



FIYTA HOLDINGS LTD.

2015 Semi-Annual Report

August, 2015

Section 1 Important Notice, Table of Contents and Definitions

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

Except the following director, all the other directors personally attended the board meeting for reviewing the Annual Report:

Name of the director failed in attending the board meeting personally	Titles of the directors failed in attending the board meeting personally	Cause of failure in attending the board meeting personally	Names of the attorneys
Cao Zhen	Director	Business trip	Wang Mingchuan

The Company is not going to conduct interim dividend distribution, bonus share distribution or conversion of reserve into share capital.

Mr. Xu Dongsheng, the Company leader, Mr. Hu Xinglong, chief financial officer, and Mr. Hu Xinglong, the manager of the accounting department (treasurer) hereby confirm the authenticity and completeness of the financial report enclosed in this Annual Report.

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Definition

Terms to be defined	Refers to	Definition
This Company, the Company or Fiyta	Refers to	FIYTA Holdings Ltd.
AVIC International Holdings	Refers to	AVIC International Holdings Limited
HARMONY	Refers to	Shenzhen Harmony World Watches Center Co., Ltd.
Rainbow Supermarket	Refers to	Rainbow Supermarket Co., Ltd.
CATIC Real Estate	Refers to	CATIC Real Estate Co., Ltd.
CATIC Property	Refers to	CATIC Property Management Co., Ltd.

Section 2 Company Profile

I. Company Profile

Abbreviation of the stock	FIYTA A, FIYTA B	Stock Code	000026 and 200026
Stock Exchange Listed with	Shenzhen Stock Exchange		
Company Name in Chinese	飞亚达（集团）股份有限公司		
Abbreviation of company name in Chinese (if any)	飞亚达公司		
Company Name in English (if any)	FIYTA HOLDINGS LTD.		
Abbreviation of Company Name in English (if any)	FIYTA		
Legal Representative of the Company	Xu Dongsheng		

II. Liaison Person and Way of Communication

	Secretary of the Board	Securities Affairs Representative
Names	Lu Wanjun	Zhang Yong
Liaison Address	20 th Floor, FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen	20 th Floor, FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen
Tel.	0755—86013198	0755—86013669
Fax	0755—83348369	0755—83348369
E-mail	investor@fiyta.com.cn	investor@fiyta.com.cn

III. Other Information

1. Way of Communication with the Company

There is no change in the Company's registered address, office address, postal code, website, e-mail address in the reporting period. For the detail, please refer to 2013 Annual Report

2. Information Disclosure and Place of Regular Reports Prepared for Inquiry

There is no change in the name of the newspapers designated for disclosing the information, internet web site designated by China Securities Regulatory Commission for publishing the company's semi-annual report: and place of the company's semi-annual report prepared for inquiry. For the detail, please refer to 2014 Annual Report

3. Changes of the Registration Data

	Registration date	Registration place	Registration number of the business licence	Tax registration number	Organization code
Initial registration	March 30, 1990	Shenzhen Municipal Administration for Industry and Commerce	19218978-3	440301520100018	19218978-3
Registration at the end of the reporting period	April 20, 2015	Market Supervision Administration of Shenzhen Municipality	440301103196089	440301192189783	19218978-3
Date of inquiry at the designated website for disclosing provisional announcements (if any)	Inapplicable				
Inquiry index at the designated website for disclosing provisional announcements (if any)	Inapplicable				

Section 3 Financial Highlights

I. Summary of Accounting/Financial Data

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors?

No

☐ Yes ☒ No

	Reporting period	Same period of the previous year	Year-on-year increase/decrease
Turnover in CNY	1,683,793,247.59	1,642,614,790.97	2.51%
Net profit attributable to the Company's shareholders, in CNY	73,109,419.73	88,283,873.10	-17.19%
Net profit attributable to the Company's shareholders less the non-recurring items, in CNY	71,958,085.27	86,173,160.01	-16.50%
Net cash flows arising from operating activities, in CNY	172,253,778.56	137,998,679.39	24.82%
Basic earning per share (CNY/share)	0.186	0.225	-17.33%
Diluted earning per share (CNY/share)	0.186	0.225	-17.33%
Return on equity, weighted average (%)	4.36%	5.58%	-1.22%
	End of reporting period	End of previous year	Increase/decrease at the end of the reporting period over the end of the previous year
Total assets, in CNY	3,820,850,106.95	3,657,781,647.20	4.46%
Net assets attributable to the Company's shareholders (owner's equity attributable to the Company's shareholders, in CNY)	1,674,397,739.63	1,633,401,930.64	2.51%

II. Difference in the Accounting Data based respectively on the Chinese Accounting Standards (CAS) and International Accounting Standards (IAS)

1. Differences in the net profit disclosed in the financial report & the net assets attributable to the Company's shareholders respectively according to the IAS and the CAS.

Inapplicable

2. Differences in the net profit disclosed in the financial report & the net assets attributable to the Company's

shareholders according to both the IAS and the CAS

Inapplicable

III. Non-recurring gain/loss items and the amount involved

In CNY

Items	Amount	Note:
Loss from disposal of non-current assets, including the part written-off with the provision for impairment of assets	34,200.78	It refers to the gain/loss from disposal of the office fixed assets in the current period
Government subsidy recognized in current gains and losses (excluding those closely related to the Company's business and granted under the state's policies according to certain quota of amount or volume)	1,603,451.99	For the detail, refer to Note 7.69 government subsidy counted to the current profit and loss.
Income and expenses from the business other than the above items	-133,218.09	Other various non-operating revenue and expenditure
Less: Amount affected by the income tax	353,100.22	
Total	1,151,334.46	--

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

Inapplicable

Section 4 Report of the Board of Directors

I. Overview

During the reporting period, China's overall economical situation and watch retail industry both were confronted with enormous pressure. Under such a background, the Company continued to insist on the principle of leading various work with the brand strategy, and carried forward integration of the key value chain through the business model of "products + channels" and improved the quality service ability. During the reporting period, the Company took the "values, innovation, adjustment, and profit making" as the theme of work, carried forward various management innovations in a down-to-earth way, realized operating revenue amounting to CNY 1,683,793,247.59 with year-on-year growth of 2.51%; realize net profit amounting to CNY 73,109,419.73, a year-on-year drop of 17.19%.

Despite the sluggish market of the domestic famous brand watches during the reporting period, the Company still kept adjusting the brand and channel structure in its HARMONY world watch retail business, focused on the work dimensions of "upgrading the individual shops, improving the gross profit, optimizing the inventories and expanding the repairing

service business”; meanwhile, enthusiastically carried forward innovation of business model and development of new business. During the reporting period, HARMONY successfully ensured business development and stabilized the market share through various measures, realized operating revenue amounting to CNY 1,130,882,784.123 with year-on-year drop of 2.89%.

During the reporting period, despite the domestic retail market generally being confronted with increasing pressure, the Company still kept upgrading its product R & D and design ability and customer communication ability for its FIYTA watch business, focused on the work dimensions of realizing financial objectives, capacity construction and upgrading, channel and individual shop improvement, brand promotion and business platform development. Meanwhile, the Company kept carrying forward development of e-commerce and BRAND GALLERY. During the reporting period, the Company kept improving FIYTA watch channel quality and customer satisfaction, kept improving the comprehensive competitive power, realized operating revenue amounting to CNY 494,755,397.54 with year-on-year growth of 17.57%.

During the reporting period, the Company kept steady income from its properties. The Company smoothly carried forward the work of private offering of A-shares and cooperation of Beibiao Watch Industry.

II. Analysis on Principal Business

Year-on-year change of the principal financial data

In CNY

	Reporting period	Same period of the previous year	Year-on-year increase/decrease	Causes of Movements
Operating revenue	1,683,793,247.59	1,642,614,790.97	2.51%	Inapplicable
Operating cost	1,037,981,721.35	1,038,060,709.77	-0.01%	Inapplicable
Sales expenses	386,297,227.92	349,761,320.39	10.45%	Inapplicable
Administrative expenses	100,131,176.65	84,852,192.39	18.01%	Inapplicable
Financial expenses	50,889,786.79	54,196,678.49	-6.10%	Inapplicable
Income tax expenses	22,261,660.23	16,573,527.31	34.32%	The preferential enterprise income tax rate enjoyed by the manufacture company, one of the Company's subsidiaries, as a hi-tech enterprise enjoying key support from the central government was due on December 31, 2014 and the company is in process of application for the new tax rate preference. During the reporting period, the enterprise income tax was counted and paid based on 25% for time being.
R & D investment	18,788,221.52	11,886,999.88	58.06%	It was mainly due to

				increase of the R & D expenses for watches during the reporting period
Net cash flow from operating activities	172,253,778.56	137,998,679.39	24.82%	Inapplicable
Net cash flow from investment activities	-110,919,548.69	-77,188,078.38	43.70%	It was mainly due to increase of investment in Guangming New Zone Watch Industrial Base during the reporting period.
Net cash flow from financial activities	-17,014,123.13	-8,915,791.60	90.83%	It was mainly due to increase of the special loan for Guangming New Zone Watch Industrial Base and some decrease of loan for the working capital during the reporting period
Net increase of cash and cash equivalents	43,999,662.37	52,180,646.25	-15.68%	Inapplicable

Great change has taken place in profit composition or profit sources in the reporting period
Inapplicable

Future development and plan extended to the reporting period as disclosed in the documents of public disclosure, such as the company's prospectus, letter of intent on the offering and asset reorganization report, etc.
Inapplicable

Review and summary of the progress of the operation plan in the reporting period the Company disclosed previously
Inapplicable

III. Composition of Principal Businesses

In CNY

	Operating revenue	Operating costs	Gross margin	Increase/decrease of revenue in the same period of the previous year	Increase/decrease of principal business cost over the same period of previous year	Increase/decrease of gross profit rate over the same period of the previous year
Sectors						
Watches	1,625,638,181.66	1,029,438,168.65	36.67%	2.54%	0.18%	1.49%
Leases	47,389,948.90	6,946,511.39	85.34%	10.63%	9.07%	0.21%
Products						
Sales of famous brand	1,130,882,784.12	863,692,919.81	23.63%	-2.89%	-1.76%	-0.88%

watches						
Sales of FIYTA watches	494,755,397.54	165,745,248.84	66.50%	17.57%	11.67%	1.77%
Property lease	47,389,948.90	6,946,511.39	85.34%	10.63%	9.07%	0.21%
Regions						
Northeast China	165,021,675.21	105,560,855.29	36.03%	8.21%	-1.19%	6.09%
North China	277,981,674.69	188,298,512.68	32.26%	15.20%	7.73%	4.70%
Northwest China	277,441,301.52	186,322,822.14	32.84%	-3.48%	-9.93%	4.81%
Southwest China	186,168,777.01	122,478,982.60	34.21%	13.05%	6.77%	3.87%
East China	229,325,029.32	143,157,110.49	37.57%	4.52%	-4.29%	5.74%
South China	537,089,672.81	290,566,396.84	45.90%	-4.57%	3.35%	-4.15%

IV. Analysis on Core Competitiveness

The Company's core competitiveness is a collection of techniques and technologies which enable the Company to provide the customers with specific value and is the competitiveness which a series of products or services must rely on in process of taking a leading position. It consists of ability of product innovation, ability of high quality services, ability of marketing communications, ability of knowledge management and ability of management of strategic human resource.

During the reporting period, the Company kept carrying forward technology research and development, construction of the platform of innovative design and the innovation work and achieved great success. Both the Company's technology center and the innovative design center achieved great success in construction of the innovative mechanism, platform and innovation environment and achieved a good success in talent cultivation, technological achievements, etc., and maintained the leading position in the same domestic industry. One of the Company's technology projects has passed project acceptance inspection at the municipal level of Shenzhen. During the first half year, the Company was granted 3 patents for utility models and 12 design patents; took lead or participated in preparation or amendment of and totally issued 4 industrial standards.

V. Analysis on Investment Status

1. External Equity Investment

(1) External Investment

Inapplicable

(2) Holding of the Equity in Financial Enterprises

Inapplicable

(3) Investment in Securities

Inapplicable

(4) Explanation on Holding Equity in Other Listed Companies

Inapplicable

2. Entrusted Financing, Investment in Derivative Products and Entrusted Loan**(1) Entrusted Financing**

Inapplicable

(2) Investment in Derivatives

Inapplicable

(3) Entrusted Loan

Inapplicable

3. Application of the Raised Capital**(1) General Application of the Raised Capital**

In CNY 10,000	
Total raised capital	40,000
Total raised capital invested in the reporting period	0
Total raised capital accumulatively invested	40,000
Total raised capital whose application has been changed in the reporting period	0
Total raised capital whose application has been changed accumulatively	0
Proportion of the total raised capital whose application has been changed accumulatively	0.00%

Note to Application of the Raised Capital

The Company held the 33rd meeting of the Sixth Board of Directors on June 19, 2012. The meeting reviewed and approved the Proposal of Issuing Company Bonds, etc. according to which, the Company planned to issue company bonds with a size not exceeding CNY400 million and with a term not exceeding 5 years (with 5 years inclusive) which would be used for replacing bank loan and replenishing the working capital. On September 9, 2012, approved through verification by China Securities Regulatory Commission (CSRC) with Document ZHENG JIAN XU KE [2012] No. 1209, the Company was approved to issue company bonds with the size not exceeding CNY 400 million. The Company issued CNY 400 million of bonds in the current period. After deduction of the issuing costs, the net raised capital amounting to CNY396.9 million was remitted to the bank account designated by the Company on March 5, 2013.

RSM China CPAs, the CPAs engaged by the Company issued the capital verification reports of ZHONG RUI YUE HUA YAN ZI [2013] No. 0053, ZHONG RUI YUE HUA YAN ZI [2013] No. 0054 and ZHONG RUI YUE HUA YAN ZI [2013] No. 0055 respectively for the frozen capital for subscription of the on-line bond issuing, the frozen capital for subscription of the off-line placement and the actual raised capital conditions. Approved by Shenzhen Stock Exchange with Document SHEN ZHENG SHANG [2013] No. 99, the bonds have been listed for trading with both SZSE Centralized Bidding System and the Comprehensive Agreement Based Transaction Platform commencing from March 29, 2013 with the abbreviation of the security as "12 YADA BOND" and security code as "112152". The issuing of the company bonds has been completed. The capital raised from the issuing was remitted to the bank account designated by the Company on March 5, 2013. Up to now, the Company has used up all the raised capital and no change has taken place in the application purpose of the raised capital.

(2) Promised Projects with Raised Capital

In CNY 10,000

Promised investment projects and investment with the over-raised capital	Has the project been changed (including partial change)	Total promised investment with raised capital	Total investment after adjustment (1)	Amount invested in the report period	Amount accumulatively invested up to the end of the report period (2)	Investment progress by the end of the report period (3) = (2)/(1)	Date when the project has reached the predicted applicable status	Result realized in the reporting period	Has the predicted operation result been reached?	Has significant change taken place in the feasibility of the project?
Investment projects as committed										
Repayment of bank loan	No	30,000	30,000	0	30,000	100.00 %		0	Yes	No
Replenishing the working capital.	No	10,000	10,000	0	10,000	100.00 %		0	Yes	No
Sub-total of investment projects as committed	--	40,000	40,000	0	40,000	--	--	0	--	--
Investment with over-raised capital										
Subtotal of investment with over-raised capital	--	0	0	0	0	--	--	0	--	--
Total	--	40,000	40,000	0	40,000	--	--	0	--	--
Description and causes of failure in realizing the planned progress or expected earning (based on specific projects)	Inapplicable									

Explanation on great change in project feasibility	Inapplicable
Amount of the over-raised proceeds, application and progress of application	Inapplicable
Change of the place for implementation of the investment project with the raised capital	Inapplicable
Adjustment of the way for implementation of the investment project with the raised capital	Inapplicable
Advance investment in the investment project with raised capital and the replacement	Inapplicable
Provisional replenishment of the working capital with the idle raised capital	Inapplicable
Amount of balance of the raised capital in project implementation and the cause	Inapplicable
Application and the place of going of the raised capital not yet used	Inapplicable
Problems and other conditions existing in application of the raised capital and disclosure	Inapplicable

(3) Change of the Projects Invested with the Raised Capital

Inapplicable

(4) Projects Invested with the Raised Capital

Inapplicable

4. Analysis on Principal Subsidiaries and Mutual Shareholding Companies

Particulars about the Principal Subsidiaries and Mutual Shareholding Companies

In CNY

Company Names	Company type	Sectors engaged in	Leading products and services	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net profit
Shenzhen Harmony World Watches Center	Subsidiary	Retail	Mainly engaged in sales of world	600,000,000(CNY)	2,128,152,653.54	716,046,328.83	1,164,613,449.19	14,752,050.10	15,303,039.40

Co., Ltd.			famous brand watch, including purchase, sales and maintenance service of timepieces and parts						
FIYTA Sales Co., Ltd.	Subsidiary	Retail	Sales and repairing of watches and spares and parts and sales of jewelry and ornaments	50,000,000(CNY)	817,430,175.61	40,061,634.21	463,030,790.49	4,727,455.67	3,424,692.74
Shenzhen FIYTA Sophisticated Timepieces Manufacturing Co., Ltd.	Subsidiary	Manufacture	Mainly engaged in production and sales of FIYTA watches, including production and maintenance of clocks and watches, and driving units, spares and parts, sophisticated timepieces	10,000,000(CNY)	178,918,282.57	90,855,650.97	263,660,912.02	99,059,746.36	74,901,276.50

Shenzhen FIYTA Technology Development Co., Ltd.	Subsidiary	Manufacture	R & D, production and sales of watches, production, machining, sales and technology development of sophisticated parts.	10,000,000(CNY)	76,516,110.46	49,378,721.47	93,044,690.56	10,947,350.99	9,476,598.96
FIYTA (Hong Kong) Limited	Subsidiary	Retail	Mainly engaged in trade and overseas market development of FIYTA watches	65,060,000(HKD)	420,825,662.45	175,508,421.64	58,683,654.24	711,728.77	-53,248.17
Shenzhen Symphony Trading Co., Ltd.	Subsidiary	Retail	Sales of clocks and watches and gifts and consultation of relevant information and other domestic trading	5,000,000(CNY)	27,107,079.30	882,021.35	24,624,643.84	4,515,587.01	3,386,690.26
Shanghai Watch Industry Co., Ltd.	Mutual shareholding company	Manufacture	Sales of watches and spares and parts	15,350,000(CNY)	111,055,567.20	92,336,925.34	46,811,242.00	1,083,911.31	1,220,537.78

5. Projects Invested with Funds not Raised through Share Offering

Inapplicable

VI. Prediction of the Operation Performances from January to September 2015

Inapplicable

VII. Explanation of the Board of Directions and the Supervisory Committee on the Qualified Auditor's Report Issued by the CPAs

Inapplicable

VIII. Explanation of the Board of Directions to the Matters in Connection with "Qualified Auditors' Report" of the Previous Year

Inapplicable

IX. Implementation of Profit Distribution in the Reporting Period

Implementation or adjustment of the profit distribution plan, especially cash dividend plan and plan for conversion of capital reserve into share capital implemented in the reporting period

2014 Profit Distribution Plan was reviewed and approved at the 17th meeting of the Seventh Board of Directors held on March 10, 2015 and 2014 Annual General Meeting held on June 17, 2015. According to the plan, the Company took the share capital as at December 31, 2014 totalling 392,767,870 shares as the base, and would distribute cash dividend at rate of CNY 1.00 for every 10 shares (with tax inclusive) to all the shareholders. The total cash dividend to be distributed amounted to CNY 39,276,787.00. The profit distribution was completed by August 10, 2015. For more information, refer to the Announcement on the Resolution of the 17th Meeting of the Seventh Board of Directors No. 2015-003, Announcement on the Resolution of 2014 Annual General Meeting No. 2015-020 and the Announcement on the Implementation of the Equity Distribution of Year 2014 No. 2015-024.

Special description of the cash dividend distribution policy	
Whether the plan complies with the Articles of Association and resolution of the General Meeting:	Yes
Whether the dividend distribution rate and proportion are clear and definite:	Yes
Whether the relevant decision making procedures and mechanism are complete:	Yes
Have the independent directors have done their duty and brought their due role into full play:	Yes
Have the minority shareholders fully expressed their opinions and been given the opportunity of fully expressing their opinions and appeal and has their legal interests have been fully protected:	Yes
Are any adjustment or alteration, conditions and procedures of the cash dividend policy in compliance or transparent:	Inapplicable

X. Preplan for Profit Distribution and Conversion of Capital Reserve into Share Capital

Inapplicable

XI. Statement of such activities as reception, research, communication, interview in the reporting period

Inapplicable

Section 5 Significant Events

I. Overview of the Corporate Governance

In year 2014, the Company continuously improved the Company's corporate governance structure strictly according to the PRC Company Law, the PRC Securities Law and the regulations of China Securities Regulatory Commission concerning governance of listed companies, and tried to enhance construction of modern enterprise system, upgraded the level of regulatory operation of the Company. As a result, there was no discrepancy between the situation of the Company's corporate governance and the regulatory documents of China Securities Regulatory Commission concerning governance of listed companies.

