; and the difference between the sum of minimum lease receipt, initial direct costs and unguaranteed residual value and its present value is recognized as unrealized finance income. For unrealized finance income at each period during the lease term, it will use the effective interest method to confirm the current financing income.

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

(2) The Company is a lessee

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

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

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

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

25. Changes in major accounting policies and accounting estimates

(1) Changes in important accounting policies

Applicable Not applicable

(2) Estimate change in important accounting policies

Applicable Not applicable

(3) New revenue standards implemented for the first time, relevant items in the financial statements at the beginning of the year when the new lease standard was first implemented

Balance sheet

Item	2019.12.31	2020.01.01	Adjustments
Current assets			
Monetary capital	1,259,899.63	1,259,899.63	
Trading financial assets			
Accounts receivable	9,124,432.68	9,124,432.68	
Advance payment	314,810.13	314,810.13	
Other receivables	3,362,628.68	3,362,628.68	
Inventory	173,929,882.99	173,929,882.99	
Contract assets			
Non-current assets maturing within one year	149,998,221.71	149,998,221.71	
Other current assets	25,096,981.77	25,096,981.77	
Total current assets	363,086,857.59	363,086,857.59	
Non-current assets:			

Long term equity investment	100,600,000.00	100,600,000.00	
Investment property	5,868,823.78	5,868,823.78	
Fixed assets	31,563,817.93	31,563,817.93	
Intangible assets	7,286,961.93	7,286,961.93	
Long term deferred expenses	414,857.81	414,857.81	
Deferred tax assets	5,828,910.22	5,828,910.22	
Total non-current assets	151,563,371.67	151,563,371.67	
Total Assets	514,650,229.26	514,650,229.26	
Current liabilities :			
Accounts payable	16,088,889.66	16,088,889.66	
Advance payment	86,443,115.70	75,405,227.83	-11,037,887.87
Employee compensation payable	2,895,329.45	2,895,329.45	
Tax payable	25,253,599.38	25,253,599.38	
Other accounts payable	36,678,743.30	36,678,743.30	
Contractual liabilities		9,766,133.49	9,766,133.49
Other current liabilities		1,269,845.51	1,269,845.51
Total Current Liabilities	167,359,677.49	167,359,677.49	

Non-current liabilities			
Total Non-current Liabilities			
Total liabilities	167,359,677.49	167,359,677.49	
Shareholders' equity:			
Equity	318,600,000.00	318,600,000.00	
Capital reserve	56,306,298.82	56,306,298.82	
Surplus reserve	86,036,260.20	86,036,260.20	
Undistributed profit	-115,844,230.62	-115,844,230.62	
Total owner's equity			
attributable to parent	345,098,328.40	345,098,328.40	
company			
Minority interests	2,192,223.37	2,192,223.37	
Total equity	347,290,551.77	347,290,551.77	
Total liabilities and			
shareholders' equity	514,650,229.26	514,650,229.26	

(4) Other accounting policy changes

Naught

V. Taxation

Main type of tax and tax rate of the Company

Type of tax	Taxable basis	Tax rate (%)
VAT	Sales	13

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

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

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

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

VI. Notes to the items of consolidated financial statement

1. Monetary funds

Item	Closing balance	Opening balance
Cash	82,463.17	279,060.73
Bank deposit	714,598.30	696,501.55
Other monetary funds		284,337.35
Total	797,061.47	1,259,899.63
Of Which: Total amount of money deposited abroad	3,434.58	3,788.05

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

2. Accounts receivable

(1) By aging

Age	Closing balance
0-1 year	
1-2 years	
2-3 years	7,760.61
3-4 years	
4-5 years	12,607.05
Over 5 years	11,016,607.54

Age	Closing balance
Subtotal	11,036,975.20
Less: provision for bad debts	11,030,573.49
Total	6,401.71

(2) Classified by bad debt provision method

Category	Closing balance				book value
	Book balance		Bad debt provision		
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)	
individually assessed of bad debts	10,271,319.53	93.06	10,271,319.53	100.00	-
Provision for bad debts by portfolio	765,655.67	6.94	759,253.96	99.16	6,401.71
Among					
aging group	765,655.67	93.06	759,253.95	99.16	6,401.71
Total	11,036,975.20	100.00	11,030,573.49	99.94	6,401.71

(Continued)

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

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

Accounts receivable by Company	Closing balance			
	Book balance	Write-down amount	Proportion (%)	Reason
Capital Airport	21,713.00	21,713.00	100.00	Long term outstanding account, hard to take

Accounts receivable by Company	Closing balance			
	Book balance	Write-down amount	Proportion (%)	Reason
				back
Ningbo Administration for Industry and Commerce	26,354.45	26,354.45	100.00	Long term outstanding account, hard to take back
Chen Shunqin, Guangzhou	335,904.80	335,904.80	100.00	Long term outstanding account, hard to take back
Hong Kong Jinhua Trading Company	4,224,304.63	4,224,304.63	100.00	Long term outstanding account, hard to take back
Victoria International(USA) INC	5,632,466.39	5,632,466.39	100.00	Long term outstanding account, hard to take back
Shanghai Yishi International Trade Co., Ltd	30,576.26	30,576.26	100.00	Long term outstanding account, hard to take back
Total	10,271,319.53	10,271,319.53	---	---

②Accounts receivable by aging balance

Age	Closing balance		
	Carrying amount	Write-down amount	Proportion (%)
0-1 year			2.00
1-2 years			10.00
2-3 years	7,760.61	3,880.31	50.00
3-4 years			80.00
4-5 years	12,607.05	10,085.64	80.00
Over 5 years	745,288.01	745,288.01	100.00
Age	765,655.67	759,253.96	---

(3) Bad debt provision

Type	Opening balance	Change			Closing balance
		Provision	Recover	Write off	

Type	Opening balance	Change			Closing balance
		Provision	Recover	Write off	
Accounts receivable	20,243,905.19	4,843.30	9,212,458.69		11,030,573.49
Total	20,243,905.19				11,030,573.49

Note,

Due to reducing a subsidiary of Shanghai Yunpeng Network Technology Co., Ltd. during the reporting period, the impact of bad debt provision for accounts receivable is 5716.31 yuan for opening balance.

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

(5) it received 17645769.15 yuan of payment from Shanghai Zhaoke Trading Co., Ltd. was 17645769.15 yuan, and the corresponding bad debt provision was 8822884.58 yuan。

(6) Accounts receivable of top five ending balance collected by debtor,

The total amount of the top five accounts receivable collected by the debtor is 10846106.04 yuan, accounting for 98.27% of the total amount of accounts receivable at the end of the period, and the total amount of bad debt provision at the end of the period is 10846106.04 yuan.

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

3. Prepayment

(1) Aging analysis

Age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
0-1 year	236,310.54	100	284,688.81	90.43
1-2 years			17,111.91	5.44
2-3 years			13,009.41	4.13
Over 3 years				
Subtotal			314,810.13	
Less: provision for bad debts	4,726.21			
Total	231,584.33	100.00	314,810.13	100.00

(2) Significant prepayment aging over 1 year

Name	Closing balance	Age	Reason
Naught			
Total	-	-	-

(3) Top 5 amounts of balances on 31 Dec.2020

Name	Closing balance	Percentage in the total prepayment (%)	Time of prepayment happened	Reason
Shenzhen Zhongbao Jewelry Co., Ltd	236,310.54	100		Contract not yet completed
Total	236,310.54	100	---	---

(4) Bad debt reserves

Item	Opening balance	Change amount			Closing
		Provision	Withdrawal or reversal	Write off	
Advance payment	-	4,726.21			4,726.21
Total	-	4,726.21			4,726.21

4. Other receivables

Category	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	10,268,731.92	12,553,722.95
Less: bad debt provision	9,720,843.06	9,191,094.27
Total	547,888.86	3,362,628.68

(1) Other receivables

(1) By aging

Age	Closing balance
0-1 year	25,780.27
1-2 years	49,859.75
2-3 years	35,599.17

Age	Closing balance
3-4 years	2,213,231.31
4-5 years	86,522.89
Over 3 years	7,857,738.53
Subtotal	10,268,731.92
Less: provision for bad debts	9,720,843.06
Total	547,888.86

(2) In characters

Item	Closing balance	Opening balance
Revolving fund	774,664.79	1,501,932.00
Deposit	3,000.00	140,000.00
Suspense payment	189,972.55	602,117.54
Transaction	6,969,486.38	7,978,065.21
Dividend	2,331,608.20	2,331,608.20
Subtotal	10,268,731.92	12,553,722.95
Less: provision for bad debts	9,720,843.06	9,191,094.27
Total	547,888.86	3,362,628.68

(3) Provision for bad debts

Bad debts	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the life (no credit impairment)	Expected credit loss over the life (credit impairment occurred)	
Balance on January 1, 2020		9,191,094.27		9,191,094.27
The balance on January 1, 2020 in the current period:				
— shift to 2nd stage				
— shift to 3rd stage				
— back to 2nd stage				
— back to 1st stage				
Accrual		699,414.33		699,414.33
Reversal				
Conversion				
Write off				
Other change				

Bad debts	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the life (no credit impairment)	Expected credit loss over the life (credit impairment occurred)	
Balance on December 31, 2020		9,720,843.06		9,720,843.06

(4) Statement

Item	Opening balance	Change			Closing balance
		Provision	Recover	Write off	
Other receivables	9,191,094.27	699,414.33			9,720,843.06
Total	9,191,094.27	699,414.33			9,720,843.06

Note,

Due to reducing a subsidiary of Shanghai Yunpeng Network Technology Co., Ltd. during the reporting period, the initial impact of bad debt provision for other receivables is RMB 169,665.54Yuan for opening balance.

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

(6) Top 5 amounts of balances on 31 Dec.2020

Name	Character	Closing balance	Age	Percentage in other receivables (%)	Write-down amount
Export tax rebate -VAT	Tax	2,331,608.20	Over 5 years	22.71	2,331,608.20
Shenzhen Minglong Trade Co., Ltd.	Transaction	1,575,035.30	3-4years	15.34	1,260,028.24
Suning Banhe Chemical Fiber Fabric Simulation Co., Ltd.	advance in cash	800,000.00	Over 5 years	7.79	800,000.00
Guangzhou Panyu Tanzhou Zhenyu Textiles Printing and Dyeing Co., Ltd.	Transaction	800,000.00	Over 5 years	7.79	800,000.00
Guangdong Yuanfeng Trade Development Co., Ltd	Revolving fund and platform operating funds	700,000.00	Over 5 years	6.82	700,000.00
Total	---	6,206,643.50	---	60.44	5,891,636.44

5. Inventories

(1) In categories

Categories	Closing balance			Opening balance		
	Carrying amount	Write-down amount	Book value	Carrying amount	Write-down amount	Book value
Materials for						
Raw material				641,930.57	-	641,930.57
Goods ready for	143,090,724.36		143,090,724.36	173,208,011.06	-	173,208,011.06
Goods delivered				79,941.36	-	79,941.36
Total	143,090,724.36		143,090,724.36	173,929,882.99	-	173,929,882.99

(2) No impairment loss needed for inventories in the year ended 31 Dec.2020

(3) No capitalized borrowing cost in the year ended 31 Dec. 2020

(4) Other information: refer to Note XIII

6. Held-for-sale assets

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

(1) In categories

Item	Closing balance of book value	Fair value	Expected disposal expenses	Estimated disposal time
Held-for-sale non-current assets	149,998,221.71	150,000,000.00	75,000.00	2021
Total	149,998,221.71	150,000,000.00	75,000.00	-

Note,

The company signed a conditional equity transfer agreement with Shenzhen Gaopu Industrial Co., Ltd. on November 30, 2018, 30% equity of Shenzhen Guorong Guarantee Co., Ltd. was transferred to Shenzhen Gaopu Industrial Co., Ltd. at a transaction price of 150 million yuan, In the supplementary agreement, both parties agree to handle the transfer of 15% equity of Shenzhen Guorong Financing Guarantee Co., Ltd. from the effective date of this agreement; Shenzhen Guorong Financing Guarantee Co., Ltd. shall be responsible for the transfer of 15% equity, and

both parties shall cooperate in accordance with relevant provisions; The taxes and fees arising from the above 15% equity transfer shall be borne by both parties in accordance with the "conditional equity transfer agreement"; Gaopu industry agrees to continue to perform the payment obligation of the remaining equity transfer funds in accordance with the provisions of the conditional equity transfer agreement; Shenzhen Guorong Financing Guarantee Co., Ltd. shall be responsible for the transfer of the remaining 15% equity from the date when Gaopu industry has paid the remaining equity transfer payment and fulfilled the obligations stipulated in the conditional equity transfer agreement, and both parties shall cooperate. As of December 31, 2020, the company has received part of the equity transfer price of 75.22 million yuan in accordance with the provisions of the agreement. The actual controller undertakes to make up the difference, and the main contents of the actual controller's commitment are as follows: "if the amount recovered from the future sale of 30% equity guaranteed by Shenzhen Guorong is less than RMB 150 million, it shall make up with cash within one month from the date of completion of the matter; If the company has not signed a formal equity transfer agreement with the counterparties before November 30, 2018, the entity designated by the actual controller shall sign the corresponding equity transfer agreement with the company, and the transfer amount of this part of equity shall not be less than RMB 150 million before December 31, 2018".

7. Other Current Asset

Item	Closing Balance	Opening Balance
Pending certifying input VAT	20,640,114.26	25,096,981.77
Total	20,640,114.26	25,096,981.77

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

8. Long term investment

Investee company	Opening balance	Increase or decrease in current period			
		Increase Investment	Decrease investment	Investment gains and losses recognized in equity method	Other comprehensive income adjustment
1. Joint venture					
Sub-total	-	-	-	-	-
2. Associated enterprises					
Shenzhen Shengguorong Finance Guarantee Co., Ltd.				-	-
Shenzhen future industry development fund enterprise	100,600,000.00			-	-

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

(Continued)

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

9. Investment property

(1) Information

Item	Buildings and installations	Land tenure	Total
I Original book value			
1. Opening balance	10,654,120.49	2,000,000.00	12,654,120.49
2. Increase			
(1) Outsourcing			
(2) Inventory\Fix assets\From construction in process			
(3) Increased from enterprise merger			
3. Decrease			
(1) Disposal or scrap			

Item	Buildings and installations	Land tenure	Total
(2) Other	10,654,120.49	2,000,000.00	12,654,120.49
4. Closing balance	-	-	-
II. Accumulated depreciation			
1. Opening balance	6,021,964.02	763,332.69	6,785,296.71
2. Increase	294,053.76	39,999.96	334,053.72
(1) Provision or amortization	294,053.76	39,999.96	334,053.72
3. Decrease			
(1) Disposal or scrap			
(2) Other	6,316,017.78	803,332.65	7,119,350.43
4. Closing balance	-	-	-
III. Impairment provision			
1. Opening balance			
2. Increase			
(1) Withdrawing			
3. Decrease			
(1) Disposal or scrap			
(2) Other			
4. Closing balance			
IV. Net book value			
1. Closing balance	-	-	-
2. Opening balance	4,632,156.47	1,236,667.31	5,868,823.78

Note,

- ① The depreciation and amortization for the current year was RMB 334,053.84.
- ② Investment real estate reduction preparations for this period was RMB 0.00.
- ③ The information of pledged investment property' s net book value in the current period: on 31th Dec. 2018, with the houses, buildings with book value of RMB 5,868,823.78 (Original book value RMB 12,654,120.49) to provide mortgage guarantees to Jieyang Rongcheng Branch of Industrial and Commercial Bank of China Co. Ltd. and Jieyang Branch of Industrial and Commercial Bank of China Co., Ltd separately with the houses and buildings, details refer to Notes 11, 2 (1)

(2) Unfinished property certificate

Naught

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

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

10. PPE

(1) Information

Item	Buildings and installations	Vehicles	Electronics and other equipment	Total
I Original book value				
Opening balance	64,769,919.47	2,826,266.11	737,449.18	68,333,634.76
Increase	0.00	0.00	0.00	0.00
Purchase	0.00	0.00	0.00	0.00
From construction in process	0.00	0.00	0.00	0.00
Increased from enterprise merger	0.00	0.00	0.00	0.00
Shareholder investment	0.00	0.00	0.00	0.00
Financing investment	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Decrease	29,627,285.50	498,200.00	0.00	30,125,485.50
Disposal or scrap	0.00	498,200.00	0.00	498,200.00
Financing lease	0.00	0.00	391,964.91	391,964.91
Other	29,627,285.50	0.00	0.00	29,627,285.50
Closing balance	35,142,633.97	2,328,066.11	345,484.27	37,816,184.35
II. Accumulated depreciation	0.00	0.00	0.00	0.00
Opening balance	34,312,752.61	2,007,813.32	449,250.90	36,769,816.83
Increase	1,703,012.04	186,715.31	21,930.98	1,911,658.33
Withdrawing	1,703,012.04	186,715.31	21,930.98	1,911,658.33
Increased from enterprise merger	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Decrease	17,474,504.18	488,133.90	0.00	17,962,638.08
Disposal or scrap	0.00	488,133.90	0.00	488,133.90

Financing lease	0.00	0.00	145,749.82	145,749.82
Other	17,474,504.18	0.00	0.00	17,474,504.18
Closing balance	18,541,260.47	1,706,394.73	325,432.06	20,573,087.26
III. Impairment provision	0.00	0.00	0.00	0.00
Opening balance	0.00	0.00	0.00	0.00
Increase	0.00	0.00	0.00	0.00
Withdrawing	0.00	0.00	0.00	0.00
Increased from enterprise merger	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	0.00	0.00
Disposal or scrap	0.00	0.00	0.00	0.00
Financing lease	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Closing balance	0.00	0.00	0.00	0.00
IV. Net book value	0.00	0.00	0.00	0.00
Closing balance	16,601,373.50	621,671.38	20,052.21	17,243,097.09
Opening balance	30,457,166.86	818,452.79	288,198.28	31,563,817.93

Note,

①The depreciation for the current year was RMB 1,911,658.33 yuan.

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

③The information of PPE for mortgage guarantee in the current period: on 31th Dec. 2020, with the houses, buildings with book value of RMB 12,152,781.32 (original book value RMB 29,627,285.50) to provide mortgage guarantees to Jieyang Rongcheng Branch and Jieyang Branch of Industrial and Commercial Bank of China Limited, details refer to note XI.

(2) List of temporarily idle PPE

Item	Original book value	Accumulated depreciation	Impairment provision	Net book value	Note
Buildings and installations	35,142,633.97	18,541,260.47	-	16,601,373.50	-
Total	35,142,633.97	18,541,260.47	-	16,601,373.50	-

(3) No PPE from financial leasing

(4) No PPE from operation leasing

(5) No PPE failed to accomplish certification of property

11. Intangible assets

(1) Information

Item	Right to the Use of State-owned Land	Computer Software	Total
I Original book value			
1. Opening balance	11,863,200.00	373,115.00	12,236,315.00
2. Increase			
(1) Purchase			
(2) Internal R&D			
(3) Increased from enterprise merger			
(4) Shareholder investment			
(5) Other			
3. Decrease			
(1) Disposal			
(2) Other	11,863,200.00		11,863,200.00
4. Closing balance	-	373,115.00	373,115.00
II. Accumulated amortization			
1. Opening balance	4,576,238.07	373,115.00	4,949,353.07
2. Increase	237,263.88		237,263.88
(1) Withdrawing	237,263.88		237,263.88
(2) Increased from enterprise merger			
(3) Other			
3. Decrease			
(1) Disposal			
(2) Other	4,813,501.95		4,813,501.95
4. Closing balance	-	373,115.00	373,115.00
III. Impairment provision			

1. Opening balance			
2. Increase			
(1) Withdrawing			
(2) Increased from enterprise merger			
(3) Other			
3. Decrease			
(1) Disposal			
(2) Other			
4. Closing balance			
IV. Net book value			
1. Closing balance		-	-
2. Opening balance		7,286,961.93	-
			7,286,961.93

Note,

① The amortization for current year was RMB 237,263.88

② The information of intangible assets for mortgage guarantee in the current period: on 31th Dec. 2020, with the book value was RMB 7,286,961.93 (original book value RMB 11,863,200.00) to provide mortgage guarantees to Jieyang Rongcheng Branch and Jieyang Branch of Industrial and Commercial Bank of China Limited, details refer to note XI 2 (1)

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

12. Long-term deferred expenses to be amortized

Item	Opening balance	Increase	Amortization	Decrease	Closing balance	Other reason for decrease
Decoration cost	414,857.81			414,857.81	-	企业合并减少 -
Total	414,857.81			414,857.81	-	-

Note,

The beginning balance of long-term deferred expenses is the beginning balance of previous year of a subsidiary Shanghai Yunpeng Network Technology Co., Ltd.. The equity of the company has been transferred to Li Xiaoxia in 2020, so the closing balance is 0.

13. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets without off-set

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets impairment provision	14,945,390.04	3,736,347.51	23,315,640.88	5,828,910.22
Total	14,945,390.04	3,736,347.51	23,315,640.88	5,828,910.22

(2) Unrecognized deferred tax assets:

Item	Closing balance	Opening balance
Assets impairment provision	48,760,590.71	
Deductible losses	19,708,328.62	12,646,598.71
Total	68,468,919.33	12,646,598.71

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

Year	Closing balance	Opening balance	Note
2020		2,439,938.30	-
2021			
2022	5,418,164.79	5,418,164.79	
2023	3,325,282.30	3,325,282.30	-
2024	1,463,213.32	1,463,213.32	
2025	9,501,668.21		
Total	19,708,328.62	12,646,598.71	-

14. Other non-current assets

Item	Closing balance	Note
Other non-current assets - Fixed Assets	12,152,781.32	Seal up by bank
Other non-current assets - Intangible Assets	7,049,698.05	Seal up by bank
Other non-current assets- Investment real estate	5,534,770.06	Seal up by bank
Total	24,737,249.43	---

15. Accounts payable

(1) Presentation

Item	Closing balance	Opening balance
Payments for goods	664,540.30	16,088,889.66
Rental		
Total	664,540.30	16,088,889.66

(2) Significant trade payables aging over 1 year

Item	Closing balance	Unclosed Reason
Shenzhen Dailu New Material Co., Ltd	533,075.00	Unsettled
Total	533,075.00	---

16. Advance payment

Item	Closing balance	Opening balance
Payments for goods		11,037,887.87
Advance payment for equity transfer	75,220,000.00	75,220,000.00
unearned rent	192,636.58	185,227.83
Total	75,412,636.58	86,443,115.70

(1) Significant advance payment aging over 1 year

Name	Amount	Charter	Unclosed reason
Shenzhen Gaopu Industrial Co., Ltd	75,220,000.00	Advance payment for equity transfer	Unsettled
Total	75,220,000.00	---	---

17. Contract liabilities

Item	Closing balance	Opening balance
payment for goods	269,873.80	
Total	269,873.80	

18. Accrued payroll

(1) In classification

Item	Opening	Increase	Decrease	Closing	Item
Short-term remuneration	2,886,268.40	2,755,862.13	3,367,976.40	81,390.46	2,192,763.67
Post-employment benefit-defined contribution plans	9,061.05	920.86	920.86	9,061.05	0.00
Termination benefits					0.00
Other benefits due within one year					0.00
Total	2,895,329.45	2,756,782.99	3,368,897.26	90,451.51	2,192,763.67

(2) Short-term remuneration

Item	Opening balance	Increase	Decrease	Consolidated decrease in the current period	Closing balance
(1) Salary, bonus, allowance,	2,877,703.99	2,750,604.63	3,362,718.90	72,826.05	2,192,763.67
(2) Employee welfare	-	0.00	0.00	0.00	0.00
(3) Social insurance	3,812.41	3,607.50	3,607.50	3,812.41	0.00
Including: ① Medical insurance	3,326.24	3,433.58	3,433.58	3,326.24	0.00
② Work-related injury	150.65	4.64	4.64	150.65	0.00
③ Maternity insurance	335.52	169.28	169.28	335.52	0.00
(4) Housing welfare fund	4,752.00	1,650.00	1,650.00	4,752.00	0.00
(5) Union fund and employee	0.00	0.00	0.00	0.00	0.00
(6) Short-term absence with	0.00	0.00	0.00	0.00	0.00
(7) Short-term profit sharing plan	0.00	0.00	0.00	0.00	0.00
(8) Other	0.00	0.00	0.00	0.00	0.00
Total	2,886,268.40	2,755,862.13	3,367,976.40	81,390.46	2,192,763.67

(3) Defined contribution plans

Item	Opening balance	Increase	Decrease	Consolidated decrease in the current period	Closing balance
Basic endowment	8,844.29	883.90	883.90	8,844.29	-
Unemployment	216.76	36.96	36.96	216.76	-
Total	9,061.05	920.86	920.86	9,061.05	-

19. Current tax liabilities

Categories	Closing balance	Opening balance
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VAT	710,623.42	571,522.91
Business tax	781,313.74	781,313.74
Corporate income tax	18,987,765.83	18,406,766.96
Land appreciation tax	3,709,620.63	2,888,704.72
Property tax	923,220.00	803,160.00
Land use tax	1,863,153.05	1,802,131.05
Total	26,975,696.67	25,253,599.38

Note,

The final balance of enterprise income tax is mostly caused by the historical policies of regional tax authorities

20. Other payables

Category	Closing balance	Opening balance
Interest payables		
Dividend payables		
Other payables	10,350,618.29	36,678,743.30
Total	10,350,618.29	36,678,743.30

i. Other payables

(1) In characters

Item	Closing balance	Opening balance
Transaction	7,719,111.21	36,287,128.00
Payment on behalf	2,246,623.08	-
Rental deposit	380,000.00	380,000.00
Other	4,884.00	11,615.30
Total	10,350,618.29	36,678,743.30

21. Other current liabilities

Item	Closing balance	Opening balance
Output tax to be transferred	35,083.59	
Total	35,083.59	

22. Estimated liabilities

Item	Closing balance	Opening balance
Estimated guarantee loss	48,760,590.71	
Total	48,760,590.71	

23. Share capital

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

Note: details refer to note I Company Profile

24. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
1. Capital premium	56,132,520.60	-	-	56,132,520.60
Including: Capital contributed by investors	56,132,520.60	-	-	56,132,520.60
2. Other	173,778.22	-	-	173,778.22
Total	56,306,298.82	-	-	56,306,298.82

25. Surplus reserve

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

26. Retained earnings

Item	Amount for the current period	Amount for the prior period	Proportion
Retained earnings as to 31 Dec.2019 without adjustment	-115,844,230.62	-117,840,473.36	-
Total adjustment to Retained earnings as to 31 Dec.2020 (add +, less-)			

Adjusted retained earnings as to 31 Dec.2020	1,373,650.01		
Add: Profit attributable to owners of the company	-114,470,580.61	-117,840,473.36	-
Less: Appropriation to statutory surplus reserve	-52,388,872.87	1,996,242.74	-
Appropriation to discretionary surplus reserve			
Appropriation to reserve fund			
Appropriation to Enterprise development fund			
Appropriation to welfare fund for staff and workers			
Appropriation to risk reserve			
Retained earnings as to 31 Dec.2019 without adjustment			
Common Stock dividends payable			
Common stock dividends transferred to capital stock			
Preferred stock dividend			
Other distribution of shareholders			
Profit capitalised on return of investments			
Other distribution of profits			
Add: Earned surplus to make up for losses			
Other internal relations of owner's equity			
Retained earnings as to 31 Dec.2020			
Retained earnings as to 31 Dec.2020 without adjustment	-166,859,453.48	-115,844,230.62	-
Total adjustment to Retained earnings as to 31 Dec.2018 (add +, less-)			

27. Revenue and cost of sales

(1) Classification of revenue and cost of sales

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities	10,517,813.69	7,442,990.72	18,295,354.68	14,111,942.62
Other activities	1,576,112.56	334,053.72	770,077.99	204,840.45
Total	12,093,926.25	7,777,044.44	19,065,432.67	14,316,783.07

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

行业名称	Amount for the current period	Amount for the prior period
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	Revenue	Cost of sales	Revenue	Cost of sales
Gold and jewelry	10,517,813.69	7,442,990.72	15,324,468.13	12,021,716.87
E-commerce Clothing sales			2,970,886.55	2,090,225.75
Total	10,517,813.69	7,442,990.72	18,295,354.68	14,111,942.62
Off-set internal transactions				
Total	10,517,813.69	7,442,990.72	18,295,354.68	14,111,942.62

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

Region	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Shenzhen Gold and jewelry	10,517,813.69	7,442,990.72	15,324,468.13	12,021,716.87
Clothing sales			2,970,886.55	2,090,225.75
E-commerce Clothing sales	10,517,813.69	7,442,990.72	18,295,354.68	14,111,942.62
Subtotal	-	-	-	-
Off-set internal transactions	10,517,813.69	7,442,990.72	18,295,354.68	14,111,942.62

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

Name	Revenue	Percent in total revenue of the Company (%)
NO. 1	2,708,935.40	22.40
NO. 2	2,251,042.04	18.61
NO. 3	2,032,639.38	16.81
NO. 4	957,561.95	7.92
NO. 5	853,057.52	7.05
Total	8,803,236.29	72.79

28. Business tax and surcharges

Item	Amount for the current period	Amount for the prior period
Consumption tax	3,940.28	27,560.14

Education expenses and surcharges	3,940.27	3,793.77
Urban maintenance and	120,060.00	3,684.98
Land Use tax	5,227.87	180,090.00
Stamp tax	820,915.91	11,431.72
Property tax		631,782.40
Total	954,084.33	858,343.01

29. Sale expenses

Item	Amount for the current period current period	Amount for the prior period
Remuneration	60,000.00	43,409.85
Rental	-	127,084.14
Software expense	-	190,590.55
Service expense	826.59	-
Social Insurance	3,000.00	65,988.85
office expense	1210.00	-
Purchase brokerage	19,692.16	23,154.88
Depreciation amount	244,617.00	-
Packaging	-	46,473.01
Travel expense	-	4,530.00
Business Propagandize Fee	-	53,672.48
Other expense	329,345.75	554,903.76