The Company established and improved relatively standardized corporate governance structure and rules of procedures strictly according to law, rules and regulations, including the PRC Company Law, and the Articles of Association of the Company, formed a decision-making and operation management system with the Shareholders' Meeting, the Board of Directors, the Supervisory Committee and the management of the Company as the principal structure. They implemented their respective duties according to the PRC Company Law and the Articles of Association.

The General Meeting is the Company's supreme organ and has the power of deciding the Company's operation policy and investment plan, reviewing and approving the Company's annual financial budget scheme, settlement scheme, profit distribution plan, loss make-up plan, change of the application of the proceeds raised through issuing, etc., makes resolution on increase and decrease of the Company's registered capital, issuing bond, etc., election and replacement of directors, non-staff supervisors and decision on their remuneration and way of payment.

The Board of Directors is the Company's decision-making organ, takes charge of implementing the decisions made by the Shareholders' General Meeting, assumes responsibility to the Shareholders' General Meeting and reports the work to it; within the authorization from the General Meeting, decides the Company's external investment, acquisition and sales of assets, assets pledge, external guarantee, related transactions, etc., decides establishment of the Company's internal management organs, engagement and disengagement of the Company's general manager, the Board secretary and other senior executives, etc. The Board of Directors consists of nine directors, including three independent directors. The Board of Directors has established three subordinate special committees, namely the Strategy Committee, the Audit Committee and Nomination, Remuneration and Assessment Committee.

The Supervisory Committee is the Company's supervisory organ in charge of supervising the directors, managers and

other senior executives in performing duties according to the law and proposes dismissal of any director or senior executive who breaches the law, the administrative rules and regulations, the Articles of Association or the General Meeting's resolutions. The Supervisory Committee consists of three supervisors including two staff supervisors.

The management assumes responsibility to the Board of Directors and the General Manager takes full responsibility for the Company's routine operation and management and development under the leadership of the Board of Directors, supervises the work of every functional department, assesses the work result of each functional department and coordinate the relationship of all departments.

II. Major Lawsuits and Arbitration Affairs

Inapplicable

III. Media Query

Inapplicable

IV. Bankruptcy or Reorganization Related Events

Inapplicable

V. Asset Transactions

1. Acquisition of Assets

Inapplicable

2. Sales of Assets

Inapplicable

3. Enterprise Consolidation

Inapplicable

VI. Implementation of the Company's Equity Incentive Plan and its Influences

Inapplicable

VII. Material Related Transactions

1. Related transactions in connection with daily operation

Related Parties	Relationship	Type of related parties	Description of Related Transactions	Principal of pricing of the related transactions	Price of related transactions	Amount of the related transaction (in CNY 10,000)	Proportion in the amount of the similar transactions (%)	Amount of transactions approved (in CNY 10,000)	Has it exceeded the amount approved?	Way of settlement for the related transaction	Similar market price obtainable	Disclosure date	Disclosure index
CATIC Property	Common controller	Administrative expenses	Property management fee	Negotiated price		144.89	100.00%		No	Bank account transfer		March 10, 2015	www.cninfo.com.cn
Rainbow Supermarket	Common controller	Sales costs	Shopping mall expenses	Negotiated price		224.58	8.72%		No	Bank account transfer		March 10, 2015	www.cninfo.com.cn
CATIC Curtain Wall	Common controller	Construction-in-processes	Project payment	Negotiated price		21	100.00%		No	Bank account transfer		March 10, 2015	www.cninfo.com.cn
CATIC Building	Common controller	Construction-in-processes	Project payment	Negotiated price		8.9	100.00%		No	Bank account transfer		March 10, 2015	www.cninfo.com.cn
CATIC Nangang Elevator	Common controller	Construction-in-processes	Bidding agency service	Negotiated price		17.93	100.00%		No	Bank account transfer		March 10, 2015	www.cninfo.com.cn
CATIC Technical Economy & Trade	Common controller	Construction-in-processes	Bidding agency service	Negotiated price		10	100.00%		No	Bank account transfer		March 10, 2015	www.cninfo.com.cn
Shanghai Watch Industry	Common controller	Costs and expenses	Procurement of materials	Negotiated price		12.82	0.01%		No	Bank account transfer		March 10, 2015	www.cninfo.com.cn

Rainbow Supermarket	Common controller	Revenue from principal business	Sales of goods	Negotiated price		4,115.21	2.44 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
Aviation Industry Corporation of China	Common controller	Revenue from principal business	Sales of goods	Negotiated price		12.98	0.01 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
Shennan Circuit	Common controller	Revenue from principal business	Sales of goods	Negotiated price		830.85	39.70 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
CATIC Real Estate	Common controller	Revenue from principal business	Property lease	Negotiated price		76.67	1.62 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
CATIC Property	Common controller	Revenue from principal business	Property lease	Negotiated price		133.03	2.81 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
CATIC Securities	Common controller	Revenue from principal business	Property lease	Negotiated price		56.23	1.19 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
CATIC City Property	Common controller	Revenue from principal business	Property lease	Negotiated price		8.26	0.17 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
CATIC City Development	Common controller	Revenue from principal business	Property lease	Negotiated price		1.13	0.02 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn
Guanlan Real Estate	Common controller	Revenue from principal business	Property lease	Negotiated price		4.54	0.10 %		No	Bank account transference		March 10, 2015	www.cninfo.com.cn

		ess											
CATIC Changtai	Common controller	Revenue from principal business	Property lease	Negotiated price		48.04	1.01 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
	Common controller	Revenue from principal business	Property lease	Negotiated price		235	4.96 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
Rainbow Supermarket	Common controller	Revenue from principal business	Property lease	Negotiated price		23.06	0.49 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
Jiufang Assets	Common controller	Revenue from principal business	Property lease	Negotiated price		18.18	0.38 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
CATIC City Investment	Common controller	Revenue from principal business	Property lease	Negotiated price		21.87	0.46 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
CATIC Theme Real Estate	Common controller	Revenue from principal business	Property lease	Negotiated price		35.33	0.75 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
CATIC Huacheng Property	Common controller	Revenue from principal business	Property lease	Negotiated price		5.6	0.12 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
Ganzhou CATIC Real Estate	Common controller	Sales costs	Rental fees	Negotiated price		50.94	1.50 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn
Jiujiang CATIC Real Estate	Common controller	Sales costs	Rental fees	Negotiated price		15.31	0.45 %		No	Bank account transferee		March 10, 2015	www.cnninfo.com.cn

e													
CATI C Chan gtai	Com mon contr oller	Sales costs	Renta l fees	Nego tiated price		8.52	0.25 %		No	Bank acco unt transf erenc e		Marc h 10, 2015	ww w.c ninf o.co m.c n
Total				--	--	6,140 .87	--	0	--	--	--	--	--
Details of large amount of sales returns				Inapplicable									
Actual implementation of the routine related transactions incurred during the reporting period whose total amount had been predicted based on the categories (if any)				Inapplicable									
Cause of bigger difference between the bargain price and the market reference price (if any)				Inapplicable									

Note: Through review and approval at the 17th meeting of the Seventh Board of Directors and 2014 Annual General Meeting, the total predicted amount of the Company's regular related transactions in year 2015 would not exceed CNY 440.2 million. During the reporting period, there existed no such a case that the amount of regular related transactions exceeded the predicted quota of regular related transaction.

2. Related transactions concerning assets acquisition/sales

Inapplicable

3. Related Transitions of Joint Investments

Inapplicable

4. Current Associated Rights of Credit and Liabilities

Inapplicable

Due from related parties:

Inapplicable

Due to related parties:

Related party	Relationship	Cause of formation	Opening balance (in CNY 10,000)	Amount newly increased in the reporting period (in CNY 10,000)	Amount returned in the reporting period (in CNY 10,000)	Interest rate	Interest in the reporting period (in CNY 10,000)	Ending balance (in CNY 10,000)

AVIC International Holdings Limited	Controlling shareholder	Borrowings	15,000	0	15,000	6.00%	130	0
Influence of the related rights of credit and liabilities upon the Company's operation results and financial position.		Inapplicable						

5. Other Material Related Transactions

Inapplicable

VIII. The Company's fund occupied by its controlling shareholder or related party for non-operation purpose

Inapplicable

IX. Important Contracts and Implementation

1. Custody, Contacting and Leases

(1) Custody

Inapplicable

(2) Contracts

Inapplicable

(3) Leases

Inapplicable

2. Guarantees

In CNY 10,000

Outward guarantees (excluding guarantee to the subsidiaries)								
Names of Guarantees	Date of the announcement on the guarantee line	Guarantee line	Date of occurrence (date of agreement execution)	Actual amount of guarantee	Type of guarantee	Guarantee period	Implementation status	Guarantee to related party? (Y/N)
Inapplicable								
Total amount of outward		0			Total amount of outward		0	

guarantee approved in the report period (A1)				guarantee actually incurred in the report period (A2)				
Total amount of outward guarantee already approved at the end of the report period (A3)		0		Total ending balance of outward guarantee at the end of the report period (A4)		0		
Guarantees to the Subsidiaries								
Names of Guarantees	Date of the announce ment on the guarantee line	Guarantee line	Date of occurrence (date of agreement execution)	Actual amount of guarantee	Type of guarantee	Guarantee period	Impleme ntation status	Guarant ee to related party? (Y/N)
Shenzhen Harmony World Watches Center Co., Ltd.	March 10, 2015	30,000	May 14,2015	3,000	Guarantee with joint responsibilit y	3 years	No	No
Shenzhen Harmony World Watches Center Co., Ltd.	March 10, 2015	30,000	May 20,2015	2,700	Guarantee with joint responsibilit y	3 years	No	No
Shenzhen Harmony World Watches Center Co., Ltd.	February 28, 2014	30,000	October 29, 2014	10,000	Guarantee with joint responsibilit y	3 years	No	No
Shenzhen Harmony World Watches Center Co., Ltd.	February 28, 2014	30,000	December 8, 2014	5,000	Guarantee with joint responsibilit y	3 years	No	No
Shenzhen Harmony World Watches Center Co., Ltd.	February 28, 2014	30,000	January 13, 2015	6,000	Guarantee with joint responsibilit y	3 years	No	No
Shenzhen Harmony World Watches Center Co., Ltd.	March 10, 2015	30,000	March 27, 2015	1,350	Guarantee with joint responsibilit y	3 years	No	No
FIYTA (Hong Kong) Limited	February 28, 2014	6,308.8	February 3, 2015	1,036.57	Guarantee with joint responsibilit y	1 years	No	No
FIYTA (Hong Kong) Limited	March 10, 2015	6,308.8	March 12, 2015	394.4	Guarantee with joint responsibilit y	1 years	No	No
FIYTA (Hong Kong) Limited	March 10, 2015	6,308.8	April 2, 2015	473.28	Guarantee with joint responsibilit y	1 years	No	No
FIYTA (Hong Kong) Limited	March 10, 2015	6,308.8	May 6, 2015	258.92	Guarantee with joint responsibilit y	1 years	No	No
FIYTA (Hong Kong) Limited	March 10, 2015	6,308.8	June 2, 2015	1,046.98	Guarantee with joint responsibilit y	1 years	No	No
FIYTA (Hong Kong) Limited	March 1, 2013	11,829	July 11, 2013	3,944	Guarantee with joint responsibilit y	3 years	No	No
FIYTA (Hong Kong) Limited	March 1, 2013	11,829	August 5, 2013	3,944	Guarantee	3 years	No	No

Kong) Limited	2013				with joint responsibility			
FIYTA (Hong Kong) Limited	March 1, 2013	11,829	January 6, 2014	1,577.6	Guarantee with joint responsibility	3 years	No	No
FIYTA (Hong Kong) Limited	March 1, 2013	11,829	January 27, 2014	788.8	Guarantee with joint responsibility	3 years	No	No
FIYTA (Hong Kong) Limited	February 28, 2014	11,829	March 3, 2014	1,577.6	Guarantee with joint responsibility	3 years	No	No
Total guarantee quota to the subsidiaries approved in the reporting period (B1)		36,308.8		Total amount of guarantee to the subsidiaries actually incurred in the reporting period (B2)		16,260.15		
Total guarantee quota to the subsidiaries approved at the end of the reporting period (B3)		48,137.8		Total balance of actual guarantee to the subsidiaries at the end of the reporting period (B4)		43,092.15		
Guarantees among Subsidiaries								
Names of Guarantees	Date of the announcement on the guarantee line	Guarantee line	Date of occurrence (date of agreement execution)	Actual amount of guarantee	Type of guarantee	Guarantee period	Implementation status	Guarantee to related party? (Y/N)
Inapplicable								
Total guarantee quota to the subsidiaries approved in the reporting period (C1)		0		Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)		0		
Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)		0		Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)		0		
The Company's total guarantee (i.e. total of the first three main items)								
Total guarantee quota approved in the reporting period (A1+B1+C1)		36,308.8		Total amount of guarantee actually incurred in the reporting period (A2+B2+C2)		16,260.15		
Total guarantee quota already approved at the end of the reporting period (A3+B3+C3)		48,137.8		Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)		43,092.15		
Proportion of the actual guarantees in the Company's net assets (namely A4+B4+C4)				25.74%				
Including:								
Amount of guarantees offered for the shareholder(s), actual controller and their related parties (D)				0				

Amount of guarantee offered directly or indirectly for the liabilities owed by the warrantee whose asset-liability ratio exceeds 70% (E)	0
Amount of guarantee with the total guarantee exceeding 50% of the net assets (F)	0
Total amount of the aforesaid three items of guarantee (D+E+F)	0
Description of the possibility of bearing joint repayment liability due to undue guarantee (if any)	Inapplicable
Description of external guarantee against the specified procedures (if any)	Inapplicable

(1) Outward guarantee against the regulations

Inapplicable

3. Other Important Contracts

Inapplicable

4. Other Important Transactions

Inapplicable

X. The commitments of the Company and its shareholders holding over 5% of the Company's total shares in the report year or extending to the report year from previous year(s).

Commitments	Promiser	Description	Commitment time	Commitment term	Implementation
Commitment for Equity Separation Reform					
Commitments in the acquisition report or the written report on change of equity					
Commitment made at the time of asset reorganization					

Commitment made at IPO or re-financing	FIYTA Holdings Ltd.	The Company commits that in case it is predicted that the Company may be unable to duly pay the principal and interest of the bond or fail to duly pay the principal and interest of the bond when it is due, the Company shall at least take the following measures: 1. not profit distribution to the shareholders shall be conducted. 2. implementation of any capital expenditure projects, such as material external investment, acquisition and merger, etc. shall be suspended. 3. salaries and bonus to the directors and senior executives shall be adjusted down or suspended. 4. None of the key officers may be transferred out.	February 27, 2013	Deadline of the bonds (The valid term of the bonds is 5 years attached with the investors' option of selling back, the Company's option of redemption and option of up-regulation of the nominal interest rate at the end of the 3rd year).	In process of implementation
Other commitments to the minority shareholders					
Has the commitment been timely implemented?	Yes				
The specific cause of failure in implementation and the next plan (if any)	Inapplicable				

XI. Engagement/Disengagement of CPAs

Inapplicable

XII. Punishment and Rectification

Inapplicable

XIII. Disclosure of the Delisting Risk due to Breach of Law/Regulations

Inapplicable

XIV. Notes to Other Significant Events

The Company published the Announcement on Suspension due to Planning for Private Placement of Shares 2015-006, which disclosed the event of the Company's preparation for private placement of A-shares. Afterwards, the 18th meeting of the Seventh Board of Directors and 2014 Annual General Meeting held respectively on April 16, 2015 and June 17, 2015 reviewed and approved the Proposal on the Company' Planning for Private Placement of A-shares to the Designated Investors and other relevant proposals. For the detail, refer to the Announcement of the Resolutions of the 18th meeting of the Seventh Board of Directors and the Announcement of the Resolutions of 2014 Annual General Meeting 2015-020. So far, the proposal of private placement of A-shares has got official reply from the State-owned Assets Supervision and Administration Commission of the State Council, and has been further submitted to China Securities Regulatory Commission and has been accepted by the authority. For the detail, refer to the Announcement on the Proposal on Private Placement of Shares Having Got Official Reply from the State-owned Assets Supervision and Administration Commission of the State Council 2015-018 and the Announcement on the Proposal on Private Placement of Shares Having Been Accepted by China Securities Regulatory Commission 2015-021.

The 18th meeting of the Seventh Board of Directors and 2014 Annual General Meeting held respectively on April 16, 2015 and June 17, 2015 reviewed and approved the Proposal on Amendment of the Articles of Association. For the detail, refer to the Announcement on the Resoluton of the 18th meeting of the Seventh Board of Directors 2015-008 and the Announcement on the Resoluton of 2014 Annual General Meeting 2015-020.

Section 6 Change of Shares and Particulars about Shareholders

I. Change of Shares

In Shares

	Before the change		Increase / Decrease (+/-)					After the change	
	Quantity	Proportion (%)	New issuing	Bonus shares	Shares converted from reserve	Others	Sub-total	Quantity	Proportion (%)
I. Restricted shares	49,733	0.01%	0	0	0	0	0	49,733	0.01%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. State corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	49,733	0.01%	0	0	0	0	0	49,733	0.01%
Including: Domestic corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	49,733	0.01%	0	0	0	0	0	49,733	0.01%
4. Foreign invested shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	392,718,137	99.99%	0	0	0	0	0	392,718,137	99.99%
1. CNY ordinary shares	311,070,137	79.20%	0	0	0	0	0	311,070,137	79.20%
2. Foreign invested shares listed in Mainland China	81,648,000	20.79%	0	0	0	0	0	81,648,000	20.79%
3. Foreign invested shares listed abroad	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	392,767,870	100.00%	0	0	0	0	0	392,767,870	100.00%

Cause of the change of shares

Inapplicable

Approval for the change of shares

Inapplicable

Transfer of the change of shares

Inapplicable

Influence from the share movements upon such financial indicators as earnings per share, diluted earnings per share, net asset per share of the shareholders attributable to the Company's ordinary shares in the latest year and the latest accounting period.