30. Administration expense

Item	Amount for the current period	Amount for the prior period
Remuneration	2,691,196.31	3,029,631.39
Depreciation amount	1,877,122.27	2,340,971.31
Rental expense	517,770.08	648,351.02
Auditing expense	398,790.20	408,165.00
Fare	153,641.61	213,487.73
Travel expenses	35,990.06	125,699.20
Water and electricity	243,769.05	177,288.88
Board membership dues	311,667.00	395,000.00
Office expense	83,537.72	95,534.93
Entertainment expense	56,464.12	52,291.67

welfare benefits	166,230.07	259,409.47
Social Insurance	30,568.23	290,958.74
Assessment expense	790,158.00	980,100.00
Amortization of intangible assets	237,263.88	237,263.88
Other	146,382.13	441,688.89
Total	7,740,550.73	9,695,842.11

31. Finance costs

Item	Amount for the current period	Amount for the prior period
Interest expenses	89,481.46	-
Less: Interest incomes	325.58	1,173.75
Exchange losses	396,289.41	279,624.04
Commission charges and other	8,827.42	13,133.42
Total	494,272.71	291,583.71

32. Income from investment

Item	Amount for the current period	Amount for the prior period
Long term equity investment income accounted by equity method		
Investment income from disposal of trading financial assets		
Investment income from disposal of long term equity investment	-3,638,073.86	77,525.28
Others		
Total	-3,638,073.86	77,525.28

33. Credit impairment loss

Item	2020	2019
Bad debt losses	8,503,474.85	-7,427,856.06
Total	8,503,474.85	-7,427,856.06

34. Income from disposal of assets

Item	Amount for the current period	Amount for the prior period
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Item	Amount for the current period	Amount for the prior period
Among: Disposal of fixed assets	-17,065.34	953,732.29
合计	-17,065.34	953,732.29

35. Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring profit and loss
Gains from debt restructuring			
Gains from disposal of non-current assets			
Accepting donations			
Government grants			
Others	42,448.08	12,967,905.08	42,448.08
Total	42,448.08	12,967,905.08	42,448.08

Note,

Other items in the amount incurred in the current period are mainly income from debt cancellation.

36. Non-operating expense

Item	Amount for the current period	Amount for the prior period	Amount included in current non-recurring profit and loss
Gains on debt restructuring			
Gains on Non-monetary transactions			
Payment of fine for overdue payment			
Others	48,760,933.45	3,882.49	48,760,933.45
Total	48,760,933.45	3,882.49	48,760,933.45

37. Income tax expense

(1) Details

Item	Amount for the current	Amount for the prior
Current tax expense calculated according to tax laws and relevant requirements	579,553.67	-
Deferred income tax expense	2,046,239.56	-1,472,964.08
Total	2,625,793.23	-1,472,964.08

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

Item	Amount for the current	Amount for the prior
Consolidated profit this year	-49,071,521.43	-84,598.89
Income tax calculated at legal or applicable tax rate	-12,267,880.36	-21,149.72
Impact of various tax rates applicable to subsidiaries		
Adjustment of impact on the income tax in the		
Profits and losses of joint ventures or associated		
Impact of non-taxable income		
Impact of non-deductible cost, expense and loss	130,403.05	22,248.04
Impact of tax rate change on the deferred income tax balance at the beginning of the year.		
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year		
Impact of deductible temporary difference or deductible losses of deferred income tax assets derecognized in Reporting Period.	14,763,270.54	1,463,213.32
Tax effect of R&D expenses deducted		
Other		-2,937,275.72
Income taxes	2,625,793.23	-1,472,964.08

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

36. Note to statement of cash flows

(1) Other cash received from operating activities

Item	Amount for the	Amount for the prior
Proceeds from other corporations	1,177,639.36	3,419,808.62
Other proceeds from operating activities	278,172.71	2,042,351.21
Total	1,455,812.07	5,462,159.83

(2) Other cash payment from operating activities

Item	Amount for the current period	Account for the prior period
Payments to other corporations	630,069.36	7,984,940.87

Payments to auditor or other services	1,280,000.00	
Payments to rent	355,288.08	648,351.02
Other payments in operating activities	13,119,501.50	14,871,455.05
Total	15,384,858.94	23,504,746.94

37. Supplementary information for statement of cash flows

(1) Supplementary information on cash flow statement

Item	Amount for the current period	Account for the prior period
1.Reconciliation of profit to cash flows from operating activities:		
Profit for the year	-51,697,314.66	1,388,365.19
Add: Impairment loss	585,773.73	7,330,311.47
Depreciations of tangible non-current assets	2,015,508.91	2,528,967.47
Amortizations of intangible assets	277,263.84	277,263.84
Amortizations of long term deferred expenses		131,411.52
Loss in disposal of property, plant and equipment, intangible assets, and other non-current assets. (“-” for gains)	17,065.34	-953,732.29
Loss in scrapping property, plant and equipment. (“-” for gains)		
Loss in changes in fair value of related items (“-” for gains)		
Finance costs (“-” for gains)		
Loss in investing (“-” for gains)	3,638,073.86	-77,525.28
Decreases in deferred income tax assets (“-” for increase)	2,062,696.05	-1,832,723.29
Increases in deferred income tax liabilities (“-” for decrease)		
Decreases in inventories (“-” for increase)	30,759,217.27	-15,014,648.67
Decreases in operating receivables (“-” for increase)	21,014,884.77	164,176,589.61
Increases in operating payables (“-” for decrease)	6,980,965.95	-152,398,202.56
Other	680.64	-79.78
Net cash flows generated by operating activities	15,654,815.70	5,555,997.23
2. Significant investing and financing activities without cash flows:		
Liabilities transferring to capital		
Convertible bond matured in 12 months		
Property, plant and equipment acquired in a Finance lease		
3.Net increase in cash and cash equivalents:		
Closing balance of cash	797,061.47	1,259,899.63

Less: Opening balance of cash	1,259,899.63	1,613,340.23
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-462,838.16	-353,440.60

(2) The net cash received for disposal of subsidiaries in the current period is 1361926.14 yuan

(3) The composition of cash and cash equivalents

Item	Amount for the current period	Account for the prior period
I. Cash	797,061.47	1,259,899.63
Including: cash on hand	82,463.17	279,060.73
Bank deposit on demand	714,598.30	696,501.55
Other deposits		284,337.35
II. Cash equivalents		
Including: Bond matured in less than 3 months		
III. Closing balance of cash and cash equivalents		
Including: Cash and cash equivalents under		
I. Cash		
Including: cash on hand	797,061.47	1,259,899.63
Bank deposit on demand		

38. Assets with limited ownership or use right

Item	Closing balance	Limited reasons
Other non-current assets - Fixed Assets	12,152,781.32	Seal up by bank
Other non-current assets - Intangible Assets	7,049,698.05	Seal up by bank
Other non-current assets investment real estate	5,534,770.06	Seal up by bank
Total	24,737,249.43	---

39. The assets with the ownership or use right restricted

(1) Details

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Monetary fund			

Including: USD	84.28	6.5249	549.91
EUR			
HKD	3,427.44	0.84164	2,884.67
Trade receivables			
Including: USD	966,279.26	6.5249	6,304,875.54
EUR			
HKD			
Other receivables			
Including: USD	20,000.00	6.5249	130,498.00
EUR			
HKD	56,780.00	0.84164	47,788.32

VII. Changes of merger scope

1. Business merger not under same control

No

2. Disposal of subsidiaries

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

VIII. Equities in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiary	Main operating place	Registration place	Business Nature	Proportion of shareholding (%)		Method of acquiring
				Directly	Indirectly	
Shenzhen Rieys Industrial Co. Ltd.	Shenzhen	Shenzhen	Trading	90.00	-	Establishing
Tianrui (HK)	Hong	Hong	Trading	100.00	-	Merger

Trading Co., Ltd.	Kong	Kong				
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Shenzhen	Shenzhen	Sales of gold and jewelry	100.00	-	Merger

(2) Significant not wholly owned subsidiary

Name	Shareholding proportion of minority shareholder (%)	Voting right of minority shareholder (%)	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at losing period	Note
Shenzhen Rieys Industrial Co. Ltd.	10.00	10.00	691,558.21	-	2,883,781.58	-

(Continued)

Item	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd	
	Opening Balance	Closing balance
Current assets	19,106,962.31	28,690,342.84
Non-current assets	3,643,835.25	1,459,894.67
Total Assets	22,750,797.56	30,150,237.51
Current liabilities	828,563.90	1,312,421.73
Non-current liabilities		
Total liabilities	828,563.90	1,312,421.73
Operating revenue	-	-
Net profits	-6,078,775.51	6,915,582.12
Total comprehensive income	-6,078,775.51	6,915,582.12
Cash flow of operating activities	-11,502.96	-23,976.33

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

(1) Description of changes

Naught

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

parent company

Naught

3. Equity in joint arrangement or joint venture

(1) Important joint ventures or associated enterprises

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

(2) Main financial information

Item	Closing balance	Opening balance
	Shenzhen future industry development fund enterprise (limited partnership)	Shenzhen future industry development fund enterprise (limited partnership)
Current assets	6,512.08	6,512.08
Non current assets	120,000,000.00	120,000,000.00
Total Assets	120,006,512.08	120,006,512.08
current liabilities	8,570.90	7,570.90
Non current liabilities		
Total liabilities	8,570.90	7,570.90
Share of net assets calculated by shareholding ratio	100,600,000.00	100,600,000.00
Adjustment items		
Goodwill		
-Unrealized profit of internal transaction		
--Other		
Book value of equity investment in associated enterprises	100,600,000.00	100,600,000.00
Fair value of equity investment in associated enterprises with public offer		

business income		
Net profit	-1,129.02	-1,058.82
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-1,129.02	-1,058.82
Dividends from associates received in the year		

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

IX. Fair value

1. Financial instruments not measured at fair value

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

2. Financial instruments measured at fair value

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

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

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

1) The second level input value including: Offer of similar assets or liabilities in active market; 2)

The second level input value including: Offer of similar assets or liabilities in non-active market; 3)

Other observable input value excepting offer, including the observable interest rate in interval period of common offer, profit rate curve, implied volatility and credit spread.