Inapplicable

Other information as the Company considers necessary to be disclosed or demanded by the securities regulatory authority for disclosing

Inapplicable

Explanation to the change of the company's total shares and the structure and the change of the company's asset and liability structure arising therefrom

Inapplicable

II. Number of Shareholders and Shareholding

In shares

Total shareholders of ordinary shares at the end of the reporting period	23,948			Total shareholders of preferred shares (if any) whose voting power has been recovered in the reporting period (refer to Note 8)		0		
Shares held by the shareholder holding over 5% of the total shares or the top 10 shareholders								
Shareholder's Name	Nature	Shareholding proportion (%)	Quantity at the end of the reporting period	Increase/decrease in the reporting period	Number of the restricted shares held	Number of the non-restricted shares held	Pledging or freezing	
							Status of the shares	Quantity
AVIC International Holdings Limited	Dstate corporate shareholder	41.49%	162,977,327	0	0	162,977,327		
GF Securities Co., Ltd.	Domestic non-state corporate shareholder	1.98%	7,794,070	4,170,000	0	7,794,070		

Penghua Assets-SPDB-Penghua Assets Gaolan Investment Jinrun No. 17 Assets Management Plan	Domestic non-state corporate shareholder	1.23%	4,820,006	169,700	0	4,820,006		
Penghua Assets—Industrial Bank—Jinrun No. 16 Assets Management Plan	Domestic non-state corporate shareholder	1.08%	4,237,240	0	0	4,237,240		
Penghua Assets-SPDB-Penghua Assets Fuhui No. 3 Assets Management Plan	Domestic non-state corporate shareholder	1.00%	3,920,000	3,920,000	0	3,920,000		
Yunnan International Trust Co., Ltd. - —Snub-nosed Monkey Securities Investment.Rui yuan	Domestic non-state corporate shareholder	0.89%	3,484,780	0	0	3,484,780		
Penghua Assets-SPDB-Penghua Assets Jinrun No. 20 Assets Management Plan	Domestic non-state corporate shareholder	0.84%	3,318,141	3,318,141	0	3,318,141		
ICBC —Nanfang Big Data 100 Index Securities Investment Fund	Domestic non-state corporate shareholder	0.84%	3,296,886	3,296,886	0	3,296,886		
Sichuan Trust Co., Ltd. —Sichuan Trust —Zejian No. 2 Securities Investment Assembly Fund Trust Plan	Domestic non-state corporate shareholder	0.57%	2,247,599	2,247,599	0	2,247,599		
Penghua Assets-SPDB-Penghua Assets Fuhui No.1 Assets Management Plan Penghua Assets-SPDB-Penghua Assets Fuhui No.1 Assets Management Plan	Domestic non-state corporate shareholder	0.55%	2,169,100	2,169,100	0	2,169,100		
About the fact that a strategic investor or ordinary corporate became one of the top ten shareholders due to placement of	Inapplicable							

new shares (if any) (Refer to Note 3)			
Explanation on associated relationship or consistent action of the above shareholders	Of the top ten shareholders, Penghua Assets-SPDB-Penghua Assets Gaolan Investment Jinrun No. 17 Assets Management Plan , Penghua Assets— Industrial Bank — Jinrun No. 16 Assets Management Plan, Penghua Assets-SPDB-Penghua Assets Fuhui No. 3 Assets Management Plan, Penghua Assets-SPDB-Penghua Assets Jinrun No. 20 Assets Management Plan and Penghua Assets-SPDB-Penghua Assets Fuhui No.1 Assets Management Plan belong to concerted actors as specified in the Measures for Administration of Information on the Shareholder Equity Change of Listed Companies.		
Shareholding of top 10 shareholders of unrestricted share			
Shareholder's Name	Quantity of unrestricted shares held at the end of the reporting period	Share type	
		Share type	Quantity
AVIC International Holdings Limited	162,977,327	A-shares	162,977,327
GF Securities Co., Ltd.	7,794,070	A-shares	7,794,070
Penghua Assets-SPDB-Penghua Assets Gaolan Investment Jinrun No. 17 Assets Management Plan	4,820,006	A-shares	4,820,006
Penghua Assets— Industrial Bank — Jinrun No. 16 Assets Management Plan	4,237,240	A-shares	4,237,240
Penghua Assets-SPDB-Penghua Assets Fuhui No. 3 Assets Management Plan	3,920,000	A-shares	3,920,000
Yunnan International Trust Co., Ltd. - — Snub-nosed Monkey Securities Investment.Ruiyuan	3,484,780	A-shares	3,484,780
Penghua Assets-SPDB-Penghua Assets Jinrun No. 20 Assets Management Plan	3,318,141	A-shares	3,318,141
ICBC -Nanfang Big Data 100 Index Securities Investment Fund	3,296,886	A-shares	3,296,886
Sichuan Trust Co., Ltd. — Sichuan Trust — Zeqian No. 2 Securities Investment Assembly Fund Trust Plan	2,247,599	A-shares	2,247,599
Penghua Assets-SPDB-Penghua Assets Fuhui No.1 Assets Management Plan	2,169,100	A-shares	2,169,100
Explanation to the associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders.	Of the top ten shareholders, Penghua Assets-SPDB-Penghua Assets Gaolan Investment Jinrun No. 17 Assets Management Plan, Penghua Assets— Industrial Bank — Jinrun No. 16 Assets Management Plan, Penghua Assets-SPDB-Penghua Assets Fuhui No. 3 Assets Management Plan, Penghua Assets-SPDB-Penghua Assets Jinrun No. 20 Assets Management Plan and Penghua Assets-SPDB-Penghua Assets Fuhui No.1 Assets Management Plan belong to concerted actors as specified in the Measures for Administration of Information on the Shareholder Equity Change of Listed Companies.		
Note to the top 10 shareholders involved in margin financing & securities lending (if any) (Refer to Note 4)	Inapplicable		

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

No

III. Change of the Controlling Shareholder or the Actual Controller

Inapplicable

IV. Share Acquisition Plan Proposed or Implemented by the Company's Shareholder and its Concerted Actor in the Reporting Period

Inapplicable

Section 7 About Preferred Shares

Inapplicable

Section 8 Directors, Supervisors and Senior Executives

I. Change in Shares Held by Directors, Supervisors and Senior Executives

Names	Positions	Office Status	Number of shares held at the beginning of the reporting period (share)	Number of shares acquired during the reporting period (share)	Number of shares lessened during the reporting period (share)	Number of shares held at the end of the reporting period (share)	Number of restricted shares granted at the beginning of the reporting period (share)	Number of restricted shares granted during the reporting period (share)	Number of restricted shares granted at the end of the reporting period (share)
Diao Weicheng	Chairman	In office							
Xu Dongshe	Managing Director	In office							
Wang Mingchuan	Director	In office							
Liu Aiyi	Director	In office							
Zhong Sijun	Director	In office							
Cao Zhen	Director	In office							
Zhang Hongguang	Independent Director	In office							
Zhang Shunwen	Independent Director	In office							

Wang Yan	Independent Director	In office							
Sui Yong	Chairman of the Supervisory Committee	In office							
Chen Zhuo	Supervisor	In office							
Tang Boxue	Supervisor	In office							
Chen Libin	Deputy GM	In office							
Lu Bingqiang	Deputy GM	In office	66,311	0	0	66,311	0	0	0
Du Xi	Deputy GM	In office							
Lu Wanjun	Deputy GM & Secretary of the Board	In office							
Hu Xinglong	Chief Accountant	In office							
Huang Yongfeng	Director	Retired							
Total	--	--	66,311	0	0	66,311	0	0	0

II. Personnel Change of Directors, Supervisors and Senior Executives

Names	Office Held	Type	Date	Cause
Huang Yongfeng	Director	Retired	June 5, 2015	Applied for resigning the title of the Company's director and member of the Strategy Committee and Nomination, Remuneration and Assessment Committee for the cause of job.
Cao Zhen	Director	Elected	June 17, 2015	Elected the Company's director at the 19 th meeting of the Seventh Board of Directors and 2014 Annual General Meeting.

Section 9 Financial Report

I. Auditors' Report

Has the semi-annual report been audited

No

The semi-annual financial report has not been audited.

II. Financial Statements

The currency applied in the financial notes and statements is China Yuan (CNY).

1. Consolidated Balance Sheet

Prepared by FIYTA Holdings Ltd.

June 30, 2015

In CNY

Items	Ending balance	Opening balance
Current assets:		
Monetary fund	160,454,732.91	116,455,070.54
Settlement reserve		
Lendings		
Financial assets that are measured at fair value and changes in the value are charged to current gain and loss.		
Derivative financial assets		
Notes receivable	6,903,361.70	6,162,768.29
Accounts receivable	447,304,649.72	351,276,905.53
Prepayment	34,128,592.47	43,054,642.06
Receivable premium		
Reinsurance accounts receivable		
Reserve for reinsurance contract receivable		
Interest receivable		

Dividends receivable		
Other receivables	47,887,982.20	41,525,719.27
Redemptory monetary capital for sale		
Inventories	2,096,191,729.11	2,133,791,024.32
Held-for-sale assets as classified		
Non-current assets due within a year		
Other current assets	8,711,221.22	14,421,516.43
Total current assets	2,801,582,269.33	2,706,687,646.44
Non-current assets:		
Provision of loans and advance in cash		
Available-for-sale financial assets	85,000.00	85,000.00
Held-to-due investments		
Long term accounts receivable		
Long-term equity investment	42,639,775.66	42,389,759.91
Investment based real estate	221,520,065.95	226,091,938.89
Fixed assets	367,870,343.49	323,732,870.58
Construction in progress	100,394,916.02	51,389,263.53
Engineering supplies		
Disposal of fixed assets		
Productive biological asset		
Oil and gas assets		
Intangible assets	35,279,093.66	35,502,525.72
Development expenses		
Goodwill		
Long-term expenses to be apportioned	152,340,679.61	149,733,566.03
Deferred income tax asset	99,137,963.23	90,669,076.10
Other non-current assets		31,500,000.00
Total non-current assets	1,019,267,837.62	951,094,000.76
Total Assets	3,820,850,106.95	3,657,781,647.20

Current liabilities:		
Short-term Loan	1,142,601,517.52	989,445,000.00
Due to the Central Bank		
Deposits taking and interbank placement		
Borrowing capital		
Financial liabilities measured based on the fair value and whose change was charged to the current gain and loss.		
Derivative financial liabilities		
Notes payable		
Accounts payable	189,597,291.95	147,119,118.81
Advance receipts	27,210,870.61	12,087,368.17
Financial assets sold for repurchase		
Service charge and commission payable		
Accrued payroll	19,246,368.41	38,648,432.41
Payable taxes	87,295,262.96	77,602,770.06
Interest payable	9,710,351.71	19,420,893.75
Dividends payable	39,276,787.00	
Other payables	41,822,347.20	188,574,900.45
Payable reinsurance		
Reserve for insurance contract		
Acting trading securities		
Income from securities underwriting on commission		
Held-for-purchase liabilities as classified		
Non-current liabilities due within a year		
Other current liabilities	6,790,760.39	5,482,521.27
Total current liabilities	1,563,551,557.75	1,478,381,004.92
Non-current liabilities:		

Long-term Loan	176,025,708.38	139,952,425.65
Bonds payable	399,295,040.88	398,767,929.40
Including: preferred shares		
Perpetual bond		
Long-term accounts payable		
Long term accrued payroll		
Special accounts payable		
Predicted liabilities		
Deferred income	4,200,000.00	4,200,000.00
Deferred income tax liability	130,940.80	
Other non-current liabilities		
Total non-current liabilities	579,651,690.06	542,920,355.05
Total Liabilities	2,143,203,247.81	2,021,301,359.97
Owner's equity:		
Capital Stock	392,767,870.00	392,767,870.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital Reserve	525,508,281.60	525,508,281.60
Less: shares in stock		
Other comprehensive income	-10,446,088.96	-17,609,265.22
Special reserve		
Surplus Reserve	165,915,466.89	165,915,466.89
Reserve against general risks		
Retained earnings	600,652,210.10	566,819,577.37
Total owners' equity attributable to the parent company	1,674,397,739.63	1,633,401,930.64
Minority shareholders' equity	3,249,119.51	3,078,356.59
Total owner's equity	1,677,646,859.14	1,636,480,287.23
Total liabilities and owners' equity	3,820,850,106.95	3,657,781,647.20

Legal representative: Xu Dongsheng

Chief Financial Officer: Hu Xinglong

Person in charge of the Accounting

Department: Hu Xinglong

2. Balance Sheet (Parent Company)

in CNY

Items	Ending balance	Opening balance
Current assets:		
Monetary fund	59,511,612.46	37,060,566.79
Financial assets that are measured at fair value and changes in the value are charged to current gain and loss.		
Derivative financial assets		
Notes receivable		
Accounts receivable	71,324.10	11,735,787.90
Prepayment		
Interest receivable		
Dividends receivable		
Other receivables	1,591,354,743.54	1,524,513,111.66
Inventories		
Held-for-sale assets as classified		
Non-current assets due within a year		
Other current assets		503,071.74
Total current assets	1,650,937,680.10	1,573,812,538.09
Non-current assets:		
Available-for-sale financial assets	85,000.00	85,000.00
Held-to-due investments		
Long term accounts receivable		
Long-term equity investment	813,539,495.66	773,189,479.91
Investment based real estate	221,520,065.95	226,091,938.89
Fixed assets	115,402,596.59	117,256,223.80
Construction in progress	100,394,916.02	51,389,263.53
Engineering supplies		

Disposal of fixed assets		
Productive biological asset		
Oil and gas assets		
Intangible assets	28,948,212.00	29,165,984.08
Development expenses		
Goodwill		
Long-term expenses to be apportioned	4,313,716.55	4,813,767.34
Deferred income tax asset	1,198,606.77	1,198,606.77
Other non-current assets		
Total non-current assets	1,285,402,609.54	1,203,190,264.32
Total Assets	2,936,340,289.64	2,777,002,802.41
Current liabilities:		
Short-term Loan	830,000,000.00	683,000,000.00
Financial liabilities measured based on the fair value and whose change was charged to the current gain and loss.		
Derivative financial liabilities		
Notes payable		
Accounts payable	211,339.76	211,339.76
Advance receipts	1,067,744.30	3,484,435.98
Accrued payroll	4,083,592.86	10,307,200.18
Payable taxes	4,604,629.68	3,505,501.05
Interest payable	9,358,131.16	18,139,997.63
Dividends payable	39,276,787.00	
Other payables	15,491,517.93	165,507,426.74
Held-for-purchase liabilities as classified		
Non-current liabilities due within a year		
Other current liabilities		
Total current liabilities	904,093,742.69	884,155,901.34
Non-current liabilities:		
Long-term Loan	51,361,928.00	15,361,928.00
Bonds payable	399,295,040.88	398,767,929.40

Including: preferred shares		
Perpetual bond		
Long-term accounts payable		
Long term accrued payroll		
Special accounts payable		
Predicted liabilities		
Deferred income	4,200,000.00	4,200,000.00
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities	454,856,968.88	418,329,857.40
Total Liabilities	1,358,950,711.57	1,302,485,758.74
Owner's equity:		
Capital Stock	392,767,870.00	392,767,870.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital Reserve	531,163,822.70	531,163,822.70
Less: shares in stock		
Other comprehensive income		
Special reserve		
Surplus Reserve	165,915,466.89	165,915,466.89
Retained earnings	487,542,418.48	384,669,884.08
Total owner's equity	1,577,389,578.07	1,474,517,043.67
Total liabilities and owners' equity	2,936,340,289.64	2,777,002,802.41

Legal representative: Xu Dongsheng
Department: Hu Xinglong

Chief Financial Officer: Hu Xinglong

Person in charge of the Accounting

3. Consolidated Statement of Profit

in CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Turnover	1,683,793,247.59	1,642,614,790.97

Including: operating income	1,683,793,247.59	1,642,614,790.97
Interest income		
Earned insurance premium		
Service charge and commission income		
II. Total operating costs	1,590,005,469.65	1,539,792,741.34
Including: Operating costs	1,037,981,721.35	1,038,060,709.77
Interest payment		
Service charge and commission expenses		
Surrender Value		
Compensation expenses, net		
Provision of reserve for insurance contract, net		
Payment of policy dividend		
Reinsurance expenses		
Business Taxes and Surcharges	15,078,616.55	10,314,717.04
Sales costs	386,297,227.92	349,761,320.39
Administrative expenses	100,131,176.65	84,852,192.39
Financial expenses	50,889,786.79	54,196,678.49
Loss from impairment of assets	-373,059.61	2,607,123.26
Plus: Income from change in fair value (loss stated with "-")		
Investment return (loss stated with "-")	250,015.75	-504,563.21
Including: return on investment in associate and joint venture	250,015.75	-504,563.21
Exchange income (loss stated with "-")		
III. Profit from businesses (loss stated with "-")	94,037,793.69	102,317,486.42

Plus: Non-operating income	1,849,835.27	3,189,982.57
Including: Gains from disposal of non-current assets	69,750.00	37,755.19
Less: Non-operating expenses	345,400.59	550,640.88
Including: Loss from disposal of non-current assets	35,549.22	31,046.62
IV. Total Profit (total loss stated with “-“)	95,542,228.37	104,956,828.11
Less: Income tax expense	22,261,660.23	16,573,527.31
V. Net Profit (loss stated with “-“)	73,280,568.14	88,383,300.80
Net profit attributable to the parent company's owner	73,109,419.73	88,283,873.10
Minority shareholders' gain and loss	171,148.41	99,427.70
VI. Net of other comprehensive income after tax	7,162,790.77	2,263,797.96
Net of other comprehensive income after tax attributable to the parent company's owner	7,163,176.26	2,256,191.67
(I) Other comprehensive income which cannot be re-classified into the gain and loss		
1. Movement of the net liabilities and net assets re-measured for setting the beneficial plan		
2. Share enjoyable in the other comprehensive income in which the investee cannot be re-classified into the gain and loss under the equity method		
(II) Other comprehensive income which cannot be re-classified into the gain and loss in future	7,163,176.26	2,256,191.67
1. Share enjoyable in the other comprehensive income in which the investee cannot be re-classified into the gain and loss		

under the equity method in future		
2. Gain/loss from change in the fair value of the financial assets available for sale		
3. Gain/loss from which the held-to-maturity investment is re-classified as available-for-sale financial assets		
4. Valid part of the gain/loss from cash flow hedge		
5. Conversion margin of the financial statements in foreign currency	7,163,176.26	2,256,191.67
6. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders	-385.49	7,606.29
VII. Total comprehensive income	80,443,358.91	90,647,098.76
Total comprehensive income attributable to the parent company's owner	80,272,595.99	90,540,064.77
Total comprehensive income attributable to minority shareholders	170,762.92	107,033.99
VIII. Earnings per share:		
(I) Basic earnings per share	0.186	0.225
(II) Diluted earnings per share	0.186	0.225

For the enterprises under the same control consolidated in the report period, the net profit realized by the consolidatee before the consolidation is CNY 0. Net profit realized by the consolidatee in the previous period is CNY 0.

Legal representative: Xu Dongsheng Chief Financial Officer: Hu Xinglong Person in charge of the Accounting Department: Hu Xinglong

4. Income Statement, Parent Company

in CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Operating income	47,530,000.90	42,966,203.07
Less: Operating cost	6,946,511.39	6,497,016.07

Business Taxes and Surcharges	2,528,230.20	2,436,791.95
Sales costs		
Administrative expenses	25,040,053.99	22,657,408.82
Financial expenses	189,713.16	1,435,963.14
Loss from impairment of assets	-434,290.83	-4,394.68
Plus: Income from change in fair value (loss stated with "-")		
Investment return (loss stated with "-")	131,638,156.33	98,096,881.70
Including: return on investment in associate and joint venture	250,015.75	-504,563.21
II. Operation profit (loss stated with "-")	144,897,939.32	108,040,299.47
Plus: Non-operating income	174,000.00	861,031.28
Including: Gains from disposal of non-current assets		25,457.85
Less: Non-operating expenses	14,678.42	150,000.00
Including: Loss from disposal of non-current assets	14,678.42	
III. Total Profit (total loss stated with "-")	145,057,260.90	108,751,330.75
Less: Income tax expense	2,907,939.50	2,551,860.29
IV. Net profit (net loss is stated with "-")	142,149,321.40	106,199,470.46
V. Net of other comprehensive income after tax		
(I) Other comprehensive income which cannot be re-classified into the gain and loss		
1. Movement of the net liabilities and net assets re-measured for setting the beneficial plan		

2. Share enjoyable in the other comprehensive income in which the investee cannot be re-classified into the gain and loss under the equity method		
(II) Other comprehensive income which cannot be re-classified into the gain and loss in future		
1. Share enjoyable in the other comprehensive income in which the investee cannot be re-classified into the gain and loss under the equity method in future		
2. Gain/loss from change in the fair value of the financial assets available for sale		
3. Gain/loss from which the held-to-maturity investment is re-classified as available-for-sale financial assets		
4. Valid part of the gain/loss from cash flow hedge		
5. Conversion margin of the financial statements in foreign currency		
6. Others		
VI. Total comprehensive income	142,149,321.40	106,199,470.46
VII. Earnings per share:		
(I) Basic earnings per share	0.362	0.270
(II) Diluted earnings per share	0.362	0.270

Legal representative: Xu Dongsheng
Department: Hu Xinglong

Chief Financial Officer: Hu Xinglong

Person in charge of the Accounting

5. Consolidated Cash Flow Statement

in CNY

Items	Amount incurred in the reporting	Amount incurred in the previous period
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	period	
I. Cash flows arising from operating activities		
Cash received from sales of goods and supply of labor service	1,830,270,229.94	1,780,633,526.09
Net increase of the customers' deposits and interbank placement		
Net increase of borrowings from the central bank		
Net increase of borrowings from other financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from the reinsurance business		
Net increase of the reserve from policy holders and investment		
Net increase of the financial assets that are measured at fair value and whose movement is counted to the current gain and loss.		
Charge of cash interest, service charge and commission		
Net increase of loan from other banks		
Net increase of fund from repurchase business		
Rebated taxes received		
Cash received from other operating activities	14,720,508.19	15,296,054.99
Sub-total of cash flow received from operation activities	1,844,990,738.13	1,795,929,581.08
Cash paid for purchase of goods and reception of labor services	1,068,142,690.95	1,177,579,276.03

Net increase of loans and advances to the customers		
Net increase of amounts due from the central bank and other banks		
Cash from payment for settlement of the original insurance contract		
Cash for payment of interest, service charge and commission		
Cash for payment of policy dividend		
Cash paid to and for employees	255,570,670.71	223,473,612.75
Taxes paid	145,291,060.41	96,337,099.02
Cash paid for other operating activities	203,732,537.50	160,540,913.89
Subtotal of cash flow paid for operating activities	1,672,736,959.57	1,657,930,901.69
Net cash flow arising from operating activities	172,253,778.56	137,998,679.39
II. Cash flows arising from investing activities:		
Cash received from investment recovery		
Cash received from return on investment		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	180,880.00	1,581.04
Net cash received from disposal of subsidiaries and other operating units		
Other investment related cash receipts		
Sub-total of cash flow-in received from investing activities	180,880.00	1,581.04
Cash paid for purchase and construction of fixed assets,	111,100,428.69	77,189,659.42

intangible assets and other long term assets		
Cash paid for investment		
Net increase of the pledged loan		
Net cash paid for acquisition of subsidiaries and other operation units		
Cash paid for other investment related activities		
Sub-total of cash flow paid for investment activities	111,100,428.69	77,189,659.42
Net cash flow arising from investment activities	-110,919,548.69	-77,188,078.38
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Incl.: Cash received from the subsidiaries' absorption of minority shareholders' investment		
Cash received from loans	945,805,587.19	841,502,500.00
Cash received from bond issuing		
Cash received from other financing activities	13,500,000.00	
Sub-total cash flow received from financing activities	959,305,587.19	841,502,500.00
Cash paid for debt repayment	820,307,480.05	790,751,192.02
Cash paid for dividend/profit distribution or repayment of interest	55,561,222.27	57,371,716.58
Including: Dividend and profit paid by the subsidiaries to minority shareholders		
Cash paid for other financing activities	100,451,008.00	2,295,383.00
Sub-total cash flow paid for	976,319,710.32	850,418,291.60

financing activities		
Net cash flow arising from financing activities	-17,014,123.13	-8,915,791.60
IV. Change of exchange rate influencing the cash and cash equivalent	-320,444.37	285,836.84
V. Net increase of cash and cash equivalents	43,999,662.37	52,180,646.25
Plus: Opening balance of cash and cash equivalents	114,880,070.54	107,663,110.74
VI. Ending balance of cash and cash equivalents	158,879,732.91	159,843,756.99

Legal representative: Xu Dongsheng

Chief Financial Officer: Hu Xinglong

Person in charge of the Accounting

Department: Hu Xinglong

6. Parent Company's Cash Flow Statement

in CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Cash flows arising from operating activities		
Cash received from sales of goods and supply of labor service	55,944,541.75	62,443,531.63
Rebated taxes received		
Cash received from other operating activities	2,697,740.04	107,338,821.67
Sub-total of cash flow received from operation activities	58,642,281.79	169,782,353.30
Cash paid for purchase of goods and reception of labor services		
Cash paid to and for employees	28,749,906.40	24,629,959.54
Taxes paid	5,193,858.41	4,370,657.08
Cash paid for other operating activities	31,570,558.35	6,191,101.05
Subtotal of cash flow paid for	65,514,323.16	35,191,717.67

operating activities		
Net cash flow arising from operating activities	-6,872,041.37	134,590,635.63
II. Cash flows arising from investing activities:		
Cash received from investment recovery		1,400,000.00
Cash received from return on investment	131,388,140.58	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	100,800.00	
Net cash received from disposal of subsidiaries and other operating units		
Other investment related cash receipts		
Sub-total of cash flow-in received from investing activities	131,488,940.58	1,400,000.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long term assets	49,328,711.80	15,746,936.23
Cash paid for investment	40,100,000.00	
Net cash paid for acquisition of subsidiaries and other operation units		
Cash paid for other investment related activities		
Sub-total of cash flow paid for investment activities	89,428,711.80	15,746,936.23
Net cash flow arising from investment activities	42,060,228.78	-14,346,936.23
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	796,000,000.00	485,000,000.00
Cash received from bond		

issuing		
Cash received from other financing activities		
Sub-total cash flow received from financing activities	796,000,000.00	485,000,000.00
Cash paid for debt repayment	663,000,000.00	540,500,000.00
Cash paid for dividend/profit distribution or repayment of interest	45,286,133.74	46,682,224.13
Cash paid for other financing activities	100,451,008.00	895,383.00
Sub-total cash flow paid for financing activities	808,737,141.74	588,077,607.13
Net cash flow arising from financing activities	-12,737,141.74	-103,077,607.13
IV. Change of exchange rate influencing the cash and cash equivalent		
V. Net increase of cash and cash equivalents	22,451,045.67	17,166,092.27
Plus: Opening balance of cash and cash equivalents	35,485,566.79	27,929,968.24
VI. Ending balance of cash and cash equivalents	57,936,612.46	45,096,060.51

Legal representative: Xu Dongsheng
Department: Hu Xinglong

Chief Financial Officer: Hu Xinglong

Person in charge of the Accounting

7. Consolidated Statement of Change in Owner's Equity

Amount in the reporting period

in CNY

Items	Reporting Period										
	Owners' equity attributable to the parent company										Minority shareholders
	Capital	Other equity instruments	Capital	Less: shares	Other	Special	Surplus	Reserve	Retained		

	Stock	Preference shares	Perpetual bond	Others	Reserve	es in stock	comprehensive income	reserve	Reserve	against general risks	earnings	holders' equity	equity
I. Balance at the end of the previous year	392,767,870.00				525,508,281.60		-17,609,265.22		165,915,466.89		566,819,577.37	3,078,356.59	1,636,480,287.23
Plus: Change of the accounting policy													
Correction of the errors of the previous period													
Consolidation of Enterprises under Joint Control													
Others													
II. Opening balance	392,767,870.00				525,508,281.60		-17,609,265.22		165,915,466.89		566,819,577.37	3,078,356.59	1,636,480,287.23
III. Amount of increase/decrease in the report period (Decrease is stated with "-")							7,163,176.26				33,832,632.73	170,762.92	41,166,571.91
(I) Total comprehensive income							7,163,176.26				73,109,419.7	170,762.92	80,443,358.9

											3		1
(II) Owner's investment and decrease of capital													
1. Common shares invested by the shareholders													
2. Capital contributed by other equity instruments holders													
3. Amount of share payment charged to the owner's equity													
4. Others													
(III) Profit Distribution											-39,2 76,7 87.0 0		-39,2 76,7 87.0 0
1. Provision of surplus public reserve													
2. Provision for general risks													
3. Distribution to the owner (or shareholders)											-39,2 76,7 87.0 0		-39,2 76,7 87.0 0
4. Others													
(IV) Internal carry-over of owner's equity													
1. Increased capital converted from capital reserve													

(or capital stock)													
2. Increased capital converted from surplus reserve (or capital stock)													
3. Making up Deficit with Surplus Public Reserve													
4. Others													
(V) Special reserve													
1. Provision in the report period													
2. Application in the report period													
(VI) Others													
IV. Ending balance of the report period	392,767,870.00				525,508,281.60		-10,446,088.96		165,915,466.89		600,652,210.10	3,249,119.51	1,677,646,859.14

Amount of Previous Year

in CNY

Items	Previous period												
	Owners' equity attributable to the parent company										Minority shareholders' equity	Total owner's equity	
	Capital Stock	Other equity instruments			Capital Reserve	Less: shares in stock	Other comprehensive income	Special reserve	Surplus Reserve	Reserve against general risks			Retained earnings
		Preferred shares	Perpetual bond	Others									

I. Balance at the end of the previous year	392,767.00				525,506,952.78		-8,260.833.09		156,714,094.20		469,706.600.67	2,384.907.19	1,538.819.591.75
Plus: Change of the accounting policy													
Correction of the errors of the previous period													
Consolidation of Enterprises under Joint Control													
Others													
II. Opening balance	392,767.00				525,506,952.78		-8,260.833.09		156,714,094.20		469,706.600.67	2,384.907.19	1,538.819.591.75
III. Amount of increase/decrease in the report period (Decrease is stated with "-")					1,328.82		-9,348.432.13		9,201.372.69		97,112,976.70	693,449.40	97,660.695.48
(I) Total comprehensive income							-9,348.432.13				145,591.136.39	505,649.40	136,748.353.66
(II) Owner's investment and decrease of capital												187,800.00	187,800.00
1. Common												187,	187,

shares contributed by the shareholders												800.00	800.00
2. Capital contributed by other equity instruments holders													
3. Amount of share payment charged to the owner's equity													
4. Others													
(III) Profit Distribution					1,328.82			9,201,372.69		-48,478,159.69			-39,275,458.18
1. Provision of surplus public reserve								9,201,372.69		-9,201,372.69			
2. Provision for general risks													
3. Distribution to the owner (or shareholders)										-39,276,787.00			-39,276,787.00
4. Others					1,328.82								1,328.82
(IV) Internal carry-over of owner's equity													
1. Increased capital converted from capital reserve (or capital stock)													
2. Increased capital converted from													

surplus reserve (or capital stock)													
3. Making up Deficit with Surplus Public Reserve													
4. Others													
(V) Special reserve													
1. Provision in the report period													
2. Application in the report period													
(VI) Others													
IV. Ending balance of the report period	392,767.00				525,508,281.60		-17,609.22		165,915,466.89		566,819,577.37	3,078,356.59	1,636,480.287.23

Legal representative: Xu Dongsheng
Department: Hu Xinglong

Chief Financial Officer: Hu Xinglong

Person in charge of the Accounting

8. Statement of Change in Owner's Equity, Parent Company

Amount in the reporting period

in CNY

Items	Reporting Period										
	Capital Stock	Other equity instruments			Capital Reserve	Less: shares in stock	Other comprehensive income	Special reserve	Surplus Reserve	Retained earnings	Total owner's equity
		Preference shares	Perpetual bond	Others							
I. Balance at the end of the previous year	392,767.00				531,163,822.70				165,915,466.89	384,669,884.08	1,474,517,043.67

Plus: Change of the accounting policy											
Correction of the errors of the previous period											
Others											
II. Opening balance	392,7 67,87 0.00				531,16 3,822. 70				165,91 5,466. 89	384,6 69,88 4.08	1,474, 517,04 3.67
III. Amount of increase/decre ase in the report period (Decrease is stated with "-")										102,8 72,53 4.40	102,87 2,534. 40
(I) Total comprehensive income										142,1 49,32 1.40	142,14 9,321. 40
(II) Owner's investment and decrease of capital											
1. Common shares contributed by shareholders											
2. Capital contributed by other equity instruments holders											
3. Amount of share payment charged to the owner's equity											
4. Others											

(III) Profit Distribution										-39,276,787.00	-39,276,787.00
1. Provision of surplus public reserve											
2. Distribution to the owner (or shareholders)										-39,276,787.00	-39,276,787.00
3. Others											
(IV) Internal carry-over of owner's equity											
1. Increased capital converted from capital reserve (or capital stock)											
2. Increased capital converted from surplus reserve (or capital stock)											
3. Making up Deficit with Surplus Public Reserve											
4. Others											
(V) Special reserve											
1. Provision in the report period											
2. Application in the report period											
(VI) Others											

IV. Ending balance of the report period	392,767,870.00				531,163,822.70				165,915,466.89	487,542,418.48	1,577,389,578.07
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Amount of Previous Year

in CNY

Items	Previous period										
	Capital Stock	Other equity instruments			Capital Reserve	Less: shares in stock	Other comprehensive income	Special reserve	Surplu s Reserve	Retained earnings	Total owner' s equity
		Prefere nce shares	Perpetual bond	Othe rs							
I. Balance at the end of the previous year	392,767,870.00				531,162,493.88				156,714,094.20	341,134,316.88	1,421,778,774.96
Plus: Change of the accounting policy											
Correction of the errors of the previous period											
Others											
II. Opening balance	392,767,870.00				531,162,493.88				156,714,094.20	341,134,316.88	1,421,778,774.96
III. Amount of increase/decrease in the report period (Decrease is stated with "-")					1,328.82				9,201,372.69	43,535,567.20	52,738,268.71
(I) Total comprehensive income										92,013,726.89	92,013,726.89
(II) Owner's					1,328.						1,328.

investment and decrease of capital					82						82
1. Common shares contributed by the shareholders											
2. Capital contributed by other equity instruments holders											
3. Amount of share payment charged to the owner's equity											
4. Others					1,328.82						1,328.82
(III) Profit Distribution									9,201,372.69	-48,478,159.69	-39,276,787.00
1. Provision of surplus public reserve									9,201,372.69	-9,201,372.69	
2. Distribution to the owner (or shareholders)										-39,276,787.00	-39,276,787.00
3. Others											
(IV) Internal carry-over of owner's equity											
1. Increased capital converted from capital reserve (or capital stock)											
2. Increased capital											

converted from surplus reserve (or capital stock)											
3. Making up Deficit with Surplus Public Reserve											
4. Others											
(V) Special reserve											
1. Provision in the report period											
2. Application in the report period											
(VI) Others											
IV. Ending balance of the report period	392,767,870.00				531,163,822.70				165,915,466.89	384,669,884.08	1,474,517,043.67

Legal representative: Xu Dongsheng Chief Financial Officer: Hu Xinglong Person in charge of the Accounting Department: Hu Xinglong

I. Company Profile

Fiyta Holdings Ltd. (hereinafter referred to as the Company) was reorganized, incorporated and renamed from Shenzhen Fiyta Timer Industry Company on December 25 1992 with approval by the General Office of Shenzhen Municipal People's Government with Document SHEN FU BAN FU [1992] No. 1259 and with China National Aero-Technology Import & Export Corporation Shenzhen Industry & Trade Center (which was renamed as China National Aero-Technology Corporation Shenzhen) as the sponsor.

On March 10, 1993, the Company, with approval by the People's Bank of China Shenzhen Special Economic Zone Branch [SHEN REN YIN FU ZI (1993) No. 070], issued publically domestic CNY based common shares (A-shares) and CNY based special shares (B-shares). In accordance with the Approval Document of Shenzhen Municipal Securities Regulatory Office SHEN ZHENG BAN FU [1993] No. 20 and the Approval Document of Shenzhen Stock Exchange SHEN ZHENG SHI ZI (1993) No. 16, the Company's A-shares and B-shares were all listed with Shenzhen Stock Exchange for trading commencing from June 3, 1993.

On January 30, 1997, with approval by Shenzhen Municipal Administration for Industry and Commerce, the Company was

renamed as Shenzhen Fiyta Holdings Ltd.

On July 4, 1997, according to the equity assignment agreement between China National Aero-Technology Corporation Shenzhen (CATIC Shenzhen Corporation) and CATIC Shenzhen Holdings Limited (with original name of Shenzhen CATIC Group Co., Ltd. (hereinafter referred to as CATIC Shenzhen), CATIC Shenzhen Corporation assigned 72.36 million corporate shares (taking 52.24% of the Company's total shares) to CATIC Shenzhen. From then on, the Company's controlling shareholder turned to be CATIC Shenzhen from CATIC Shenzhen Corporation.

On October 26, 2007, the Company implemented the equity separation reform, according to which the shareholder of the Company's non-negotiable shares would pay shares to the whole shareholders of negotiable shares registered on the equity record day as designated in the equity separation reform plan at the rate of 3.1 shares for every 10 shares held by them while the Company's total 249,317,999 shares remained unchanged. So far, after the equity separation reform, the proportion of the Company's shares held by CATIC Shenzhen reduced from 52.24% to 44.69%.

On February 29, 2008, due to expansion of the Company's business scope and with approval by Shenzhen Municipal Administration for Industry and Commerce, the Company's enterprise corporate business licence number was changed from 4403011001583 into 440301103196089.

Approved by China Securities Regulatory Commission (CSRC) with the Official Reply on Approval of Non-public Issuing of Shenzhen Fiyta Holdings Ltd., ZHENG JIAN XU KE [2010] No. 1703 and the Official Reply on the Issue of Non-Public Issuing of Shenzhen Fiyta Holdings Ltd. by State-owned Assets Supervision and Administration Commission of the State Council [2010] No. 430, the Company was approved to non-publicly issue no more than 50 million common shares (A-shares). After completion of non-public issuing on December 9, 2010, the Company's registered capital increased to CNY 280,548,479.00 and CATIC Shenzhen holds 41.49% of the Company's equity based capital.

On April 8, 2011, the Company took the total share capital of 280,548,479 shares as at December 31, 2010 as the base, converted its capital reserve into share capital at the rate of 4 shares for every 10 shares. After the conversion, the Company's total share capital became 392,767,870 shares.

Ended June 30, 2015, the Company accumulatively issued totally 392,767,870 shares of capital stock. For the detail, refer to Note VII.53.

The principal business activities of the Company and its subsidiaries (collectively the Group) are: production and sales of various pointer type quartz watches and units, spares and parts, various timing apparatus, processing and wholesale of K gold watches and ornament watches (for production site, separate application should be submitted); domestic trade, materials supply and sales (excluding the commodities for exclusive operation, exclusive control and monopoly); property management and lease; import and export, design and construction; import and export business (implemented according to Document SHEN MAO GUAN DENG ZHENG ZI NO. 2007-072). Legal Representative: Xu Dongsheng. The Company's registered office address: FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen.

The Company has established the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee,

the Audit Committee, the Strategy Committee and the Nomination, Remuneration and Assessment Committee as the governance organs, etc. The Company has also established a number of functional departments, including comprehensive management department, human resource department, financial department, property department, innovation & design department, strategy and information department, office of the Board of Directors, audit department, R & D department, etc.

The financial statements and the notes to the financial statements were approved at the 17th meeting of the Seventh Board of Directors held on August 12, 2015.

IV. Basis of preparation of Financial Statements

1. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and their application guidelines, interpretations and other relevant requirements (collectively, "Accounting Standards for Business Enterprises"). Besides, the Group discloses the relevant financial information in accordance with Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15-General Provisions on Financial Reports (2014Revision) announced by China Securities Regulatory Commission.

2. Operation on Going Concern Basis

The financial statements of the Company have been prepared on going concern basis.

The Group follows the accrual basis of accounting. The financial statements are prepared under the historical cost convention except for certain financial instruments. If impaired, the assets shall provide for impairment in accordance with the relevant regulations.

V. Significant accounting policies and accounting estimates

Notice on specific accounting policy and accounting estimates:

The Group determines the policies of depreciation of fixed asset, amortization of intangible assets, capitalized conditions of R&D expenses and revenue recognition according to the characteristics of its production and operation. Refer to Note VI.16, Notes V.21 and Note V.28 for specific accounting policies.

1. Representation of compliance with the Accounting Standards for Business Enterprises

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial position of the consolidated and company as of 31 December 2014 and their operating results and cash flows and other relevant information for January to June, 2015.

2. Accounting period

Accounting years start on 1 January and end on 31 December.

3. Operating Cycle

The operating cycle of the Group is 12 months.

4. Functional currency

The Company and its domestic subsidiaries adopt Renminbi (CNY) as functional currency.

Except Switzerland based Montres Chouriet SA (hereinafter referred to as the Swiss Company), a subsidiary of FIYTA (Hong Kong) Limited (hereinafter referred to as FIYTA (Hong Kong) which takes Swiss Franc as the recording currency according to the major economic environment of the place where its premises is located, the other overseas subsidiaries, including Harmony World Watches International Limited (World Watch International), one of the subsidiaries of Shenzhen Harmony World Watches Center Co., Ltd. (Harmony), FIYTA (Hong Kong) Limited, 68-Station Limited (68-Station), one of FIYTA (Hong Kong) Limited's subsidiaries, NATURE ART LTD., an entity controlled by 68-Station for special purpose (Nature Art) and PROTOP LTD (PROTOP) as its recording currency according to the major economic environment of the place where their premises are located.

The currency adopted by the Group in preparation of the financial statements is Chinese yuan (CNY).

5. Accounting treatment for business combinations involving entities under common control and not under Common control

(1) Business combinations involving entities under common control

For a business combination involving enterprises under common control, assets and liabilities that are obtained in a business combination shall be measured at the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date, except for the adjustments of different accounting policies. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total par value of shares issued) shall be adjusted to capital reserve, if the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations involving entities under common control achieved in stages that involves multiple transactions

In the separate financial statements, the initial investment cost is the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between initial investment cost and original investment carrying amount plus additional investment cost at the combination date shall be adjusted to capital reserve (share/capital premium), if the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

In the consolidated financial statements, assets and liabilities that are obtained in a business combination shall be measured at the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date, except for the adjustments of different accounting policies. The difference between the original investment carrying amount plus additional investment cost at the combination date and the carrying amount of the net assets obtained shall be adjusted to capital reserve (share/capital premium), if the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. The long-term equity investment of the absorbing party prior to combination, profit or loss, other comprehensive income and changes of other owners' equity recognized between the later of obtaining date and when the absorbing party and the absorbed party are under common ultimate control and combination date shall offset the opening retained earnings or

profit or loss for the current period in the comparative statement.

(2) Business combination involving entities not under common control

For business combinations involving entities not under common control, the consideration for each combination is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and measured on the basis of its costs minus the accumulative impairment provisions. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period after reassessment.

Business combinations involving entities not under common control achieved in stages that involves multiple transactions.

In the separate financial statements, the initial investment cost is the sum of the carrying amount of equity investment of the acquiree held prior to the acquisition date and the additional investment cost at the acquisition date. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. The owners' equity recognized as the changes of the investee's other owners' equity except for net profit or loss, other comprehensive income and profit distribution shall be transferred to profit or loss for the current period when disposing the investment. For the previously-held equity investment which was accounted for in accordance with —Accounting Standard for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the cost method.

In the consolidated financial statements, the cost of combination amount to the consideration paid at the acquisition date plus the fair value of equity investment of the acquiree held prior to the acquisition date. The cost of equity investment of the acquiree held prior to the acquisition date shall be re-measured at the fair value at the acquisition date, the difference between the fair value and par value shall be recognized as profit or loss for the current period. Other comprehensive income and changes of other owners' equity involving the acquiree's previously-held equity except for other comprehensive income due to the movement of net liabilities or assets in the investee's re-measurement defined benefit plan.

(3) Transaction costs for business combination

The intermediary and other relevant administrative expenses such as audit, legal and valuation advisory for business combinations are recognized in profit or loss when incurred. Transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amounts.