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

3. Closing fair value measurement

(1) Parent company of the Company

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

Item	Level 1	Level 2	Level 3	Total
Equity instruments investment				
Derivative financial assets				
Other				
Total assets	-	-	-	-

X. Related party

1. Parent company of the Company

Name of parent company	Registered place	Registered capital	Business nature
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	1805 Haiwang Xingchen headquarters building, Yuehai street, Nanshan District, Shenzhen	9800	Trading

(Continued)

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

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

2. Subsidiaries of the Company

Details refer to note VIII 1.

3. No equities in joint ventures or associated enterprises

4. Other related parties of the Company

Name	Relationship
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Holding 10.68% shares of the Company, affiliate controlled under Hongcheng Chen's family

Shenzhen Lianhua Huiren Industrial Co., Ltd.	Holding 3.81% shares of the Company, affiliate controlled under Hongcheng Chen's family
Xuwen Chen	Direct relatives of Hongcheng Chen
Lihong Ding	Vice-Board chairman of the Company, relative of Hongcheng Chen
Shizhen Yu	One of the shareholders of the subsidiary
Liqun Yu	key manager of the company, one of the shareholders of a subsidiary.
Wuxi Hengye science and Technology Co., Ltd.	key management of company control company
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd	One of the shareholder of a subsidiary

5. Parties transactions

(1) Purchasing goods, providing and accepting services

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

① Information on acquisition of goods and reception of labor service

Naught.

② Sale of commodities and provide services

(2) Contracting and trusteeship among related parties

Naught.

(3) Leasing among related parties

Naught

(4) Guarantees among related parties

Naught

(5) Inter-bank borrowing among related parties

Naught

(6) Asset transfer and debt restructuring among related parties

Naught

(7) The remuneration of key management personnel

Naught

(8) Pay for key management personnel

The number of key management personnel was 8 in 2020, and 8 in 2019

Item	Amount for the current	Amount for the prior
Remuneration of key	970,667.00	1,109,876.00
Total	970,667.00	1,109,876.00

6. Amounts due from / to related parties

(1) Amounts due from related parties

Naught.

(2) Amounts due to related parties

Item	Related party	Amount for the current period	Amount for the prior period
Other payable	Shizhen Yu	420,000.00	420,000.00
	Xuwen Chen	219,351.58	-
	Shenzhen Chinese Gold Nobility	1,420,160.00	12,286,220.00

7. Commitments of related parties

Naught.

XI. Commitments and contingencies

1. Important commitments

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

2. Contingencies

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

① Due to the dispute over the loan contract between industrial and Commercial Bank of China Jieyang Rongcheng sub branch (hereinafter referred to as "ICBC Jieyang Rongcheng sub branch") and huafengqiang, etc, Industrial and Commercial Bank Jieyang Rongcheng sub branch applied to Guangdong Jieyang Rongcheng District People's Court (hereinafter referred to as "Jieyang

Rongcheng court") to seal up the company, which is located in shenxiangou, Junbu Town, Puning [Certificate Number: real estate ownership certificate, Guangdong real estate ownership certificate, puzhanguzi, no.079-087; state owned land use certificate, pufuguoyong, 2001, 00420, 00421, pufuguoyong, 2002, 00448 00449] and the use right of state-owned land. The value of the seizure is limited to RMB 25 million. The seizure period is three years, from March 2, 2020 to March 1, 2023.

On September 14, 2020, the people's Court of Rongcheng District, Jieyang City, Guangdong Province made a judgment on the financial loan contract dispute between industrial and Commercial Bank of China Jieyang Rongcheng Branch and Puning huafengqiang Trading Co., Ltd., Guangdong shunzhe (Group) Co., Ltd., Chen Hongcheng, Chen Shiyong and Fu juanfeng, and issued (2020) Yue 5202 minchu No. 570 civil judgment.

The company has withdrawn the estimated liabilities of RMB 25000000.00 for the above matters.

②Due to the loan contract dispute between Jieyang branch of industrial and Commercial Bank of China Limited (hereinafter referred to as "ICBC Jieyang branch") and lailisheng, etc., ICBC Jieyang branch applied to the people's Court of Rongcheng District, Jieyang City, Guangdong Province (hereinafter referred to as "Jieyang Rongcheng court") to seal up the company located in chenshangou village, Junbu Town, Puning The real estate of Junxin village [property certificate No.: Yue (2017) Puning real estate property No. 0000915, 0000919] will be sealed up. The value of sealing up is limited to RMB 30 million, and the sealing up period is 3 years, from March 2, 2020 to March 1, 2023.

On November 2, 2020, the people's Court of Rongcheng District, Jieyang City, Guangdong Province made a judgment on the dispute over the financial loan contract between Jieyang Rongcheng Branch of industrial and Commercial Bank of China Limited and Puning lailisheng Trading Co., Ltd., Guangdong shunzhe (Group) Co., Ltd., Chen Hongcheng, Ding Lihong, Chen Shiqiang, Chen Shaoqing, Chen Zhenhui and Chen Huizhu, And issued (2020) Yue 5202 minchu No. 510 civil judgment.

The company has withdrawn the estimated liabilities of 23760590.71 yuan for the above matters.

As of December 31, 2020, the details of the company's mortgage guarantee are as follows:

Name of guaranteed unit	Guarantee matters	Amount '0000 Yuan	Term	Remark
Puning lailisheng Trade Co., Ltd	Bank loan mortgage	2,350.00	From 2019-2-19 to 2020-2-18	
Puning huafengqiang	Bank loan	1,940.00	From 2019-5-16 to	

Trade Co., Ltd	mortgage		2020-5-15	
Total	-	4,290.00	-	-

(2) As of December 31, 2020, the company has no other pending litigation, external guarantee and other contingencies that should be disclosed.

Except for the above contingencies, as of December 31, 2020, the company has no other contingencies that should be disclosed

XII. Events after the reporting period

Naught.

XIII. Other significant events

On April * *, 2021, Anhui xiangshijiaguan stone appreciation Appraisal Co., Ltd. issued "xiangshijia appraisal No. (2021) 0028" assets appraisal report on some gold, diamond and jadeite art products of Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.a wholly-owned subsidiary of Guangdong shunzhe (Group) Co., Ltd the main contents of the appraisal report are as follows, (Extract the content of the evaluation report)

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

1. Trade receivables

(1) By Age

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

Category	Closing balance
Total	-

(2) In categories

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

(Continued)

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

Item	Opening balance				Book value
	Book balance		Write-down amount		
	Carrying Amount	Proportion (%)	Carrying Amount	Proportion (%)	
Insignificant individual amount with individually assessed of bad debts					
Total	4,608,276.88	100.00	4,608,276.88	100.00	-

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

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

②Other receivables

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

(3) Statements

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

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

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

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

(6) As of December 31, 2020, the company has no derecognized accounts receivable and transferred accounts receivable due to the transfer of financial assets and continues to be involved in the formed assets and liabilities.

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
other receivables	95,239,139.90	121,476,600.82
Less: provision for bad debts	5,685,889.29	5,579,210.68
Total	89,553,250.61	115,897,390.14

(i) Other receivable

(1) By Age

Age	Closing balance
0-1 year	2,995,892.25
1-2 years	1,147,283.52
2-3 years	65,653,520.9
3-4 years	307,226.65

Age	Closing balance
4-5 years	11,472,576.82
Over 3 years	13,662,639.76
Subtotal	95,239,139.90
Less: provision for bad debts	5,685,889.29
Total	89,553,250.61

(2) Classification by fund nature

Item	Closing balance	Opening balance
Transaction among related parties	89,454,949.40	115,616,030.49
Transaction	2,795,218.01	3,482,316.60
Tax	2,331,608.20	2,331,608.20
Payment for others	125,559.65	41,476.53
Deposit	3,000.00	3,000.00
Revolving fund	528,804.64	2,169.00
Subtotal	95,239,139.90	121,476,600.82
Less: provision for bad debts	5,685,889.29	5,579,210.68
Total	89,553,250.61	115,897,390.14

(3) Provision for bad debts

Bad debts	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the life (no credit impairment)	Expected credit loss over the life (credit impairment occurred)	
Balance on January 1, 2019		5,579,210.68		5,579,210.68
The balance on January 1, 2019 in the current period:				
— shift to 2nd stage				
— shift to 3rd stage				
— back to 2nd stage				
— back to 1st stage				
Accrual		106,678.61		106,678.61
Reversal				
Conversion				

Bad debts	1 st stage	2 nd stage	3 rd stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the life (no credit impairment)	Expected credit loss over the life (credit impairment occurred)	
Write off				
Other change				
Balance on December 31, 2019		5,685,889.29		5,685,889.29

(4) Information about bad debt provision

Item	Opening balance	Change			Closing balance
		Proportion	Recovery or reversal	Write-down amount	
Other receivables	5,579,210.68	106,678.61			5,685,889.29
Total	5,579,210.68	106,678.61			5,685,889.29

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

(6) Top 5 amounts of balances on 31 Dec.2020

Company	Character	Closing Balance	Age	Percentage in the total other receivables (%)	Write-down amount
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Transaction among related parties	68,556,265.18	1-3 years	71.98	-
Tianrui (HK) Trading Co., Ltd.	Transaction among related parties	20,540,030.49	1-2 years , 4-5 years, Over 5 years	21.57	-
Guangdong Yuanfeng Trade Development Co., Ltd.	Transaction	700,000.00	Over 5 years	0.73	700,000.00
Shenzhen Zhaotong Investment Co., Ltd.	Transaction	600,000.00	Over 5 years	0.63	600,000.00
Guangzhou Nanxiang Construction Engineering Company	Transaction	500,000.00	Over 5 years	0.52	500,000.00
Total	---	90,896,295.67	---	95.00	1,800,000.00