6. Preparation of consolidated financial statements

(1) The scope of consolidated financial statements

The scope of consolidated financial statements shall be determined on the basis of control. Control exists when the investor has all the following: power over the investee; exposure, or rights to variable returns from its involvement with the

investee; and the ability to use its power over the investee to affect the amount of the investor's returns. A subsidiary is an entity that is controlled by the Company (such as enterprises, deemed separate entities, and structured entities controlled by the enterprises).

(2) Preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company, based on the financial statements of the Company and its subsidiaries, according to other relevant information. The accounting policies and accounting periods of the subsidiaries should be in accordance with those established by the Company, all significant intercompany accounts and transactions are eliminated on consolidation.

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the subsidiary and its business are included in the consolidated financial statements from when they are controlled together under the ultimate party, and operation results and cash flows are included in the consolidated income statement and consolidated cash flow statement from when they are controlled together under the ultimate party, where a subsidiary or business has been acquired through a business combination not involving enterprises under common control, the subsidiary's or business income, expenses and profits are included in the consolidated income statement, and cash flows are included in the consolidated cash flow statement from the acquisition date to the end of the reporting date.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented in the consolidated balance sheet within shareholders' equity. That portion of net profit or loss of subsidiaries for the period attributable to minority interests shall be presented in the consolidated income statement below the net profit line item as minority interests. When the amount of loss for the current period attributable to the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess shall be allocated against the minority interests.

Transactions that acquire the minority interests of subsidiaries or dispose part of equity investment but not lose control of this subsidiary are accounted for equity transactions that adjust shareholders' equity attributable to the parent and minority interests to reflect the changes of equity in subsidiaries. The difference between the adjustment of minority interests and the fair value of consideration paid/received shall be adjusted to capital reserve, if the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(3) Losing control over the investee

When an enterprise loses control over investee because of disposing part of equity investment or other reasons, the remaining part of the equity investment should be re-measured at fair value at the date when losing control over the investee; the cash received in disposal of the equity investment and the fair value of remaining part of the equity investment, deducting net assets proportion calculated by original share percentage since the acquisition date should be recorded in profit or loss for current period of disposal and the goodwill related to the subsidiary shall also be derecognised; other comprehensive income related to the equity investment in subsidiaries before disposal date shall be transferred to profit or loss for the current period of disposal.

Other comprehensive income and the movement of other owners' equity related to the original subsidiary's equity investment shall be transferred to profit or loss for the current period of disposal. except for other comprehensive income due to the movement of net liabilities or assets in the investee's re-measurement defined benefit plan.

(4) Disposing equity investment until losing control step by step

Multiple transactions resulting in a loss of control are considered as a single transaction, when any of the following

conditions is satisfied:

- ① The transactions are entered into at the same time or in contemplation of each other;
- ② The transactions form a single transaction designed to achieve an overall commercial effect;
- ③ The occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- ④ One transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions

For multiple transactions by disposing equity investment until losing control step by step, the carrying amount of long-term equity investments related to each disposal of equity is transferred in the separate financial statements, the difference between the consideration and the carrying amount of disposed long-term equity investments shall be recognized as investment income.

In the consolidated financial statements, for disposing equity investment until losing control step by step, the measurement of remaining equity and accounting for profit or loss of disposing equity refer to the above "Losing control over the investee". The difference between each consideration and the share of the subsidiary's equity related to disposing investment before losing control:

- ① Belong to "a bundled transaction", is recognized as other comprehensive income and is transferred to profit or loss for the current period when losing control.
- ② Not belong to "a bundled transaction", is recognized as equity transactions and capital reserve and isn't allowed to be transferred to profit or loss for the current period when losing control.

7. Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group shall recognize the following items in the relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. its solely-held assets, and its share of any liabilities incurred jointly;

- B. its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- C. its revenue from the sale of its share of the output arising from the joint operation;
- D. its share of the revenue from the sale of the output by the joint operation; and
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.

(2) Joint ventures

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

The Group shall account for its investment in a joint venture in accordance with the requirement of long-term equity investments relating to equity method.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of foreign currency statement

(1) Foreign currency transactions

If foreign currency transactions occur, translate them into the amount of functional currency by applying the spot exchange rate at the dates of the transactions.

At the end of the period, foreign currency monetary items are translated to CNY using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period; foreign currency non-monetary items carried at historical cost continue to be measured at the amounts in functional currency translated using the spot exchange rates at the dates of the transactions; foreign currency non-monetary items carried at fair value are translated using the spot exchange rates at the date when the fair value was determined. Differences between the translated amount and the original amount of functional currency are included in profit or loss for the current period.

(2) Translation of foreign currency statement

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities of the balance sheet are translated to CNY using the spot exchange rate at the balance sheet date; all items except for "undistributed profits" of the shareholders' equity are translated at the spot exchange rate.

The revenue and expenses in the income statement are translated using the average exchange rate for the period. All items of the cash flow statement are translated using the average exchange rate for the period. As an adjustment item, the impact of exchange rate changes on cash amount is reflected separately in the cash flow as "the impact of exchange rate changes on cash and cash equivalents".

Differences arising from the translation of financial statements are separately presented as the "other comprehensive income" in the shareholders' equity of the balance sheet.

When disposing overseas operations and losing control, the "difference of translation of foreign currency statement" related to the overseas operation presented in shareholders' equity in the balance sheet shall be transferred together or as the percentage of disposing the overseas operation to profit or loss for the current period of disposal.

10. Financial instruments

Financial instruments refer to the contracts of forming enterprise financial assets and other entities' financial liabilities or equity instruments.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Company becomes one party of financial instrument contracts.

If one of the following conditions is met, the financial assets are terminated:

- ① The right of the contract to receive the cash flows of financial assets terminates;
- ② The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

If the obligations of financial liability have been discharged in total or in part, derecognize all or part of it. If the Company (debtor) makes an agreement with the creditor to replace the current financial liability of assuming new financial liability which contract provisions are different in substance, derecognize the current financial liability and meanwhile recognize as the new financial liability.

If the financial assets are traded routinely, recognize and derecognize them at the transaction date.

(2) Classification and measurement of financial assets

Financial assets are, upon initial recognition, classified into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets. Financial

assets are initially recognized at fair value. In the case of financial assets at fair value through profit or loss, the related transaction costs are recognized in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in the initial recognition amounts.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. This kind of financial assets are subsequently measured at fair value, all realized and unrealized gains and losses are recognized in profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method; gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market including account receivables and other receivables (Note III、12). Receivables are subsequently measured at amortized cost using the effective interest method; gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are those non-derivative financial assets that are designated as available for sale and those financial assets in addition to those above mentioned. AFS financial assets are subsequently measured at fair value, the discount or premium are amortized using the effective interest method and recognized as interest income. The gains and losses arising from changes in fair value of AFS financial assets (other than impairment losses and foreign exchange gains and losses resulted from foreign currency monetary assets which are recognized in profit or loss for the current period) are recognized as other comprehensive income, until the financial assets are derecognized, are transferred to profit or loss for the current period. Interest income and dividends related to the AFS financial assets are recognized as profit or loss for the current period.

Equity instrument investment with no quoted price in active markets and with not reliably measured fair value, and derivative financial assets for the equity instrument and settled by paying the equity instrument are measured at cost.

(3)Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities. For financial liabilities not classified as at fair value through profit or loss financial liabilities, the transaction costs are recognized in the initially recognized amount.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include transaction financial liabilities and financial liabilities designated as at fair value through profit or loss in the initial recognition. Such financial liabilities are subsequently measured at fair value, all realized and unrealized gains and losses are recognized in profit or loss for the current period.

Other financial liabilities

Derivative financial liabilities which are linked to equity instrument that is not quoted in an active market and its fair value cannot be reliably measured and settled by delivering the equity instrument are subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method; gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

(4) Derivative financial instruments and embedded derivative instruments

Derivative financial instruments of the Group are initially measured at the fair value of the date a derivative contract entered into and subsequently measured at their fair value. Derivative financial instruments of positive fair value are recognized as assets; those of negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value which do not meet the requirements of hedge accounting are directly recognized to profit or loss for the current period.

For hybrid instruments including embedded derivative instruments such as designated financial assets or liabilities measured at fair value through profit or loss that there isn't close relationship between embedded derivative instruments and their principal contract in the aspects of economic features and risks and is the same as the conditions for embedded derivatives and individual instruments satisfy the definition of derivative instruments, embedded derivative instruments are separated from hybrid instruments and treated as separate derivative financial instruments. If embedded derivative instruments isn't separately measured initially or subsequently at balance sheet date, hybrid instruments as a whole is designated as financial assets or liabilities measured at fair value through profit or loss.

(5) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities refers to Note III.11.

(6) Impairment of financial assets

The Company assesses the carrying amount of financial assets at each balance sheet date other than those at fair value through profit or loss, if there is objective evidence that financial assets are impaired, the Company determines the amount of impairment loss. Objective evidence of impairment of financial assets are the matters that occurred after the initial recognition of financial assets which has impact on the expected future cash flows of financial assets, and can be reliably measured by the Company.

There's objective evidence that the financial assets are impaired including the following observable situations:

- ① The issuer or debtor has severe financial difficulties;
- ② The debtor has violated terms of the contract, such as the payment of the interest or principal is default or overdue;
- ③ Considering economic or legal factors, the Company made concessions to a debtor in financial difficulties;
- ④ The debtor has probably bankruptcy or other financial reorganization;
- ⑤ The issuer has so severe financial difficulties that financial assets can't continue to be traded in an active market;
- ⑥ The cash flow of some asset in a group of financial assets can not be identified to be reduced, but after evaluating it as a whole according to the public data, the expected future cash flow of the group of financial assets since its initial recognition has definitely been reduced and measurable, including:
 - The group of financial assets of the debtor's ability to pay gradually deteriorates;
 - The economy in the debtor's country or region appears likely to lead to the situation that the group of financial assets can not pay
- ① The adverse changes of technology, market, economic or other legal environment the debtor operates in cause investors in equity instrument may not recover the investment cost;
- ② The fair value of equity instrument declines seriously or untemporarily, such as the fair value of equity instrument at the balance sheet date is over 50% less than the initial investment cost (including 50%) or the period that is less than the initial investment cost lasts more than 12 months (including 12 months).

The period that is less than the initial investment cost lasts more than 12 months (including 12 months) refers to that the average fair value of equity investment is less than the initial investment cost monthly for 12 months.

- ③ There are other objective evidences that financial assets are impaired.

Financial asset measured at amortized cost.

If there's objective evidence that the financial assets are impaired, then the carrying amount of financial assets shall be reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred), with the reduced amount recognized to profit or loss for the current period. The present value of estimated future cash flows is carried according to the financial asset's original effective interest rate, and considers the value of collateral.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment, if there is

objective evidence that it has been impaired; recognize the impairment loss in profit or loss for the current period. For a financial asset that is not individually significant, the Company assesses the asset by including the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. For an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), the Company includes the asset in a group of financial assets with similar credit risk characteristics and collectively assessment for impairment. Asset for which an impairment loss is individually recognized is not included in a collective assessment of impairment.

If, after an impairment loss has been recognized on financial assets measured at amortized cost, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Available-for-sale financial assets

If there's objective evidence that AFS financial assets are impaired, accumulated losses due to decreases in fair value previously recognized directly in other comprehensive income are reversed and charged to profit or loss for the current period. The reversed accumulated losses are the asset's initial acquisition costs after deducting amounts recovered and amortized, current fair value and impairment losses previously recognized in profit or loss.

If, in a subsequent period, the fair value of financial assets increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed and charged to profit or loss for the current period. The impairment losses of AFS equity instruments shall not be reversed through profit or loss.

Financial assets measured at cost

If there's objective evidence that the financial assets are impaired, the difference between the carrying amount and the present value discounted at the market rate of return on future cash flows of the similar financial assets shall be recognized as impairment loss in profit or loss. The impairment loss recognized shall no longer be reversed.

(7) Transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Group derecognizes a financial asset only if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; the Group should not derecognize a financial asset if it retains substantially all the risks and rewards of ownership of the financial asset.

The Group neither transfers nor retains substantially all the risks and rewards of ownership, shows as the following circumstances: if the Group has forgone control over the financial assets, derecognize the financial assets and verify the assets and liabilities; if the Group retains its control of the financial asset, recognize the financial asset to the extent of its

continuing involvement in the transferred financial asset and recognize an associated liability.

(8) Offset between financial assets and financial liabilities

When the Group has the legal right of offset the recognized financial assets and financial liabilities, by now is able to carry out the legal right and the Group plans to settle by net amount or meanwhile realise the financial assets and pay off financial liabilities, the amount after offsetting financial assets and financial liabilities each other is presented in the balance sheet. Besides, financial assets and financial liabilities are presented separately in the balance sheet and not allowed to offset each other.

11. Receivables

(1) Individually significant receivable and provision for bad and doubtful debts individually

Criteria of individually significant receivables	the carrying amount of accounts receivables of over CNY 800,000.00 and other receivables of over CNY500,000.00 are recognized as individually significant receivable.
Measurement of individually recognized bad and doubtful debts provision of individually significant receivables:	Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the impairment occurred, recognize the provision for bad and doubtful debts according to the difference between the present value of future cash flows, which is lower, and the carrying amount. If impairment of financial asset tested individually is not established, recognize the provision of bad and doubtful debts in combination.

(2) Receivables with provision for bad and doubtful debts based on the credit risk characteristics collectively

Group Description	Method of provision for bad and doubtful debts
Group of ageing	Ageing analysis method
Specific fund portfolio (receivables such as employee pretty cash receivables, accounts receivable due from subsidiaries included in consolidation scope, accounts receivable for the sales between the last date of settlement with department store and the date of balance sheet)	Other method

For group of ageing, the rate of provision for bad and doubtful debts in ageing analysis method is as follows:

Aging	Percentage of provision for accounts receivable	Percentage of provision for other receivables
Within 1 year (including 1 year)	5.00%	5.00%

1 - 2 years	10.00%	10.00%
2 - 3 years	30.00%	30.00%
Over 3 years	50.00%	50.00%

In grouping, the account receivable for which reserve for bad debt is provided based on balance percentage:

Inapplicable

In grouping, the accounts receivable for which the bad debt reserve is provided based on the other method:

Group description	Percentage of provision for accounts receivable	Percentage of provision for other receivables
Group of specific fund	0.00%	0.00%

(3) Accounts receivable with insignificant individual amount but individually recognized bad and doubtful debts provision

Reason of individual provision for bad and doubtful debts	Including the accounts receivable involving dispute or lawsuit/arbitration with the counterparty and the accounts receivable in which there exists evident indication showing that a debtor may possibly be unable to implement the obligation of repayment.
Method for provision for bad and doubtful debts	Provision for bad and doubtful debts is based on the difference of the present value of future cash flow lower than the book value.

12. Inventories

(1) Classification

Inventory mainly includes raw material, work-in-process and finished goods.

(2) Determination of cost

Inventories are determined at the actual cost when acquired. Costs of raw materials, work in progress, finished goods are calculated in weighted average costing (for finished goods of watches with FIYTA brand name), specific identification method (for finished goods of branded watches), and first-in-first-out method (for raw material for FIYTA watches) when issued.

(3) Recognition of the net realizable value and provision for decline in value of inventory

Net realizable value ("NRV") is based on the estimated selling price deducting the estimated costs to be incurred when completed, the estimated selling expenses and related taxes amount. Recognition of the net realizable value is based on the verified evidences and considers the purpose of holding inventories and the effect of post balance sheet events. In particular:

① the NRV of inventories that are available for sale such as finished goods and materials held for trading are determined using the estimated selling price less estimated selling expenses and related taxes if the business is in the ordinary course of operation;

② the NRV of materials that need to be processed are determined using estimated selling price of finished goods which is manufactured from the material less estimated cost of completion, estimated selling expenses and related taxes if the business is in the ordinary course of operation.

The Company recognizes inventory impairment provision for FIYTA brand watches based on models category.

Impairment provisions for branded watches are recognized on an item-by-item basis.

Impairment provisions for raw materials of FIYTA watches are recognized by categories based on ultimate-customer selling status of FIYTA finished watches taking into considerations of the exchangeability of the spare parts and the special usage of materials.

If the cost of closing inventory of the Company exceeds its net realizable value at balance sheet date, recognize provision for decline in value of inventories. The Company usually recognize provision for decline in value of inventories by a single inventory item. If the factors of value of inventory previously written-down have disappeared, reverse provision for decline in value of inventories in the amount originally made.

(4) Inventory system

The Group adopts perpetual inventory system

(5) Amortization method of low-value consumables and packaging material

The Group uses one-off amortization method when low-value consumables and packaging material are received for use.

13. Held-for-sale Assets as Classified

Inapplicable

14. Long-term equity investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Where the Group can exercise significant influence over the investee, the investee is its associate.

(1) Recognition of investment cost

For a business combination involving enterprises under common control, the initial investment cost of the long-term equity

investment shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date; for a business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition.

For a long-term equity investment acquired by paying cash, the initial investment cost shall be the actual purchase price has been paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

Where the Group is able to exercise control over an investee, the long-term equity investment shall be accounted for using the cost method; where the Group has investment in associates and operation ventures, the long-term equity investment is accounted for using the equity method.

For long-term equity investment which is accounted for using the cost method, investment income is recognized in profit or loss for the current period as the cash dividend or profit announced and distributed, except for those cash dividend or profit which have already included in the actual payment or consideration of offer when the investment was made.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair values of the investee's identifiable net assets, no adjustment is made to the initial investment cost; where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the carrying amount of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group shall recognize its share of the investee's net profit or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Group. The Group's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognized in the Groups' equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The share of the investee's net profit or loss for the current period is recognised after adjusting the investee's net profit in accordance with the Group's accounting policies and accounting period based on the fair value of the identifiable assets when the investment is made.

When the Group becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Group shall change to the equity method and use the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. Where the previously-held equity investment is classified as available-for-sale financial assets, the differences between the fair value and carrying amount and the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Group can no longer exercise joint control of or significant influence over an investee due to partial disposal of

equity investment or other reasons, the remaining equity investment shall be charged to profit or loss for the current period for the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence in accordance with Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the Group had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method; Other movement of owner's equity related to original equity investment is transferred in profit or loss for the current period.

When the Group can no longer exercise control over an investee due to partial disposal of equity investment or other reasons and the remaining equity after disposal can exercise joint control or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition under equity method; when the remaining equity can no longer exercise joint control or significant influence over an investee, the remaining equity investment shall be charged to profit or loss for the current period for the difference between the fair value and the carrying amount at the date of the loss of control in accordance with Accounting

Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments.

For the unrealized profit or loss between the Group and an associate or joint venture, the part belongs to the Group, calculated with the percentage held by the Group, should be offset, and accordingly, the Group recognizes the investment income or loss. Any losses resulting from transactions between the Group and the investee, which are attributable to asset impairment shall not be eliminated.

For the long-term equity investments of associates and joint ventures held before January 1, 2007, if there exists equity investment debit balance related to the investment, recognize investment income or loss after deducting the equity investment debit balance in the original straight-line basis over the remaining period.

(3) Basis for recognition of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In assessing whether an enterprise has joint control of an arrangement, the Group shall first assess whether all the parties, a group of the parties, control the arrangement collectively. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the relevant activities. Then assess whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. A party that holds only protective rights does not have joint control of the arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible shall be considered.

Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When the Company, directly or indirectly through subsidiaries, owns 20% of the investee (including 20%) or more but less than 50% of the voting shares, it has significant impact on the investee unless there is clear evidence to show that in this case the Company cannot participate in the production and business decisions of the investee, and cannot form a significant influence; when the Company owns 20% (excluding) or less of the voting shares, generally it isn't considered to have a significant impact on the investee, unless there is clear evidence to show that in this case the Company can participate in the production and business decisions of the investee so as to form a significant influence.

(4) Method of impairment testing and impairment provision

For investment of subsidiaries, associates and joint ventures, refer to Note V. 22 for the Group's method of asset impairment.

15. Investment property

Method for measurement of investment property

Measured according to the cost method

Depreciation or amortization method

Investment property is a property held to earn rentals or for capital appreciation or both, comprising a land use right that is leased out, a land use right held and ready to transfer after appreciation, a building that is leased out.

The Group's investment property is initially measured at acquisition cost, and is depreciated or amortized on schedule in accordance with the relevant rules of fixed assets or intangible assets.

Refer to Note V. 22 for asset impairment method of investment property subsequently measured using the cost model.

Disposal consideration of sale, transfer, retirement or damage of investment property after deducting its carrying amount and related taxes amount is recognized in profit or loss for the current period.

Category	Useful years (year)	Residual rate %	Annual depreciation rate %
Plant & buildings	20-35 years	5	2.7-4.8

16. Fixed asset

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for

administrative purposes and have useful lives more than one accounting year.

A fixed asset shall be recognized only when it is probable that economic benefits associated with the asset will flow into the enterprise and the cost of the asset can be measured reliably.

A fixed asset shall be initially measured at actual cost.

(2) Depreciation methods

Categories	Depreciation method	Depreciation life	Residual rate	Yearly depreciation
Plant & buildings	Average service life method	20-35	5	2.7-4.8
Machinery & equipment	Average service life method	10	5-10	9-9.5
Motor vehicles	Average service life method	5	5	19
Electronic equipment	Average service life method	5	5	19
Others	Average service life method	5	5	19

The Group uses Average service life method for depreciation. Fixed assets begin to be depreciated from the state of intended use, and stop being depreciated when derecognized or classified as held for sale non-current assets. Without considering impairment provision, the Group's annual depreciation rates are shown as the above table according to the category, expected useful lives and estimated net residual values rates.

Among these, fixed assets which have been impaired should deduct the cumulative amount of impairment provision to determine the depreciation rate.

For impairment test and the impairment provision of fixed asset, refer to Note III. 21.

The Group conduct reviews to the useful life, estimated net residual rate and depreciation method at least at each end of the accounting year.

Adjust the useful lives of fixed assets if their expected useful lives are different with the original estimates; adjust the estimated net residual values if they are different from the original estimates.

Overhaul costs

The overhaul costs occurred in regular inspection of fixed assets are recognized in the cost of fixed assets if there is

undoubted evidence to confirm that this part meets the recognition criteria of fixed assets, otherwise, the overhaul costs are recognized in profit or loss for the current period. Fixed assets are depreciated at the intervals of the regular overhaul.

(3) Basis for recognizing the fixed assets under financing lease, Pricing and Depreciation Methods

Inapplicable

17. Construction in progress

The cost of construction in progress is determined according to the actual expenditure incurred for the construction, including all necessary construction expenditures incurred during the construction period, borrowing costs that shall be capitalized before the construction reaches the condition for intended use and other relevant expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

For provision for impairment of construction in progress, refer to Note V.22.

18. Borrowing cost

(1) Recognition principle of borrowing cost capitalization

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, they shall be capitalized and included in the cost of related assets; other borrowing costs are recognized as expenses and included in profit or loss when incurred. Capitalization of such borrowing costs can commence only when all of the following conditions are satisfied:

- ① Expenditures for the asset are being incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or the interest bearing liabilities for the purpose of acquiring or constructing assets eligible for capitalization;
- ② Borrowing costs are being incurred; and
- ③ Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Capitalization period of borrowing costs

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The borrowing cost incurred after that is recognized as an expense in the period in which they are incurred and included in profit or loss for the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months; the borrowing costs in the normally interrupted period continue to capitalize.

(3) Capitalization rate of borrowing costs and calculation of capitalization amount

Interest expenses of special borrowings incurred actually for the current period less interest income from borrowings at bank or investment income from temporary investments is capitalized; capitalization amount is determined as accumulative asset expenditure of general borrowings over weighted average asset expenditure of special borrowings multiples capitalization rate of general borrowings. Capitalization rate is determined as calculating weighted average interest rate of general borrowings.

In the capitalization period, exchange differences of special borrowings in foreign currency is totally capitalized; exchange differences of general borrowings in foreign currency is recognized in profit or loss for the current period.

19. Biological Assets

Inapplicable

20. Oil and Gas Assets

Inapplicable

21. Intangible assets**(1) Pricing Method, Service Life and Impairment Test**

Intangible assets of the Group include land use rights, software system, trademark rights etc.

The Group initially measures the intangible asset at cost, and analyzes and judges its service life when obtained. An intangible asset with a finite useful life is amortized using the method which can reflect the expected realization of economic benefits related to the asset over its expected useful life from when the asset is available for use; an intangible asset whose expected realization can't be reliably determined is amortized using straight-line amortization; an intangible asset with an indefinite useful life is not amortized.

Amortization methods of an intangible asset with a finite useful life are shown as follows:

Category	Useful Life	Amortization Method	Remarks
Land use right	45-50 years	Straight-line method	-
Software system	5 years	Straight-line method	-
trademark rights	5-10 years	Straight-line method	-

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of each financial year, if it is different from the previous estimates, adjust the previous estimates and deal with it according to changes in accounting estimates.

The Group estimates an intangible asset can no longer bring future economic benefits to the Group at the end of a period,

the carrying amount of which should be reversed to profit or loss for the current period.

Refer to Note V. 22 for impairment provision method for intangible assets.

(2) Accounting policy for internal research and development expenditure

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recognized in profit or loss when incurred.

Expenditure on the development phase is capitalized only when the Group can satisfy all of the following conditions: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete the intangible asset is to use or sell it; how the intangible asset will generate economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; its ability to measure reliably the expenditure attributable to the intangible asset during its development phase. Otherwise, it is charged to profit or loss.

The research and development projects of the Group will enter into the development stage after meeting the above conditions and passing through the technical feasibility and economic feasibility studies and the formation of the project.

Capitalized expenditure on the development phase is presented as “development costs” in the balance sheet and shall be transferred to intangible assets when the project is completed to its intended use state.

22. Impairment of long term assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, intangible assets, goodwill and related facilities, etc. (Excluding inventories, investment property measured at fair value model, deferred income tax assets and financial assets) are determined as follows:

At the balance sheet date, the Group determines whether there may be evidence of impairment, if there is any, the Group will estimate the recoverable amount for impairment, and then test for impairment.

For goodwill arising from a business combination, intangible assets with indefinite useful life and the intangible assets that have not yet ready for use are tested for impairment annually regardless of whether such evidence exists.

The recoverable amount of an asset is determined by the higher amount of fair value deducting disposal costs and net present value of future cash flows expected from the assets.

The Group estimates the recoverable amount based on individual asset; for individual asset which is difficult to estimate the recoverable amount, the recoverable amount of the asset group is determined based on the asset group involving the asset. The identification of the asset group is based on whether the cash flow generated from the asset group is

independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Group reduces its carrying amount to its recoverable amount, the reduced amount is included in profit or loss, while the provision for impairment of assets is recognized.

For tests of goodwill impairment, the carrying amount of goodwill arising from a business combination shall be amortized to the related asset group at reasonable method; that which is difficult to be amortized to the related asset group shall be amortized to the group of asset groups. Related asset group or group of asset groups is asset group or group of asset groups which can benefit from synergies of a business combination and is not greater than the reportable segment of the Group.

When testing impairment, if asset group or group of asset groups relating to goodwill exists evidence of impairment, first of all, the Group shall conduct impairment testing for asset group or group of asset groups which does not include goodwill, and recognize corresponding impairment losses. Then asset group or group of asset groups which includes goodwill shall be conducted impairment testing and compare its carrying amount and recoverable amounts. If the recoverable amount is less than the carrying amount, then recognize the impairment loss of goodwill.

Once impairment loss is recognized, it can't be reversed in subsequent accounting periods.

23. Long-term deferred expenses

Long-term unamortized expenses occurred shall be priced at actual cost and averagely amortized during the predicted benefit period. The long-term unamortized expenses that would not benefit the future accounting periods, the amortization value shall be fully recorded in current profits and losses.

24. Employee benefits

(1) Short-term employee benefit

The Group shall recognize employee wages or salaries incurred, bonus, social security contributions such as premiums or contributions on medical insurance, work injury insurance and maternity insurance and housing funds as liabilities through profit or loss or related cost of assets for the financial year in which the employees render the related services. If the liability is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and have significant financial effects, it shall be measured at the discounted value.

(2) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans

Defined contribution plans include primary endowment insurance and unemployment insurance.

The Group shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

For defined benefit plans, independent actuaries shall determine actuarial value at the balance sheet date to determine the cost of rendering welfare under estimated accumulated welfare unit method. The Group shall recognize the following components of employee benefits cost arising from defined benefit plan:

① service cost, comprising current service cost, past service cost and any gain or loss on settlement. Current service cost is the increase in the present value of the defined benefit plan obligation resulting from employee service in the current period. Past service cost is the increase or decrease in the present value of the defined benefit plan obligation for employee service in prior periods, resulting from a plan amendment.

② net interest on the net defined benefit plan liabilities(asset), including interest income on plan assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset ceiling.

③ changes as a result of remeasurement of the net defined benefit liability(asset).

Item① and item② above should be recognized in profit or loss for the current period unless another Accounting Standard requires or permits the inclusion of the employee benefit costs in the cost of assets. Item ③ shall be recognized in other comprehensive income and shall not be reclassified to profit or loss in a subsequent period. However, the Group may transfer those amounts recognized in other comprehensive income within equity.

(3) Termination benefits

The group which provides termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; When the Group recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

For retirement plans within the Group and economic compensation before the formal retirement date attributable to termination benefits, the salaries to pay retirement within the Group and social securities is recognized one-off in profit or loss for the current period between the employees' stop rendering service and formal retirement. Economic compensation after formal retirement date (such as formal endowment insurance) shall be accounted for as post-employment benefits.

(4) Other long-term employee benefits

When other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan, but the movement of net liabilities or assets in the investee's re-measurement defined benefit plan in the cost of relevant employee benefits shall be recognized in profit or loss for the current period or the relevant cost of assets.

25. Predicted liabilities

An obligation for additional losses of investees related to a contingency is recognized as a provision when all of the following conditions are satisfied:

- (1) The obligation is a present obligation of the Group;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Group reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If the expenses for clearing of predictive liability is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognized separated as asset. The compensated amount shall not be greater than the carrying amount of the predictive liability.

26. Payment for shares

Inapplicable

27. Other financial instruments, such as preferred shares, perpetual liabilities, etc.

Inapplicable

28. Revenue

(1) General

① Sale of goods

Revenue from the sale of goods is recognized only when all of the following conditions are satisfied: the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, the Group retains neither continuing managerial involvement nor effective control over the goods sold, and related income has been achieved or evidences of receivable have been obtained, and the associated costs can be measured reliably.

② Providing of services

Where the outcome of a transaction involving the providing of services can be estimated reliably, at the end of the period, revenue associated with the transaction is recognized using the percentage of completion method.

The stage of completion of a transaction involving the providing of services is determined according to the proportion of the services performed to the total services to be performed.

The outcome of a transaction involving the providing of services can be estimated reliably only when all of the following conditions can be satisfied at the same time:

A. The amount of revenue can be measured reliably; B. The associated economic benefits are likely to flow into the enterprise; C. The stage of completion of the transaction can be measured reliably; D. The costs incurred and to be incurred in the transaction can be measured reliably.

If the outcome of a transaction involving the providing of services can't be estimated reliably, the revenue of providing of services is recognized at the service cost that incurred and is estimated to obtain compensation and the service cost incurred is recognized in profit or loss for the current period. If the service cost incurred is estimated to obtain compensation, revenue isn't recognized.

③ Transfer of the right to use assets

The Group will recognize revenue when the economic benefits related to transfer of the right to use assets can flow in and the amount of revenue can be measured reliably.

④ Interest income

The interest income shall be calculated based on the tenure of the Group's monetary funds used by others and the actual interest rates used.

⑤ Revenue from property leasing

The amount of revenue from property leasing are recognized when the rentals are collected or evidence of receipt of payments are obtained in accordance with the tenure (consider rental-free period, if any) and rental stated in the leasing contract or agreement.

(2) Detailed method of revenue recognition

The watches sold by the Group includes two types, one is the self-manufactured FIYTA watch, the sales of which is managed by branch offices and provincial-level sale sections by regions set up by Sales Company, a subsidiary of the Company. The other is brand watches, the sales of which are controlled by HARMONY Company, a subsidiary of the Company, and we act as agent Regarding to sales modes, a small portion of the sales of self-manufactured FIYTA watches is sold through direct sales to customer and consignment sales while most self-manufactured FIYTA watches and brand watches under agent are under two sales modes, namely exclusive shop and shop-in-shop. Detailed method of revenue recognition as follows:

A. Direct sales to the customers

Under direct sales to the customers mode, the Group delivers products to customers and recognizes sales income after customers check and accept.

B. Exclusive shop

Under exclusive shop mode, the Group delivers products to customers and recognizes sales income after customers check, accept and pay.

C. Shop-in-shop

Under shop-in-shop mode, the Group delivers products to customers, sales staff issues notes to retail customers and

recognizes sales income after customers check and accept and department store collects the payment from the customers.

D. Consignment sales

Under consignment sales mode, the Group receives the detail of the sales list from consignee and recognizes revenue while issuing invoice to distributors.

29. Government grants

(1) Basis for judging asset related government grants and the accounting treatment method

A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group can receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. Where there is undoubted evidence that the Group can comply with the conditions attaching to the grants and the Group will receive the grants, they can be measured in accordance with the receivable amount; otherwise, they shall be measured according to the amount actually received.

A government grant related to an asset is a grant obtained by the Group used for purchase or construction, or forming the long-term assets by other ways. Otherwise, the government grant is treated as a government grant related to income.

A government grant related to an asset value that the government document does not specify the grantee and can form the long-term asset is treated as a government grant related to an asset. Otherwise, the government grant is treated as a government grant related to income. If it is difficult to distinguish, the government grant as a whole is treated as a government grant related to income.

(2) Basis for judging income related government grants and the accounting treatment method

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period; if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and then recognized in profit or loss over the periods in which the costs are recognized. Government grants measured at nominal amounts are directly recognized in profit or loss for the period.

For repayment of a government grant already recognized, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the period. If there is no related deferred income, the repayment is recognized immediately in profit or loss for the period.

30. Deferred tax assets and deferred tax liabilities

Tax expense comprises current tax expense and deferred tax expense. Current tax and deferred tax are included in profit or loss for the current period as tax expense, except for deferred tax related to transactions or events that are directly recognized in shareholders' equity which are recognized directly in shareholders' equity, and deferred tax arising from a

business combination, which is adjusted against the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, it is probable that taxable profits will be available in the future, against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Group reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

31. Lease

(1) Accounting treatment method for operating lease

① As lessor

Lease from operating leases is recognized in profit or loss on a straight-line basis respectively over different periods of the

lease term. The initial direct costs incurred are recognized in profit or loss for the current period.

② As lessee

Lease from operating leases is recognized in the cost of relevant assets or profit or loss on a straight-line basis over the lease term. The initial direct costs incurred are recognized in profit or loss for the current period

(2) Accounting treatment method for finance lease

① As lessor

In finance leases, at the beginning date of lease period, the Group will recognize the sum of minimum lease collection and initial direct costs as the recorded value of finance leases receivable and meanwhile is recorded as unguaranteed residual value; the difference between the sum of minimum lease collection, initial direct costs and unguaranteed residual value and their present value is recorded as unrecognized financing charges.

② As lessee

In finance leases, at the beginning date of lease period, the Group will recognize the lower of the fair value of leased asset of the beginning date of lease period and the present value of minimum lease payment as the recorded value of the leased asset, their difference is recorded as unrecognized financing charges. Initial direct costs are recognized in leased assets' value. Unrecognized financing charges are measured at amortized cost using the effective interest method in the periods of leasing and recognized in financing charges for the current period. The Group depreciates the leased assets by adopting the depreciation policy consistent with self-owned fixed assets.

32. Other important accounting policy and accounting estimate

(1) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group measures the related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market; in the absence of a principal market, in the most advantageous market for the assets or liabilities.

For financial assets or financial liabilities in active markets, the Group uses the quoted prices in active markets as their fair value. Otherwise, the Group uses valuation technique to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and if the observable inputs aren't available or impractical, using unobservable inputs.

Assets and liabilities measured or disclosed at fair value in the financial statements are determined which level of fair value according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability.

At the balance sheet date the Group revalues assets and liabilities continuing to be measured at fair value in the financial statements to determine whether to convert among the levels of fair value measurement.

(2) Critical accounting judgments and estimates

The Group gives continuous assessment of the reasonable expectations of future events and the critical accounting estimates and key assumptions based on its historical experience and other factors.

The critical accounting estimates and key assumptions that are likely to lead to significant adjusted risks of the carrying amount of assets and liabilities for the next financial year are listed as follows:

① Bad debt provision

The allowance method is adopted by the Group to account for losses on bad debts for receivables. Impairment of accounts receivable is made based on estimation of its recoverability, which requires the management to make judgments and estimates. The difference between the actual outcome and the estimates will have effects on the carrying amounts of accounts receivable and on provision or reversal of the provision for bad debts of the accounting period in which the estimates will be changed.

② Inventory provision for branded watches

For the brand watches through distribution channel with stock aging of over 3 years, the Group's management believes it is with an up going trend for its price and the sales of branded watches is promising in the future. The Group's management checked the branded watches for its NRV at the end of the accounting period, and believed that the full amount of value of branded watches can be recovered even in the case that the stock aging of the branded watches increase. If there is any evidence indicated that the NRV is lower than its carrying amount, adjustments will be made in the period when such indicators appear. Impairment to branded watches requires the management to make judgements and estimation on the basis of obtaining reliable evidences and taking consideration of the intention of holding the branded watches and events after the balance sheet date. The difference between actual outcome and the previous estimation will affect the carrying

amount of the inventory and recognizing or reversal of inventory impairment provision.

The Group's management believes the method of recognizing and reviewing impairment provision for branded watches is appropriate.

③ Impairment provision for non-current non-financial assets

At the balance sheet date, the Group judges whether there are indicators of impairment for non-current assets other than financial assets. For an intangible asset with an indefinite useful life except for annually impairment test, an impairment test will be conducted if there are any indicators of impairment occur. For non-current assets other than financial assets, an impairment test shall be made if there are evidences indicating the carrying amounts cannot be recovered in full amount.

An asset or asset group is impaired when its carrying amount is higher than its recoverable amount (i.e. the higher of its fair value less the disposal expenses and the present value of the estimated future cash flows).

The net amount of fair value less the disposal expenses are determined with reference to the quoted price of similar assets in a sales agreement in an arm's length transaction or an observable market price less incremental costs directly attributable to disposal of the asset.

When estimating the present value of future cash flows, significant judgments are involved to the production output, selling price, relevant business costs of the asset (or asset group) and the discount rate adopted in calculating the present value. In estimating the recoverable amount, the Group will adopt all information available, such as forecasts for the production output, the selling price and relevant business costs, which are made according to reasonable and supportive assumptions.

The Group conducts impairment test to goodwill at least once a year. This requires estimating the present value of future cash flows of asset group or combination of asset group to which goodwill has been allocated.

In estimating the present value of future cash flows, the Group needs estimate future cash flows generated from the asset group or the combination of asset groups and choose appropriate discount rates.

④ Depreciation and amortization

Taking the residual value into consideration, an investment property, fixed asset and intangible asset are depreciated or amortized on a straight-line basis over its useful life. The Group reviews the useful life periodically to determine the amount of depreciation or amortization which shall be recognized in each accounting period. The useful life is determined according to historical experience of similar assets and technological renovation estimated. The amount of depreciation or amortization shall be adjusted in future accounting periods if there are material changes in estimates made before.

⑤ Deferred income tax asset

A deferred tax asset shall be recognized for the unused deductible losses to the extent that it is probable that future taxable profit will be available against which the deductible losses can be utilized. Taking the taxation planning into consideration, the management of the Group is required to make significant amount of judgments to estimate the time and the amount of future taxable profit in order to determine the amount of deferred income tax assets to be recognized.

⑥ Corporate income tax

For some transactions in the Group's ordinary course of business, uncertainties exist in their tax treatment and calculation.

An approval from the tax authority is needed to determine whether an item is deductible before tax. If the final confirmation from the tax authority differs with the original estimation, the difference will have effects on the current income tax and deferred income tax of the period in which the final confirmation is made by the tax authority.

⑦ After-sale quality warranty

The Group has the obligation to provide warrant to the quality of goods sold, and is responsible for damages arising from the repair and replacement due to defective goods. The Group estimates and draws related provision on its after-sale quality warranty commitment to customers with respect to the goods sold. In the case that the contingent event becomes a current obligation and performance of the current obligation may be very likely to cause economic benefit flow out of the Group, the Group recognizes provision based on the best estimates to be spent for fulfilling the related current obligation. Otherwise, if the event does not become a current obligation, no predictions needed. In the course of judgment, the Group needs to consider the recent maintenance data which may not be likely to reflect the future maintenance situations. Any increase or reduction of the provision may possibly affect the profit or loss in the future year.

33. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Inapplicable

(2) Changes in significant accounting estimates

Inapplicable

34. Miscellaneous

Inapplicable

VI. Taxation

1. Types of taxes and tax rates

Type of taxes	Tax base	Tax rates
VAT	Taxable income	17
Consumption tax	Import or produce high-class watches	20
Business tax	Taxable income	5
Urban maintenance and construction tax	Turnover tax payable	7
Corporate income tax		
Educational surcharges	Turnover tax payable	3

In case there exist any taxpayer paying corporate income tax at different tax rates, disclose the information

Name of taxpayer	Income tax rates
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The Company (Notes ①②)	25
Shenzhen Harmony World Watches Center Co., Ltd. (Note ①)	25
Shenzhen FIYTA Precision Timer Manufacturing Co., Ltd. (Manufacturing Company) (Note ②)	25
FIYTA (Hong Kong) Limited (Note ④)	16.5
Station 68 (Note ④)	16.5
Nature Art Limited (Note ④)	16.5
Protop Limited (Note ④)	16.5
World Watches International (Note ④)	16.5
Shenzhen FIYTA Technology Development Co., Ltd. (Technology Company) (Notes ②③)	15
Shenzhen Symphony Trading Co., Ltd. (Trading Company) (Note ⑤)	25
Beijing Henglianda Watch Center Co., Ltd (Henglianda Company) (Note ⑤)	25
Kunming Lishan Department Store Co., Ltd. (Lishan Department Store) (Note ⑤)	25
Harbin World Watches Distribution Co., Ltd. (Harbin Company) (Note ⑤)	25
Shenzhen Harmony Culture Communication Co., Ltd (Culture Company) (Note ⑤)	25
Emile Choureit Timing (Shenzhen) Ltd. (Emile Choureit Shenzhen Company) (Note ⑤)	25
FIYTA Sales Co., Ltd. (Sales Company) (Notes ①⑤)	25
Liaoning Hengdarui Commercial & Trade Co., Ltd (Hengdarui Company) (Note Note ⑤)	25
Swiss Company (Note ⑥)	30

2. Tax Preferences

Note ①: According to the regulations stated in GuoShuiFa (2008) No. 28, “Interim Administration Method for Levy of Corporate Income Tax to Enterprise that Operates Cross-regionally”, the head office of the Company and its branch offices, the head office of HARMONY Company and its branch offices adopt tax submission method of “unified calculation, managing by classes, pre-paid in its registered place, settlement in total, and adjustment by finance authorities” starting from 1 January 2008. 50% is shared and prepaid by branches and 50% is prepaid by the headquarters.

Note ②: According to Notice of “Pre-tax Deduction of Enterprise Research and Development Expenses (Interim)”, GuoShui FA (2008) No. 116 issued by State Administration of Taxation on 10 Dec. 2008, research and development expenses, which are charged to profit or loss instead of being capitalized as intangible assets, that incurred by the Company and the Manufacture Company for developing new technology, new product and new technique can be deducted by 50% extra on top of actual expensed charged in profit or loss.

Note ③: According to ShenGuoShuiBao Xi GaoXinNian Du Bei (2014) No. 0027 “Notice to Acceptance of Annual Information Filing of High-tech Enterprises —issued by Xixiang Tax Sub Bureau of National Taxation Bureau of Baoan District of Shenzhen, the Company enjoys the “income tax rate exclusion of high-tech enterprises key supported by the state”.

Note ④: These companies are registered in Hong Kong and the income tax rate of Hong Kong applicable is 16.50% this year.

Note ⑤: According to the People's Republic of China Enterprise Income Tax Law, the income tax rate is 25% for residential enterprises since 1 January 2008.

Note ⑥: The tax rate of 30% is applicable for Swiss Company as it registered in Switzerland.

3. Miscellaneous

(2) Property tax

In accordance with Article 5 of “Circular on Printing and Issuing ‘Reply to Issues Related to Property Tax and Vehicle and Vessel Usage Tax’”, Shen Di ShuiFa (1999) No.374 issued by Shenzhen Local Taxation Bureau, property leased out by manufacturing or business entity are taxed at 1.2% on the bases of 70% of the original cost of the property.

Properties of the Group that situated in Shenzhen are taxed according to this notice. Properties situated in other cities are taxed according to local regulations.

VII. Notes to main items of consolidated financial statements

1. Cash and bank balances

In CNY

Items	Ending balance	Opening balance
Cash on hand	403,915.95	338,694.81
Bank deposit	158,470,296.10	114,319,146.38
Other monetary funds	1,580,520.86	1,797,229.35
Total	160,454,732.91	116,455,070.54

Other note:

Amount of CNY1,575,000.00 in other monetary funds is the security deposit with Shenzhen Center Branch of Agricultural Bank of China for issuing of irrevocable letter of guarantee.

2. Financial assets measured based on fair value and its movements counted to the current gain or loss

Inapplicable

3. Derivative financial assets

Inapplicable

4. Notes receivable

(1) Presentation of classification of notes receivable

In CNY

Items	Ending balance	Opening balance
Bank acceptance bill	3,790,772.80	5,162,768.29
Trade acceptance bill	3,112,588.90	1,000,000.00
Total	6,903,361.70	6,162,768.29

(2) Notes receivable already pledged by the Company at the end of the reporting period

Inapplicable

(3) Endorsed or discounted notes receivable at the end of the reporting period, but not yet due on the balance sheet date

Inapplicable

(4) Notes transferred to receivables due to issuer's default at the end of the reporting period

Inapplicable

5. Accounts receivable

(1) Accounts receivables disclosed by types

In CNY

Types	Ending balance			Opening balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value

	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Receivables provided for bad debt by portfolio based on the characteristics of credit risk	455,705,405.26	100.00 %	8,400,755.54	1.84%	447,304,649.72	359,940,550.20	100.00 %	8,663,644.67	2.41%	351,276,905.53
Total	455,705,405.26	100.00 %	8,400,755.54	1.84%	447,304,649.72	359,940,550.20	100.00 %	8,663,644.67	2.41%	351,276,905.53

Receivables that are individually significant in amount and provided for bad debt separately:

Inapplicable

Accounts receivable that are provided for bad debt based on aging analysis in aging portfolio:

In CNY

Aging	Ending balance		
	Accounts receivable	Provision for bad and doubtful debts	Provision rate
Itemized based on those within 1 year			
Subtotal of the items within 1 year	232,304,941.92	7,275,626.93	3.13%
1 to 2 years	5,920,384.64	592,038.46	10.00%
2 to 3 years	1,579,499.64	473,849.89	30.00%
Over 3 years	118,480.50	59,240.25	50.00%

Note to the basis for determining this portfolio:

Among the portfolio, accounts receivable that are provided for bad debt using percentage of balance:

Inapplicable

Among the portfolio, accounts receivable that are provided for bad debt using other method

Name of portfolio	Book balance	Provision for bad debts	Provision proportion %
Portfolio of specific accounts	215,782,098.56	-	-

Based on historical experience, the Group's receivables due from petty cash paid to employees, receivables due from subsidiaries of the Company and accounts receivable for the sales between the last settlement date of the same department store and the balance sheet date are with high recoverability and low possibility of incurring bad debt, as a result, no bad debt provisions are provided for such receivables.

(2) Bad debt provision accrual, received or reversed in current period

Inapplicable

(3) Accounts receivable actually written off in current period

Inapplicable

(4) Accounts receivable due from the top five debtors of the Group are as follows:

Total accounts receivable due from the top five debtors of the Group in the current period is CNY25,177,673.93, accounting for 5.52% of the total accounts receivable as at the end of the current period and the total provision for bad and doubtful debts made as at the end of the current period is CNY1,258,883.7.

(5) Accounts receivable terminated for recognition due to transfer of financial assets

Inapplicable

(6) Amount of assets, liabilities formed by transfer of accounts receivable and continuing to be involved

Inapplicable

6. Advance payments

(1) Advance payments are presented based on ages

In CNY

Age	Ending balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	26,018,487.94	76.24%	42,177,990.15	97.96%
1 to 2 years	8,110,104.53	23.76%	225,856.85	0.52%
2 to 3 years	0.00	0.00%	103,427.06	0.24%
Over 3 years	0.00	0.00%	547,368.00	1.27%
Total	34,128,592.47	--	43,054,642.06	--

Note to the cause of failure in timely settlement of the advance payments with significant amount and age exceeding 1 year:

Inapplicable

(2) Advance payment to the top five payees of the ending balance collected based on the payees of the advance payment

The total amount of advance payment to the top five payees of the ending balance collected based on the payees of the advance payment was CNY 23,032,749.15, taking 67.49% of the total ending balance of the advance payment.

7. Interest receivable

(1) Classification of the interest receivable

Inapplicable

(2) Significant overdue interest

Inapplicable

8. Dividends receivable

(1) Dividends receivable

Inapplicable

(2) Dividends receivable with the significant age exceeding 1 year

Inapplicable

9. Other receivables

(1) Disclosure of classification of other receivables

In CNY

Categories	Ending balance					Opening balance				
	Book Balance		Bad debt reserve		Book value	Book Balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Other receivables for which bad debt reserve has	50,638,538.20	99.76%	2,750,556.00	5.43%	47,887,982.20	44,329,366.5	99.73%	2,803,647.28	6.32%	41,525,719.27

been provided based on the portfolio						5				
Other receivables with insignificant single amount and provision of bad debt reserve on individual basis	120,000.00	0.24%	120,000.00	100.00%	0.00	120,000.00	0.27%	120,000.00	100.00%	0.00
Total	50,758,538.20	100.00%	2,870,556.00	5.66%	47,887,982.20	44,449,366.55	100.00%	2,923,647.28	6.58%	41,525,719.27

Other receivables with individually significant amount and provision for bad and doubtful debts individually provided at the end of the reporting period.

Inapplicable

Among the portfolio, other receivables that are provided for bad debt based on aging analysis

In CNY

Age	Ending balance		
	Other receivables	Bad debt reserve	Provision proportion
Itemized based on those within 1 year			
Sub-total within 1 year	39,149,886.33	1,019,794.41	2.60%
1 to 2 years	1,642,592.77	164,259.28	10.00%
2 to 3 years	2,600,735.04	780,220.51	30.00%
Over 3 years	1,572,563.61	786,281.80	50.00%

Note to the basis for determining the portfolio:

Other receivables with provision for bad and doubtful debts based on the balance percentage method in the portfolio

Inapplicable

Other receivables with provision for bad and doubtful debts based on the other method in the portfolio:

In CNY

Age	Ending balance		
	Other receivables	Bad debt reserve	Provision proportion
Itemized based on those within 1 year			

Sub-total within 1 year	39,149,886.33	1,019,794.41	2.60%
1 to 2 years	1,642,592.77	164,259.28	10.00%
2 to 3 years	2,600,735.04	780,220.51	30.00%
Over 3 years	1,572,563.61	786,281.80	50.00%
3 to 4 years			
4 to 5 years			
Over 5 years			
Total			

Note to the basis for determining the portfolio:

Other receivables with provision for bad and doubtful debts based on the balance percentage method in the portfolio
Inapplicable

Other receivables with provision for bad and doubtful debts based on the other method in the portfolio:

Name of portfolio			Book Balance	Provision for bad debt	Provision proportion %
Portfolio of specific accounts			5,672,760.45	-	-

Based on historical experience, the Group's receivables due from petty cash paid to employees, receivables due from subsidiaries of the Company and accounts receivable for the sales between the last settlement date of the same department store and the balance sheet date are with high recoverability and low possibility of incurring bad debt, as a result, no bad debt provisions are provided for such receivables.

(2) Bad debt provision accrual, received or reversed in current period

Inapplicable

(3) Accounts receivable actually written off in current period

Inapplicable

(4) Classification of other receivables based on nature of payment

In CNY

Nature of Payment	Ending book balance	Opening book balance
Reserve	5,672,760.45	8,613,005.35
Deposit in security	11,405,614.23	5,710,249.11
Deposit in security	20,857,849.89	21,201,491.16

Commodity promotion fee	4,536,484.62	5,021,765.71
Others	8,285,829.01	3,902,855.22
Total	50,758,538.20	44,449,366.55

(5) Other receivables of the ending balance due from the top five debtors of the Group are as follows:

In CNY

Names	Nature	Ending balance	Age	% of the balance of other receivables	Ending balance of provision for bad and doubtful debts
China Resources (Shenzhen) Co., Ltd	Guarantee deposit	2,698,794.00	1-2 years	5.32%	269,879.40
Oris International Trade (Shanghai) Co., Ltd.	Brand promotion fee	1,761,489.00	Within 1 year	3.47%	88,074.45
Shenzhen Airport Co., Ltd.	Cash deposit	1,291,049.00	Within 1 year	2.54%	64,552.45
Shenzhen Yitian Holiday Plaza Co., Ltd.	Deposit	1,090,523.00	1-2 years	2.15%	109,052.30
Richemont Commercial Co., Ltd.	Brand promotion fee	1,000,400.07	Within 1 year	1.97%	50,020.00
Total	--	7,842,255.07	--	15.45%	581,578.60

(6) Accounts receivable involving government subsidy

Inapplicable

(7) Other receivables with recognition terminated due to transfer of financial assets

Inapplicable

(8) Amount of assets and liabilities formed through transfer of other receivables and continuing to be involved

Inapplicable

10. Inventories**(1) Classification of inventories**

In CNY

Items	Ending balance			Opening balance		
	Book Balance	Provision for price falling	Book value	Book Balance	Provision for price falling	Book value
Raw materials	123,075,820.76	7,759,807.87	115,316,012.89	129,886,207.63	7,759,807.87	122,126,399.76
Products in process	18,891,835.01	0.00	18,891,835.01	29,054,964.10	0.00	29,054,964.10
Commodities in stock	1,977,676,500.73	15,692,619.52	1,961,983,881.21	1,998,359,374.96	15,749,714.50	1,982,609,660.46
Total	2,119,644,156.50	23,452,427.39	2,096,191,729.11	2,157,300,546.69	23,509,522.37	2,133,791,024.32

(2) Provision for price falling of inventories

In CNY

Items	Opening balance	Increase in the reporting period		Decrease in the reporting period		Ending balance
		Provision Proportion	Others	Reversal or Offset	Others	
Raw materials	7,759,807.87					7,759,807.87
Products in process	0.00					0.00
Commodities in stock	15,749,714.50			57,094.98		15,692,619.52
Total	23,509,522.37			57,094.98		23,452,427.39

(3) Note to the amount of capitalized borrowing costs involved in the ending balance of inventories

Inapplicable

(4) Assets already completed but not yet settled formed in the construction contract at the end of the reporting period

Inapplicable

11. Classified as held-for-sale assets

Inapplicable

12. Non-current assets due within a year

Inapplicable

13. Other current assets

In CNY

Items	Ending balance	Opening balance
Input VAT to be offset	5,186,955.05	8,356,400.02
Rent	3,034,937.50	4,270,819.57
Others	489,328.67	1,794,296.84
Total	8,711,221.22	14,421,516.43

14. Available-for-sale financial assets**(1) Description of available-for-sale financial assets**

In CNY

Items	Ending balance			Opening balance		
	Book Balance	Impairment reserve	Book value	Book Balance	Impairment reserve	Book value
Available-for-sale equity instrument	385,000.00	300,000.00	85,000.00	385,000.00	300,000.00	85,000.00
Measured based on cost	385,000.00	300,000.00	85,000.00	385,000.00	300,000.00	85,000.00
Total	385,000.00	300,000.00	85,000.00	385,000.00	300,000.00	85,000.00

(2) Available-for-sale financial assets measured based on fair value at the end of the reporting period

Inapplicable

(3) Available-for-sale financial assets measured based on costs at the end of the reporting period

In CNY

Investees	Book Balance				Impairment reserve				Holding proportion of the shares in the investees	Cash dividend in the reporting period
	Beginning of the reporting period	Increase in the reporting period	Decrease in the reporting period	End of the reporting period	Beginning of the reporting period	Increase in the reporting period	Decrease in the reporting period	End of the reporting period		
Shenzhen CATIC Culture Communication Co., Ltd	300,000.00	0.00	0.00	300,000.00	300,000.00	0.00	0.00	300,000.00	15.00%	0.00
Xi'an Tangcheng Group Co., Ltd.	85,000.00	0.00	0.00	85,000.00	0.00	0.00	0.00	0.00	0.10%	0.00
Total	385,000.00	0.00	0.00	385,000.00	300,000.00	0.00	0.00	300,000.00	--	0.00

(4) Movement of impairment of available-for-sale financial assets in the reporting period

In CNY

Classification of available-for-sale financial assets	Available-for-sale equity instrument	Available-for-sale liability instrument	Total
Balance with provision for impairment recognized at the beginning of the reporting period	300,000.00	0.00	0.00
Provision in the reporting period	0.00	0.00	0.00
Where: transfer-in from other comprehensive income	0.00	0.00	0.00

Decrease in the reporting period	0.00	0.00	0.00
Where: reversal of rise of the post fair value	0.00	0.00	0.00
Balance with provision for impairment recognized at the end of the reporting period	300,000.00	0.00	0.00

(5) Note to serious falling or non-provisional falling of the fair value of available-for-sale equity instruments without provision for impairment provided

Inapplicable

15. Held-to-maturity investments

(1) About held-to-maturity investments

Inapplicable

(2) Significant held-to-maturity investments at the end of the reporting period

Inapplicable

(3) Reclassified held-to-maturity investments in the current period

Inapplicable

16. Long term accounts receivable

(1) About long term accounts receivable

Inapplicable

(2) Long term accounts receivable with recognition terminated due to transfer of financial assets

Inapplicable

(3) Amount of assets or liabilities formed due to transfer of long term accounts receivable and continuing to be involved in

Inapplicable

17. Long term equity investment

In CNY

Investees	Opening balance	Increase/ Decrease (+ / -) in the reporting period								Ending balance	Ending balance of the provision for impairment
		Additional investment	Decrease of investment	Income from equity investment recognized under equity method	Other comprehensive income adjustment	Other equity movement	Cash dividend or profit announced for distribution	Provision for impairment	Others		
I. Joint Venture											
II. Associates											
Shanghai Watch Industry Co., Ltd.(Shanghai Watch Industry)	42,389,759.91	0.00	0.00	250,015.75	0.00	0.00	0.00	0.00	0.00	42,639,775.66	0.00
Sub-total	42,389,759.91			250,015.75						42,639,775.66	
Total	42,389,759.91			250,015.75						42,639,775.66	

18. Investment property

(1) Investment property measured based on the cost method

In CNY

Items	Plant and buildings	Land use right	Construction in progress	Total
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I. Original book value				
1. Opening balance	340,029,020.44			340,029,020.44
2. Increase in the reporting period				
(1) Outsourcing				
(2) Transfer-in of Inventories\fixed assets\construction-in-progress				
(3) Increase of enterprise consolidation				
3. Decrease in the reporting period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	340,029,020.44			340,029,020.44
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	113,937,081.55			113,937,081.55
2. Increase in the reporting period	4,571,872.94			4,571,872.94
(1) Provision or amortization	4,571,872.94			4,571,872.94
3. Decrease in the reporting period				
(1) Disposal				

(2) Other transfer-out				
4, Ending balance	118,508,954.49			118,508,954.49
III. Provision for impairment				
1. Opening balance				
2. Increase in the reporting period				
(1) Provision				
3. Decrease in the reporting period				
(1) Disposal				
(2) Other transfer-out				
4, Ending balance				
IV. Book value				
1. Book value at the end of the period	221,520,065.95			221,520,065.95
2. Book value at the beginning of the period	226,091,938.89			226,091,938.89

(2) Investment property measured based on fair value

Inapplicable

(3) Investment property that does not have certificate for property right

Inapplicable

Note: The amount of depreciation in the current year was CNY 4,571,872.94 元。

19. Fixed assets**(1) About fixed assets**

In CNY

Items	Plant and buildings	Total
I. Original book value		
1. Opening balance	318,842,602.17	466,555,294.87
2. Increase in the reporting period	41,225,548.39	58,657,922.26
(1) Acquisition	41,225,548.39	58,657,922.26
(2) Transfer-in of Construction in progress		
(3) Increase of enterprise consolidation		
3. Decrease in the reporting period		553,704.24
(1) Disposal or write-off		553,704.24
4, Ending balance	360,068,150.56	524,659,512.89
II. Accumulative depreciation		
1. Opening balance	53,550,667.30	142,822,424.29
2. Increase in the reporting period	6,224,177.71	14,344,936.65
(1) Provision	6,224,177.71	14,344,936.65
3. Decrease in the reporting period		378,191.54
(1) Disposal or write-off		378,191.54
4, Ending balance	59,774,845.01	156,789,169.40
III. Provision for impairment		
1. Opening balance		
2. Increase in the reporting period		
(1) Provision		
3. Decrease in the reporting period		
(1) Disposal or write-off		
4, Ending balance		
IV. Book value		
1. Book value at the end of the period	300,293,305.55	367,870,343.49

2. Book value at the beginning of the period	265,291,934.87	323,732,870.58
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(2) About temporarily idle fixed assets

Inapplicable

(3) Fixed assets rented through finance lease

Inapplicable

(4) Fixed assets leased through operating lease

Inapplicable

(5) Fixed assets that do not have certificate for property right

In CNY

Item	Book value	Reason for not having certificate for property rights
Office rooms for Harbin Branch	327,608.16	Defective in property right

Other Notes:

(1) About encumbrance on fixed assets

As at June 30, 2015, the plant and building with original book value of CNY 2,5815,331.97 (net book value amounting to CNY 21,091,114.7) was taken as the collateral for the long term loan amounting to CNY 6,343,780.38.