3. Long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	99,500,008.26		99,500,008.26	104,500,008.26		104,500,008.26
Investment in Associate	100,600,000.00	-	100,600,000.00	100,600,000.00	-	100,600,000.00
Total	200,100,008.26		200,100,008.26	205,100,008.26		205,100,008.26

(1) Investments in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment	Closing balance of Provision for impairment
Shenzhen Rieys Industrial Co., Ltd.	45,000,000.00			45,000,000.00		
Tianrui (HK) Trading Co., Ltd.	8.26			8.26		
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	54,500,000.00			54,500,000.00		
Shanghai Yunpeng Internet Technology Co., Ltd	5,000,000.00		5,000,000.00	-		
Total	104,500,008.26		5,000,000.00	99,500,008.26		

4. Revenue and cost of sales

Item	Amount for the current period	Amount for the prior period
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	Revenue	Cost of sales	Revenue	Cost of sales
Other activities	1,576,112.56	334,053.72	702,306.51	204,840.45
Total	1,576,112.56	334,053.72	702,306.51	204,840.45

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

XV. Supplementary information

1、Statement of non-recurring gains or losses for the year ended 31 Dec.2020

Item	Amount incurred in the current period	Statement
1. Profit or loss from disposal of non-current assets, including write-off impairment.	-17,065.34	Profit and loss from disposal of fixed assets and investment income from disposal of long-term equity investment
2. Ultra vires approval, or without official approval, or occasional tax return or relief;		
3. Government subsidies through current profit or loss. (Excluding that could be continuously received in normal operations according to certain standard amount or		
4. Interest from non-financial enterprises		
5. Gain from acquiring subsidiaries or other entities with a consideration less than the fair value of the net assets.		
6. Non-monetary transactions profit or loss;		
7. Profit or loss from entrusting others to		
8. Various impairment losses made due to force majeure, such as natural disasters;		
9. Debt restructuring gains and losses;		
10. Corporate restructuring costs, such as the employees arrange expenses, integration		
11. Profit or loss over the part of fair value generated by transactions with obviously		
12. Profit or loss generated by subsidiaries acquired(under the same control before		
13. Profit or loss generated by contingencies unrelated to normal business;		

14. Profit or loss from changes in fair values of financial assets at fair value through profit or loss, and liabilities at fair value through profit or loss or from disposals of financial assets at fair value through profit or loss, liabilities at fair value through profit or loss, and		
15. Reversal of write-off of receivables through separate impairment test:		
16. Profit or loss from entrusted loans lend		
17. Profit or loss generated from changes in fair value of investment property that using fair value method for subsequent		
18. According to tax, accountancy law and other regulations, one-time adjustment on		
19. Commission Income obtained from		
20. Other non-operating income and expenditure in addition to the above items:	-48,718,485.37	-
21. Other profit or loss items meet the		
Subtotal	-48,735,550.71	-
Less: Income tax expense that should be	-7,238.80	-
Net non-recurring gains and losses	-48,728,311.91	-
Less: Effects attributable to minority interests (after tax)	184.37	-
Total	-48,728,496.28	-

2. ROE, basic EPS and diluted EPS

Profit of year ended 31 Dec. 2020	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	-16.39	-0.1644	-0.1644
Net profit attributable to ordinary shareholders after deducting non-recurring gain or loss	-1.15	-0.0115	-0.0115

The above data is calculated using the following formula:

Weighted average return on net asset

$$\text{Weighted average return on net asset} = P_0 / (E_0 + NP \div 2 + E_i \times M_i \div M_0 - E_j \times M_j \div M_0 \pm E_k \times M_k \div M_0)$$

Where: P₀ is net profit attributable to ordinary shareholders of the Company or net profit attributable to ordinary shareholders of the Company after deducting non-recurring gain or loss; E₀ is the year beginning equity attributable to ordinary shareholders of the Company; E_i is increased

equity attributable to ordinary shareholders of the Company which arises from new issuance of shares or conversion of debt instruments to stocks in the reporting period; E_j is reduced equity attributable to ordinary shareholders of the Company due to stock repurchase or cash dividend in the reporting period; M_0 is the number of months of the reporting period; M_i is the number of accumulative months from the next month that equity is increased to the year end of the reporting period; M_j is the number of months from the next month that equity is decreased to the year end of the reporting period; E_k is the change of equity resulting from other transactions or events and attributable to ordinary shareholders; M_k is the number of accumulative months from the next month that other change of equity occurs to the year end of the reporting period.

Basic earnings per share

Basic earnings per share = $P_0 \div S$

$$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$$

Where: P_0 is net profit attributable to ordinary shareholders of the Company or net profit attributable to ordinary shareholders of the Company after deducting non-recurring gain or loss; S is weighted average number of ordinary shares outstanding; S_0 is the total number of shares at the beginning of the year; S_1 is the number of increased shares as a result of capitalization of reserves or scrip dividend during the reporting period; S_i is the number of increased shares as a result of new issuance of shares or conversion of debt instruments to stocks during the reporting period; S_j is the number of reduced shares as a result of stock repurchase; S_k is the number of consolidated shares in the reporting period; M_0 is the number of months of the reporting period; M_i is the number of accumulative months from the next month that the number of shares is increased to the year end of the reporting period; M_j is the number of accumulative months from the next month that the number of shares is decreased to the year end of the reporting period.

(If the Company have any dilutive potential ordinary shares <issuance of convertible bonds, stock options, warrants and other dilutive potential ordinary shares>, they should be adjusted respectively

and attributable to net profit of reporting period of ordinary shareholders and weighted average common shares outstanding, and by which calculate the diluted earnings per share)

Diluted earnings per share = $P1 / (S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk + \text{weighted average number of increased ordinary shares arising from warrants, stock options and convertible debts})$

Where: P1 is net profit attributable to ordinary shareholders of the Company or net profit attributable to ordinary shareholders of the Company after deducting non-recurring gain or loss, and after the consideration of the effects of dilutive potential ordinary shares, make adjustment according to relevant provisions of “Accounting Standards of Enterprises”.

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

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

(2) If business combination under identical control occurred during the reporting period, and the merging parties issue new shares as the price in the merger date, when calculate basic earnings per share for the reporting period, such new shares should be treated as outstanding common shares issued at the beginning of merger (weight average by weight of 1). When calculating of basic earnings per share during the comparison period, such shares should be treated as outstanding common shares issued at the beginning of comparison period. When calculating the earnings per share after deducting non-recurring profit or loss at the end of reporting period, the new shares issued by the merging parties on the merger date will be weighted from the month next to the combined date. When calculating the earnings per share after deducting non-recurring profit or loss during the comparison period, the new shares issued by the merging parties on the merger date will

not be weighted (the weight is 0). For the occurrence of business combination under identical control at the reporting period, and the merging parties issue new shares as the price in the merger date, when calculating the diluted earnings per share in the reporting period and comparison period, it should be treated according to the principles on calculation of basic earnings per share.

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

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

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

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

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

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

Guangdong Jadiete Holdings Group Company Limited

27th Apr. 2021

(stamp)

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

2. financial reports

The unit of the statement in the financial notes is, yuan

1. Consolidated Statement of Financial Position

Prepared by Guangdong Jadiete Holdings Group Company Limited

2021-04-29

Expressed in RMB

Assets	2020-12-31	2019-12-31
Current Assets:		
Monetary funds	797,061.47	1,259,899.63
Deposit Reservation for Balance		
Lendings to Banks and Other Financial Institutions		
Trading financial assets		
Derivative financial assets		
Note receivable		
Accounts receivable	6,401.71	9,124,432.68
Receivables financing		
Prepayment	231,584.33	314,810.13
Receivable premium		
Accounts receivable reinsurance		
Reinsurance contract reserve receivable		
Other receivable	547,888.86	3,362,628.68
Of which, Interest receivable		0.00
Dividends receivable		0.00
Buying back the sale of financial assets		
Inventory	143,090,724.36	173,929,882.99
Contract assets		
Assets held for sale		
Long-term liabilities due within one year	149,998,221.71	149,998,221.71
Other current liabilities	20,640,114.26	25,096,981.77
Total current liabilities	315,311,996.70	363,086,857.59

Non-current liabilities:		
Loans and advances		
Debt investment		
Other debt investment		
long-term receivables		
Long term equity investment	100,600,000.00	100,600,000.00
Investment in other equity instruments		
Other non-current financial assets		
Investment real estate		5,868,823.78
capital assets	17,243,097.09	31,563,817.93
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right to use assets		
intangible assets		7,286,961.93
Development expenditure		
goodwill		
Long term deferred expenses		414,857.81
deferred tax assets	3,736,347.51	5,828,910.22
Other non-current assets	24,737,249.43	
Total non-current assets	146,316,694.03	151,563,371.67
Total Assets	461,628,690.73	514,650,229.26
current liabilities:		
Short term loans		
Borrowing from the central bank		
Borrowing funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	664,540.30	16,088,889.66
Advance payment	75,412,636.58	86,443,115.70
Contractual liabilities	269,873.80	

Financial Assets Sold for Repurchase		
Deposit taking and interbank deposits		
Agency trading of securities		
Acting underwriting securities		
Employee compensation payable	2,192,763.67	2,895,329.45
Tax payable	26,975,696.67	25,253,599.38
Other accounts payable	10,350,618.29	36,678,743.30
Of which: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Accounts payable reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	35,083.59	
Total Current Liabilities	115,901,212.90	167,359,677.49
Non-current liabilities:		
Insurance contract reserve		
Long term loan		
Bonds payable		
Of which: preferred stock		
perpetual capital securities		
Lease liabilities		
Long term accounts payable		
Long term employee compensation payable		
Estimated liabilities	48,760,590.71	
Deferred income		
Deferred Tax Liability		
Other non-current liabilities		
Total Non-current Liabilities	48,760,590.71	

Total liabilities	164,661,803.61	167,359,677.49
Owner's equity:		
capital stock	318,600,000.00	318,600,000.00
Other equity instruments		
Of which: preferred stock		
Perpetual debt		
Capital reserve	56,306,298.82	56,306,298.82
Less: treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	86,036,260.20	86,036,260.20
General risk preparation		
Undistributed profit	-166,859,453.48	-115,844,230.62
Total owner's equity attributable to parent company	294,083,105.54	345,098,328.40
Minority interests	2,883,781.58	2,192,223.37
Total owner's equity	296,966,887.12	347,290,551.77
Total liabilities and owners' equity	461,628,690.73	514,650,229.26

Legal representative:

Chief of the accounting work:

Chief of the accounting department:

2. Statement of Financial Position for the parent company

Expressed in RMB

Assets	2020-12-31	2019-12-31
Current Assets:		
Monetary funds	163,148.90	307,460.05
Trading financial assets		
Derivative financial assets		
Note receivable		
Accounts receivable		
Receivables financing		
Prepayment		
Other receivable	89,553,250.61	115,897,390.14
Of which, Interest receivable		
Dividends receivable		

Inventory		
Contract assets		
Assets held for sale	149,998,221.71	149,998,221.71
Non-current assets due within one year		
Other current assets		
Total current assets	239,714,621.22	266,203,071.90
Non-current assets:		
Debt investment		
Other debt investment		
long-term receivables		
Long term equity investment	200,100,008.26	205,100,008.26
Investment in other equity instruments		
Other non-current financial assets		
Investment real estate		5,868,823.78
capital assets	16,605,456.40	30,461,249.76
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right to use assets		
intangible assets		7,286,961.93
Development expenditure		
goodwill		
Long term deferred expenses		
deferred tax assets	2,573,541.54	2,560,503.38
Other non-current assets	24,737,249.43	
Total non-current assets	244,016,255.63	251,277,547.11
Total Assets	483,730,876.85	517,480,619.01
current liabilities:		
Short term loans		
Borrowing from the central bank		
Borrowing funds		

Trading financial liabilities		
Derivative financial liabilities		
Notes payable	75,412,636.58	75,405,227.83
Accounts payable		
Employee compensation payable	1,724,610.50	2,267,169.53
Tax payable	18,677,984.93	17,597,021.50
Other accounts payable	7,068,899.65	31,725,651.74
Of which: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total Current Liabilities	102,884,131.66	126,995,070.60
Non-current liabilities:		
Long term loan		
Bonds payable		
Of which: preferred stock		
perpetual capital securities		
Lease liabilities		
Long term accounts payable		
Long term employee compensation payable		
Estimated liabilities	48,760,590.71	
Deferred income		
Deferred Tax Liability		
Other non-current liabilities		
Total Non-current Liabilities	48,760,590.71	
Total liabilities	151,644,722.37	126,995,070.60
Owner's equity:		
capital stock	318,600,000.00	318,600,000.00
Other equity instruments		
Of which: preferred stock		
Perpetual debt		
Capital reserve	52,129,496.58	52,129,496.58

Less: treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	86,036,260.20	86,036,260.20
Undistributed profit	-124,679,602.30	-66,280,208.37
Total owner's equity	332,086,154.48	390,485,548.41
Total liabilities and owners' equity	483,730,876.85	517,480,619.01

3. Consolidated Statement of Profit

Expressed in RMB

Assets	2020	2019
I. Total operating revenue	12,093,926.25	19,065,432.67
Including: operating income	12,093,926.25	19,065,432.67
Interest income		
Earned premium		
Fee and commission income		
2. Total operating cost	17,295,297.96	25,717,455.66
Including: operating cost	7,777,044.44	14,316,783.07
Interest expense		
Handling charges and commission expenses		
Surrender money		
Net compensation expenses		
Withdrawal of net reserve for insurance liability contract		
Expenditures dividend policy		
Reinsurance expenses		
Taxes and surcharges	954,084.33	858,343.01
Sale expenses	329,345.75	554,903.76
Administrative expenses	7,740,550.73	9,695,842.11
R&D expenses		
Finance costs	494,272.71	291,583.71
Of which: interest expenses		
Interest income		

Add: other income		
Gain/(loss) from investment (“-” for loss)	-3,638,073.86	77,525.28
Including: investment income from joint venture and joint venture		
Income from derecognition of financial assets measured at amortised cost		
Gain/(loss) from Exchange earnings (“-” for loss)		
Gain/(loss) from Net exposure hedging income (“-” for loss)		
Gain/(loss) from change in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)	8,503,474.85	-7,427,856.06
Asset Credit impairment loss (“-” for loss)		
Gain/(loss) from disposal of asset (“-” for loss)	-17,065.34	953,732.29
3. Operating profit (“-” for loss)	-353,036.06	-13,048,621.48
Add: non-operating income	42,448.08	12,967,905.08
Less: non-operating expense	48,760,933.45	3,882.49
4. Total profit (“-” for loss)	-49,071,521.43	-84,598.89
Less: Income tax expense	2,625,793.23	-1,472,964.08
5. Net profit (“-” for loss)	-51,697,314.66	1,388,365.19
(1) By business continuity		
1. Net profit from continuing operations (“-” for loss)	-51,697,314.66	1,388,365.19
2. Net profit from discontinued operations (“-” for loss)		
(2) By ownership		
1. Attributable to shareholders of the parent company	-52,388,872.87	1,996,242.74
2. Minority shareholders’ income	691,558.21	-607,877.55
6. After-tax net amount of other comprehensive incomes		
After-tax net amount of other comprehensive incomes attributable to owners of the Parent Company		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		

2.Other comprehensive income that cannot be reclassified into gains and losses under the equity method		
3.Changes in fair value of other equity instrument investments		
4.Changes in fair value of credit risk		
5.Others		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1.other comprehensive incomes that will be reclassified into gains and losses under the equity method		
2.Changes in fair value of other debt investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)		
6. Difference of currency conversion financial statements		
7.Others		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
7.Total comprehensive incomes	-51,697,314.66	1,388,365.19
Attributable to the Parent Company	-52,388,872.87	1,996,242.74
Attributable to minority shareholders	691,558.21	-607,877.55
8.Earnings per share		
(I) Basic earnings per share	-0.1644	0.0063
(II) Diluted earnings per share	-0.1644	0.0063

In case of business combination under the same control in the current period, the net profit of the merged party before the combination is RMB 0.00, and the net profit of the merged party in the previous period is RMB 0.00.

Legal representative:

Chief of the accounting work:

Chief of the accounting department:

4. Statement of Profit for Parent Company

Expressed in RMB

Assets	2020	2019
1. Operating revenue	1,576,112.56	702,306.51
Less: Cost of operating	334,053.72	204,840.45
Taxes and surcharges	950,518.79	816,128.46
Sale expenses		
Administrative expenses	6,194,370.94	6,855,211.41
R&D expenses		
Finance costs	4,258.02	5,972.56
Of which: interest expenses		
Interest income		
Add: Other income		
Gain/(loss) from investment (“-” for loss)	-3,638,073.86	
Of which: Investment income from joint ventures and joint ventures		
Gain/(loss) from Income from termination of recognition of financial assets measured by amortised cost (“-” for loss)		
Gain/(loss) from Net exposure hedging income (“-” for loss)		
Gain/(loss) from change in fair value (“-” for loss)		
Asset Credit impairment loss (“-” for loss)	-106,678.61	19,472.74
Asset assets impairment loss (“-” for loss)		
Gain/(loss) from disposal of asset (“-” for loss)		999,842.26
2. Operating profit (“-” for loss)	-9,651,841.38	-6,160,531.37
Add: non-operating income		359,442.64
Less: non-operating expense	48,760,590.71	1,956.66
3. Total profit (“-” for loss)	-58,412,432.09	-5,803,045.39
Less: Income tax expense	-13,038.16	4,868.19
4. Net profit (“-” for loss)	-58,399,393.93	-5,807,913.58

1.Net profit from continuing operations(“-” for loss)	-58,399,393.93	-5,807,913.58
2.Net profit from discontinued operations(“-” for loss)		
5.After-tax net amount of other comprehensive incomes		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1.Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2.Other comprehensive income that cannot be reclassified into gains and losses under the equity method		
3.Changes in fair value of other equity instrument investments		
4.Changes in fair value of credit risk		
5.Others		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1.other comprehensive incomes that will be reclassified into gains and losses under the equity method		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified into other comprehensive income		
4.Provision for credit impairment of other debt investment		
5.Cash flow hedging reserve (effective part of cash flow hedging profit and loss)		
6.Difference of currency		

conversion financial statements		
7.others		
6.Total comprehensive incomes	-58,399,393.93	-5,807,913.58
7.Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated statement of cash flow

Expressed in RMB

Assets	2020	2019
I. Operating activities:		
Receipts from customers/Cash generated from operations	31,193,309.15	28,118,014.61
Net increase in customer deposits and interbank deposits		
Net increase in loans from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in insured's savings and investment		
Cash for interest, handling charge and commission		
Net increase in inter-bank loans		
Net increase in repurchase funds		
Net cash received from agency trading of securities		
Refunds of taxes		
Other cash received related to operating activities	1,455,812.07	5,462,159.83
Subtotal of cash inflow from operating activities	32,649,121.22	33,580,174.44
Cash paid for purchasing goods and		2,232,751.01

accepting services		
Net increase in customer loans and advances		
Net increase in deposits with central bank and other banks		
Cash for payment of original insurance contract		
Net increase in lending funds		
Cash paid for interest, handling charge and commission		
Cash paid for policy dividend		
Cash paid to and for employees	1,607,531.62	2,238,878.97
Various taxes paid	1,914.96	47,800.29
Other cash payments related to operating activities	15,384,858.94	23,504,746.94
Subtotal of cash outflow from operating activities	16,994,305.52	28,024,177.21
Net cash flow from operating activities	15,654,815.70	5,555,997.23
II. Investing activities:		
Proceeds from disposal of investment property		220,000.00
Proceeds from return on investments		
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets	21,000.00	1,569,004.75
Net cash inflow on disposal of subsidiary/ and associate	1,361,926.14	90,000.00
Other cash received from investing activities		
Subtotal of cash inflows from investing activities	1,382,926.14	1,879,004.75
Payment for property, plant and equipment, intangible assets and other long-term assets		56,858.03
Payment for investment/property		
Net increase of pledged loans		
Net cash paid to acquire subsidiaries	17,499,899.36	7,731,664.33

and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	17,499,899.36	7,788,522.36
Net cash generated by investing activities	-16,116,973.22	-5,909,517.61
III. Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Proceeds from loans and borrowings		
Other cash received from financing activities		
Subtotal of cash inflows from financing activities		
Repayment of loans and borrowings		
Dividends and interest paid		
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments from financing activities		
Sub-total of cash outflows from financing activities		
Net cash used in financing activities		
IV. Effects of exchange rate changes on balance of cash held in foreign currencies	-680.64	79.78
V. Net increase in cash and cash equivalents	-462,838.16	-353,440.60
Add: Cash and cash equivalents at the beginning of the year	1,259,899.63	1,613,340.23
VI. Cash and cash equivalents at the end of the year	797,061.47	1,259,899.63

6. Statement of cash flow for Parent Company

Expressed in RMB

Assets	2020	2019
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I. Operating activities:		
Receipts from customers/Cash generated from operations	1,662,327.00	744,546.00
Assets		
Other cash received related to operating activities	21,681,388.37	17,564,222.74
Subtotal of cash inflow from operating activities	23,343,715.37	18,308,768.74
Cash paid for purchasing goods and accepting services		
Cash paid to and for employees	1,149,113.32	625,338.95
Various taxes paid		13,203.74
Other cash payments related to operating activities	6,900,839.34	11,485,382.48
Subtotal of cash outflow from operating activities	8,049,952.66	12,123,925.17
Net cash flow from operating activities	15,293,762.71	6,184,843.57
II. Investing activities:		
Proceeds from disposal of investment property		220,000.00
Proceeds from return on investments		
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		1,392,240.00
Net cash inflow on disposal of subsidiary/ and associate	1,361,926.14	90,000.00
Other cash received from investing activities		
Subtotal of cash inflows from investing activities	1,361,926.14	1,702,240.00
Payment for property, plant and equipment, intangible assets and other long-term assets		
Payment for investment/property		
Net cash paid to acquire subsidiaries and other business units	16,800,000.00	7,730,000.00
Other cash payments relating to		

investing activities		
Subtotal of cash outflows from investing activities	16,800,000.00	7,730,000.00
Net cash generated by investing activities	-15,438,073.86	-6,027,760.00
III. Financing Activities:		
Cash received from capital contributions		
Cash received from issuance of bonds		
Other cash received from financing activities		
Subtotal of cash inflows from financing activities		
Repayment of loans and borrowings		
Dividends and interest paid		
Other cash payments from financing activities		
Sub-total of cash outflows from financing activities		
Net cash used in financing activities		
IV. Effects of exchange rate changes on balance of cash held in foreign currencies		
V. Net increase in cash and cash equivalents	-144,311.15	157,083.57
Add: Cash and cash equivalents at the beginning of the year	307,460.05	150,376.48
VI. Cash and cash equivalents at the end of the year	163,148.90	307,460.05

7. Consolidated Statement of Change in stockholders' equity

Expressed in RMB

Item	2020												Min ority	Total
	Equity attributable to owners of the Company													
	S	Other equity	Capi	Less	Othe	Spec	Surp	Gen	Reta	Othe	subt			

	h ar e c a p i t a l	instruments			tal reser ve	: treas ury stoc k	r com preh ensi ve inco mes	ific reser ve	lus reser ve	eral risk reser ve	ined earn ings	rs	otal	inter ests	equit y
		Pr ef err ed sh ar es	Per pet ual bon ds	Oth er											
I. Balance at the end of the previous year	3 1 8, 6 0 0, 0 0 0. 0 0				56,3 06,2 98.8 2			86,0 36,2 60.2 0			-115 ,844, 230. 62		345, 098, 328. 40	2,19 2,22 3.37	347, 290, 551. 77
Add: Change of accounting policy															
Correction of errors in previous periods															
Business mergers under the common control															
Other										1,37 3,65 0.01		1,37 3,65 0.01		1,37 3,65 0.01	
II. Balance at the beginning of the year	3 1 8, 6 0 0, 0 0				56,3 06,2 98.8 2			86,0 36,2 60.2 0			-114 ,470, 580. 61		346, 471, 978. 41	2,19 2,22 3.37	348, 664, 201. 78

	0													
	0													
	0.													
	0													
	0													
III. Increase of amount in the year (“-” means decrease)										-52,388,872.87		-52,388,872.87	691,558.21	-51,697,314.66
(I) Total comprehensive incomes										-52,388,872.87		-52,388,872.87	691,558.21	-51,697,314.66
(II) Capital increased and reduced by owners														
(II) Capital increased and reduced by owners														
1. Common shares increased by shareholders														
2. Capital increased by holders of other equity instruments														
3. Amounts of share-based payments recognized in owners’ equity														
4. Others														
(III) Profit distribution														
1. Appropriations														

to surplus reserves															
2. Appropriations to general risk provisions															
3. Dividends															
(IV) Internal carry-forward of owners' equity															
1. Increase of share capital transferred from capital reserve															
2. Increase of share capital transferred from surplus reserves															
3. Surplus reserves for making up losses															
4. Carryover the changes in net liabilities or net assets from remeasured benefit plan															
5. Carryover Other comprehensive income to retained earnings															
6. Other															
(V) Specific reserve															

errors in previous periods															
Business mergers under the common control															
Other															
II. Balance at the beginning of the year	318,600,000			52,303,274.80				86,036,260.20		-117,840,473.36		339,099,061.64	31,303,124.94	370,402,186.58	
III. Increase of amount in the year (“-” means decrease)				4,003,024.02						1,996,242.74		5,999,266.76	-29,110,901.57	-23,111,634.81	
(I) Total comprehensive incomes										1,996,242.74		1,996,242.74	-607,877.55	1,388,365.19	
(II) Capital increased and reduced by owners				4,003,024.02								4,003,024.02	-28,503,024.02	-24,500,000.00	
1. Common shares increased by shareholders															
2. Capital increased by holders of other equity instruments															
3. Amounts of share-based															

payments recognized in owners' equity															
4.					4,00								4,00	-28,5	-24,5
Others					3,02								3,02	03,02	00,00
					4.02								4.02	4.02	0.00
(III) Profit distribution															
1. Appropriations to surplus reserves															
2. Appropriations to general risk provisions															
3. Dividends															
4. Other															
(IV) Internal carry-forward of owners' equity															
1. Increase of share capital transferred from capital reserve															
2. Increase of share capital transferred from surplus reserves															
3.															

Surplus reserves for making up losses														
4. Carryover the changes in net liabilities or net assets from remeasured benefit plan														
5. Carryover Other comprehensive income to retained earnings														
6. Other														
(V) Specific reserve														
1. Withdrawn for the period														
2. Used in the period (“-” means decrease)														
(VI) Other														
4. Balance at the end of 2019	318,600.00			56,306.29				86,036.20		-115,844.23		345,098.32	2,192,223.37	347,290,551.77

8. Statement of Change in stockholders' equity for the Parent Company

Expressed in RMB

Item	2020
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	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surpluses reserve	Retained earnings	Others	Total equity
		Preferred shares	Perpetual bonds	Other								
I. Balance at the end of the previous year	318,600,000.00				52,129,496.58				86,036,260.20	-66,280,208.37		390,485,548.41
Add: Change of accounting policy												
Correction of errors in previous periods												
Other												
II. Balance at the beginning of the year	318,600,000.00				52,129,496.58				86,036,260.20	-66,280,208.37		390,485,548.41
III. Increase of amount in the year (“-” means decrease)										-58,399,933.93		-58,399,393.93
(I) Total comprehensive incomes										-58,399,933.93		-58,399,393.93
(II) Capital increased and reduced by owners												
1. Common shares												

increased by shareholders												
2. Capital increased by holders of other equity instruments												
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(三) 利润分配												
1. Appropriations to surplus reserves												
2. Dividends												
3. Other												
(IV) Internal carry-forward of owners' equity												
1. Increase of share capital transferred from capital reserve												
2. Increase of share capital transferred from surplus reserves												
3. Surplus reserves for making up losses												
4.												

Carryover the changes in net liabilities or net assets from remeasured benefit plan												
5. Carryover Other comprehensive income to retained earnings												
6. Other												
(V) Specific reserve												
1. Withdrawn for the period												
2. Used in the period (“-” means decrease)												
(VI) Other												
4. Balance at the end of 2020	318,600.00				52,129,496.58				86,036,260.20	-124,679,602.30		332,086,154.48

Expressed in RMB

Item	2019											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	Retained earnings	Others	Total equity
		Preferred shares	Perpetual bonds	Other								
I. Balance at the end of the previous year	318,600.00				52,129,496.58				86,036,260.20	-60,472,294.79		396,293,461.99

	0.0 0											
Add: Change of accounting policy												
Correction of errors in previous periods												
Other												
II. Balance at the beginning of the year	31 8,6 00, 00 0.0 0				52,12 9,496. 58				86,03 6,260 .20	-60,472 ,294.79		396,293, 461.99
III. Increase of amount in the year (“-” means decrease)										-5,807, 913.58		-5,807,91 3.58
(I) Total comprehensive incomes										-5,807, 913.58		-5,807,91 3.58
(II) Capital increased and reduced by owners												
1. Common shares increased by shareholders												
2. Capital increased by holders of other equity												

instruments												
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(三) 利润分 配												
1. Appropriations to surplus reserves												
2. Dividends												
3. Other												
(IV) Internal carry-forward of owners' equity												
1. Increase of share capital transferred from capital reserve												
2. Increase of share capital transferred from surplus reserves												
3. Surplus reserves for making up losses												
4. Carryover the												

changes in net liabilities or net assets from remeasured benefit plan												
5. Carryover Other comprehensive income to retained earnings												
6. Other												
(V) Specific reserve												
1. Withdrawn for the period												
2. Used in the period (“-” means decrease)												
(VI) Other												
4. Balance at the end of 2019	31 8,6 00, 00 0.0 0				52,12 9,496. 58				86,03 6,260 .20	-66,280 ,208.37		390,485, 548.41

3. Company profile

Part XIII Contents of Reference File

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

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