(2) Cost of the Group's assets that are fully depreciated but still in use amounts to CNY 62,360,122.95 at the end of year

20. Construction in progress**(1) About construction in progress**

In CNY

Items	Ending balance			Opening balance		
	Book Balance	Impairment reserve	Book value	Book Balance	Impairment reserve	Book value
Clock & Watch base in Guangming New District	99,930,489.20		99,930,489.20	51,283,233.53		51,283,233.53

FIYTA Tech. Building Canopy project	55,870.00		55,870.00	17,279.00		17,279.00
FIYTA Tech. Building elevator decoration & sign-board refurbishment project	281,044.0 0		281,044.00	88,751.00		88,751.00
Xi'an FIYTA Building pipeline improvement project	57,000.00		57,000.00			0.00
FIYTA Tech. Building parking lot improvement project	70,512.82		70,512.82			0.00
Total	100,394,9 16.02		100,394,916. 02	51,389,263.5 3		51,389,263.5 3

(2) Movements of important construction-in-progress projects in the reporting period

In CNY

Project s	Budget	Openin g balance	Increas e in the reportin g period	Transfe rred into the fixed assets in the reportin g period	Other decrea ses in the reportin g year	Ending balanc e	Proport ion of the project put into applicat ion in the budget	Project progres s	Accum ulative amount involve d in interest capitali zation	Includin g: amount of the capitali zed interest in the report period	Interest capitali zation rate in the report period	Fund source
Clock & Watch base in Guang ming New District	300,000,0 00.00	51,283, 233.53	48,647, 255.67	0.00	0.00	99,930, 489.20	33.31%		1,755,9 57.46	1,239,2 80.88	6.06%	Loan from financia l instituti on
Total	300,000,0	51,283,	48,647,	0.00	0.00	99,930,	--	--	1,755,9	1,239,2	6.06%	--

	00.00	233.53	255.67			489.20			57.46	80.88		
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(3) Provision for impairment of construction in progress in the current period

Inapplicable

21. Engineering materials

Inapplicable

22. Disposal of fixed assets

Inapplicable

23. Productive biological asset**(1) Productive biological asset measured based on the cost method**

Inapplicable

(2) Productive biological asset measured based on fair value

Inapplicable

24. Oil and gas assets

Inapplicable

25. Intangible assets**(1) About intangible assets**

In CNY

Items	Land use right	Patent Right	Non-patent technology	Software system	Total
I. Original book value					
1. Opening balance	34,854,239.40			4,631,161.08	49,032,714.34
2. Increase in the reporting period				465,690.07	465,690.07
(1) Acquisited				465,690.07	465,690.07

(2) Internal R & D					
(3) Increase of enterprise consolidation					
3. Decrease in the reporting period					
(1) Disposal					
4. Ending balance	34,854,239.40			5,096,851.15	49,498,404.41
II. Accumulative amortization					
1. Opening balance	7,692,142.62			2,627,273.78	13,530,188.62
2. Increase in the reporting period	365,783.52			317,678.63	689,122.13
(1) Provision	365,783.52			317,678.63	689,122.13
3. Decrease in the reporting period					
(1) Disposal					
4. Ending balance	8,057,926.14			2,944,952.41	14,219,310.75
III. Provision for impairment					
1. Opening balance					
2. Increase in the reporting period					
(1) Provision					
3. Decrease in the reporting period					
(1) Disposal					
4. Ending balance					

IV. Book value					
1. Book value at the end of the reporting period	26,796,313.26			2,151,898.74	35,279,093.66
2. Book value at the beginning of the reporting period	27,162,096.78			2,003,887.30	35,502,525.72

The proportion of intangible assets formed not through the Company's internal research and development in the balance of intangible assets was 0.00%.

(2) About the land use right that does not have certificate of title

Note: The amount amortized in the current year was CNY 689,122.13.

26. Development expenditure

Inapplicable

27. Goodwill

(1) Book value of goodwill

In CNY

Investee or event forming goodwill	Opening balance	Increase in the reporting period		Decrease in the reporting period		Ending balance
Lishan Department Store Co.	1,735,756.48					1,735,756.48

(2) Provision for impairment of goodwill

In CNY

Investee or event forming goodwill	Opening balance	Increase in the reporting period		Decrease in the reporting period		Ending balance
Lishan Department Store Co.	1,735,756.48					1,735,756.48

Method for impairment testing and provision of reserve for impairment

HARMONY, one of the Company's subsidiaries acquired 100% equity in Lishan Department Store on March 31, 2008 with valuable consideration of CNY 1,200,000.00 and the fair value of the recognizable net assets of Lishan Department Store on the acquisition day was CNY - 535,756.48. HARMONY presented the margin amounting to CNY 1,735,756.48 in the consolidated financial statements as "goodwill". At the end of 2008, HARMONY made impairment test of the goodwill and charged the loss from impairment of the goodwill lower than the recoverable amount totaling CNY 1,735,756.48 to the gain and loss of the year 2008.

28. Long-term expenses to be apportioned

In CNY

Items	Opening balance	Increase in the reporting period	Amount amortized in the reporting period	Other decrease	Ending balance
Cost for making special counters	59,982,521.32	46,360,047.44	27,746,684.42		78,595,884.34
Refurbishment	79,898,617.77	9,658,581.04	21,122,651.08		68,434,547.73
Endorsement fee	9,504,961.77	0.00	4,681,052.34		4,823,909.43
Others	347,465.17	250,008.76	111,135.82		486,338.11
Total	149,733,566.03	56,268,637.24	53,661,523.66		152,340,679.61

29. Deferred Income Tax Asset and Deferred Income Tax Liability**(1) Deferred income tax asset without offsetting**

In CNY

Items	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax asset	Deductible temporary difference	Deferred income tax asset
Provision for impairment of assets	34,723,738.93	8,603,779.15	35,096,814.32	7,934,522.40
Unrealized profit from the intracompany transactions	356,831,290.21	87,938,146.58	321,704,912.25	79,169,123.81
Offsetable loss	6,696,120.30	1,546,037.50	10,815,273.17	2,515,429.89
Deferred income	4,200,000.00	1,050,000.00	4,200,000.00	1,050,000.00
Total	402,451,149.44	99,137,963.23	371,816,999.74	90,669,076.10

(2) Deferred income tax liabilities without offsetting

In CNY

Items	Ending balance		Opening balance	
	Provisional difference in tax payable	Deferred income tax liability	Provisional difference in tax payable	Deferred income tax liability
Deferred income tax liability formed due to difference between the book value of the assets and taxation base	793,580.61	130,940.80		
Total	793,580.61	130,940.80		

(3) Deferred income tax asset or liabilities stated with net amount after offsetting

In CNY

Items	Amount of mutual offsetting of the deferred income tax asset and liabilities at the end of period	Ending balance of deferred income tax asset or liability	Amount mutually offset of the deferred income tax asset and liability at the beginning of period	Opening balance of deferred income tax asset or liability after offsetting
Deferred income tax asset		99,137,963.23		90,669,076.10
Deferred income tax liability		130,940.80		

(4) Statement of deferred income tax asset not recognized

In CNY

Items	Ending balance	Opening balance
Deductable temporary difference	2,035,756.48	2,035,756.48
Total	2,035,756.48	2,035,756.48

(5) Unrecognized deferred income tax asset available for offsetting loss is going to expire in the following years

Inapplicable

30. Other non-current assets

In CNY

Items	Ending balance	Opening balance
Advance payment for housing construction		31,500,000.00
Total		31,500,000.00

31. Short-term loans**(1) Classification of short-term loans**

In CNY

Items	Ending balance	Opening balance
Secured borrowings	582,601,517.52	436,445,000.00
Credit borrowing	560,000,000.00	553,000,000.00
Total	1,142,601,517.52	989,445,000.00

(2) Short-term loans overdue but still remaining outstanding

Other notes:

- ① There is no unpaid short-term loans that fall due.
- ② Refer to Note XII 5 (4) for details of guarantee between related-parties.

32. Financial liabilities measured based on fair value and the movements counted to the current gain or loss

Inapplicable

33. Derivative financial liabilities

Inapplicable

34. Notes payable

Inapplicable

35. Accounts payable**(1) Statement of accounts payable**

In CNY

Items	Ending balance	Opening balance
Payment for goods	177,959,113.43	136,579,035.50
Payment for materials	11,426,838.76	10,328,743.55
Warranty for the project	211,339.76	211,339.76
Total	189,597,291.95	147,119,118.81

(2) Significant accounts payable with age exceeding 1 year

In CNY

Items	Ending balance	Cause of failure in repayment or carry-over
FoshanShunde DaliangWeiye Watch Co., Ltd.	519,571.54	Invoice not issued
Shenzhen Timepieces Supporting Market Co., Ltd.	137,030.15	Invoice not issued
Total	656,601.69	--

36. Advances from customers**(1) Statement of advances from customers**

In CNY

Items	Ending balance	Opening balance
Advances on sales	27,210,870.61	12,087,368.17
Total	27,210,870.61	12,087,368.17

(2) Significant advances from customers with age exceeding 1 year

Inapplicable

(3) Unfinished projects formed in the construction contracts but already settled at the end of the reporting period

Inapplicable

37. Employee remuneration payable**(1) Statement of employee remuneration payable**

In CNY

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Ending balance
I. Short term remuneration	38,082,957.60	218,850,693.76	237,687,282.95	19,246,368.41
II. Post-employment welfare-defined contribution plans	565,474.81	18,921,986.37	19,487,461.18	0.00
III. Dismissal welfare	0.00	517,054.37	517,054.37	0.00
Total	38,648,432.41	238,289,734.50	257,691,798.50	19,246,368.41

(2) Statement of short-term remuneration

In CNY

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Ending balance
I. Salaries, bonus, allowances and subsidies	37,656,100.67	194,612,196.23	213,371,645.14	18,896,651.76
2. Staff's welfare		4,769,078.48	4,768,128.48	950.00
3. Social security premium		7,638,768.77	7,638,768.77	
Including: medical insurance premium		6,491,614.15	6,491,614.15	
Work injury insurance		465,272.82	465,272.82	
Maternity Insurance		681,881.80	681,881.80	
4. Public reserve for housing		6,974,841.30	6,974,841.30	
5. Trade union fund and staff education fund	426,856.93	4,746,391.98	4,824,482.26	348,766.65
8. Others		109,417.00	109,417.00	

Total	38,082,957.60	218,850,693.76	237,687,282.95	19,246,368.41
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(3) Statement of defined contribution plan

In CNY

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Ending balance
1. Basic endowment insurance premium		17,194,151.37	17,194,151.37	
2. Unemployment insurance premium		979,480.34	979,480.34	
3. Contribution to the enterprise annuity scheme	565,474.81	748,354.66	1,313,829.47	
Total	565,474.81	18,921,986.37	19,487,461.18	0.00

38. Taxes payable

In CNY

Items	Ending balance	Opening balance
Value-added tax	45,658,832.71	39,838,385.65
Consumption tax	0.00	0.00
Business tax	570,723.61	795,720.42
Enterprise income tax	37,951,943.23	34,315,435.06
Individual income tax	1,123,628.32	745,837.07
Urban maintenance and construction tax	557,407.68	465,372.23
Real estate tax	638,275.30	618,271.30
Education Surcharge	319,227.42	276,780.09
Stamp duty	281,894.20	252,083.51
Dyke protection surcharge	8,973.67	8,859.19
Others	184,356.82	286,025.54
Total	87,295,262.96	77,602,770.06

39. Interest payable

In CNY

Items	Ending balance	Opening balance
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Interest of corporate bond	6,720,000.00	16,800,000.00
Interest payable for short term loan	2,990,351.71	2,620,893.75
Total	9,710,351.71	19,420,893.75

Significant interest overdue but remaining outstanding:

Inapplicable

40. Dividend payable

In CNY

Items	Ending balance	Opening balance
Common stock dividends	39,276,787.00	
Total	39,276,787.00	

Other note: It is necessary to disclose the cause of failure in payment for the significant dividends payable which remain outstanding for more than one year:

Inapplicable

41. Other payables

(1) Other payments stated based on nature of fund

In CNY

Items	Ending balance	Opening balance
Collateral and deposit	17,228,615.54	16,573,961.57
Due from shareholders	0.00	150,000,000.00
Refurbishment	2,309,702.88	4,712,095.11
Down payment	2,888,034.21	3,331,638.94
Fund for shop-front activities	6,153,983.84	6,075,167.30
Personal account payable	693,483.86	358,160.60
Others	12,548,526.87	7,523,876.93
Total	41,822,347.20	188,574,900.45

(2) Other payables in significant amount and with aging over 1 year

In CNY

Items	Ending balance	Cause of failure in repayment or carry-over
Shenzhen Tencent Computer System Co., Ltd.	4,693,429.16	Rent deposit

Oracle R&D Center (Shenzhen) Limited	811,590.00	Rent deposit
Wu Dongmei	700,000.00	Rent deposit
China Tenth Metallurgy Group Limited Corporation	690,000.00	Deposit of project quality
Shenzhen Yitianxun Technology Co., Ltd.	505,657.80	Rent deposit
Shenzhen Xiangya Food Co., Ltd.	471,760.00	Rent deposit
Shenzhen Avic Real Estate Co., Ltd	424,800.00	Rent deposit
Wen Jianbo	416,700.00	Rent deposit
Shenzhen Good Family Sports-Ware Chain Limited	414,630.00	Rent deposit
Shenzhen Honestar Electronic Limited	375,144.00	Rent deposit
China Merchants Bank Shenzhen Sci-tech Park Branch	349,692.00	Rent deposit
Shenzhen Uni-phone Self-service Kara-Ok Entertainment Supermarket Limited	334,880.00	Rent deposit
Shenzhen Oriental Boiler Control Co., Ltd.	318,491.60	Rent deposit
Shenzhen Yongantang Chain Pharmacy Limited	301,644.00	Rent deposit
Shenzhen CATIC City Investment Co., Ltd.	244,068.00	Rent deposit
Broadway Technology (Shenzhen) Co., Ltd.	243,547.28	Rent deposit
Shenzhen AvicChangtai Investment Development. Co., Ltd	221,712.00	Rent deposit
Shenzhen Hangjian Engineering Cost Consultation Co., Ltd	208,304.00	Rent deposit
Total	11,726,049.84	--

42. Liabilities classified as held-for-sale liabilities

Inapplicable

43. Non-current liabilities due within one year

Inapplicable

44. Other current liabilities

In CNY

Items	Ending balance	Opening balance
Accrued expenses	6,790,760.39	5,482,521.27
Total	6,790,760.39	5,482,521.27

45. Long term loans**(1) Classification of long term loans**

In CNY

Items	Ending balance	Opening balance
Mortgage loan	6,343,780.38	6,255,497.65
Secured borrowings	169,681,928.00	133,696,928.00
Total	176,025,708.38	139,952,425.65

Note to classification of long term loans:

Other notes, including the interest rate interval:

- ① There was no long term loan already due but still remaining outstanding.
- ② As stated in Note VII.19, the property with the book cost of CNY 2,5815,331.97 (net value of CNY 21,091,114.70) was used as the collateral for the long term loan.
- ③ For the detail about the guarantee to related parties, refer to Note XII.5(4).

46. Liabilities Payable**(1) Bonds payable**

In CNY

Items	Ending balance	Opening balance
12 FIYTA Bond	399,295,040.88	398,767,929.40
Total	399,295,040.88	398,767,929.40

(2) Increase/Decrease of bonds payable (excluding other financial instruments classified as financial liabilities, such as preferred shares, perpetual bonds, etc.)

In CNY

12 FIYTA Bond	100.00	2013-2 -27	3+2 years	400,00 0,000. 00	398,76 7,929. 40		10,080 ,000.0 0	527,11 1.44	20,160 ,000.0 0		399,29 5,040. 84
Total	--	--	--	400,00 0,000. 00	398,76 7,929. 40		10,080 ,000.0 0	527,11 1.44	20,160 ,000.0 0		399,29 5,040. 84

(3) Note to the conditions and time of share conversion of convertible company bonds

Inapplicable

(4) Note to other financial instruments classified as financial liabilities

Inapplicable

47. Long term accounts payable**(1) Long term accounts payable stated based on the nature**

Inapplicable

48. Long term payroll payable**(1) Statement of long term payroll payable**

Inapplicable

(2) Change in defined benefit plan

Inapplicable

49. Special accounts payable

Inapplicable

50. Predicted liabilities

Inapplicable

51. Deferred income

In CNY

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Ending balance	Reasons of formation
Government subsidy	4,200,000.00	0.00	0.00	4,200,000.00	
Total	4,200,000.00	0.00	0.00	4,200,000.00	--

Items involving government subsidies:

In CNY

Liabilities	Opening balance	Amount of newly added subsidies in the reporting period	Amount counted to the non-operating income in the reporting period	Other changes	Ending balance	Asset related/ income-related
Technical study for civil aviation airborne cockpit clock ^①	1,200,000.00				1,200,000.00	Income related
Special fund for Shenzhen industrial design industry development ^②	3,000,000.00				3,000,000.00	Income related
Total	4,200,000.00				4,200,000.00	--

Other notes:

For the foresaid subsidy projects, relevant documents did not explicitly stipulate subsidy objects. Those projects won't form

long-term assets in future periods, so the Group recognizes it as income related government grant.

Note ①: Special fund was obtained from the First Special Fund for Technology Innovation Scheming Technological Development Project (Advanced Equipment Manufacturing) of 2013 Municipal Technology Research and Development Fund by Technological Innovation Commission of Shenzhen Municipality and Finance Commission of Shenzhen Municipality according to Administrative Measures for Shenzhen Technology Research and Development and

Administrative Measures for Shenzhen Technology Scheming Project.

Note ②: Special fund for Shenzhen industrial design industry development was obtained according to the Operating Specification for Affirmation and Fund Plan of Shenzhen Industrial Design Center(2013) No.227 which is jointly issued by Development and Reform Commission of Shenzhen Municipality, Economy, Trade and Information Commission of Shenzhen Municipality,

Technological Innovation Commission of Shenzhen Municipality and Finance Commission of Shenzhen Municipality,

52. Other non-current liabilities

Inapplicable

53. Capital stock

In CNY

	Opening balance	Increase/ Decrease (+ / -) as of the reporting period					Ending balance
		New issuing	Bonus shares	Shares converted from reserve	Others	Sub-total	
Total Shares	392,767,87 0.00						392,767,87 0.00

54. Other equity instruments

(1) Basic information about the other financial instruments, including outstanding preferred shares, perpetual shares, etc. at the end of the reporting period.

Inapplicable

(2) Movements of the other financial instruments, including outstanding preferred shares, perpetual shares, etc. at the end of the reporting period.

Inapplicable

55. Capital reserve

In CNY

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Ending balance
Capital premium (capital stock)	511,015,832.95			511,015,832.95

premium)				
Other capital reserve	14,492,448.65			14,492,448.65
Total	525,508,281.60			525,508,281.60

Other note: note to the movements, including increase/decrease of the capital reserve:

Inapplicable

56. Treasury shares

Inapplicable

57. Other comprehensive income

In CNY

Items	Opening balance	Amount incurred in the reporting period					Ending balance
		Amount incurred before income tax in the reporting period	Less: Gain or loss counted to the other comprehensive income and transferred into gain or loss in the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income which cannot be re-classified into the gain or loss in future	-17,609,265.22	7,162,790.77	0.00	0.00	7,163,176.26	-385.49	-10,446,088.96
Conversion margin of the financial statements in foreign currency	-17,609,265.22	7,162,790.77	0.00	0.00	7,163,176.26	-385.49	-10,446,088.96
Other comprehensive income	-17,609,265.22	7,162,790.77	0.00	0.00	7,163,176.26	-385.49	-10,446,088.96

Other note: Adjustment of the initially recognized amount of the valid part of the gain/loss of cash-flow hedge converted into arbitrated items:

Note: Net after-tax other comprehensive income incurred in current period is CNY -9,354,879.56. Amongst, the amount

attribute to parent company shareholders is CNY7,162,790.77, and amount attribute to minority shareholders is CNY-385.49.

58. Special reserve

Inapplicable

59. Surplus reserve

In CNY

Items	Opening balance	Increase in the reporting period	Decrease in the reporting period	Ending balance
Statutory surplus reserve	103,930,572.89			103,930,572.89
Discretionary surplus reserve	61,984,894.00			61,984,894.00
Total	165,915,466.89			165,915,466.89

60. Retained profit

In CNY

Items	Reporting Period	Previous period
Retained earnings at the end of the previous period before adjustment:	566,819,577.37	469,706,600.67
Retained earnings at the beginning of the reporting period after adjustment	566,819,577.37	469,706,600.67
Plus: Net profit attributable to the parent company's owners	73,109,419.73	88,283,873.10
Dividend of ordinary shares payable	39,276,787.00	39,276,787.00
Retained earnings at the end of the reporting period	600,652,210.10	518,713,686.77

61. Operating revenue and operating cost

In CNY

Items	Amount incurred in the reporting period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Principal business	1,673,028,130.56	1,036,384,680.04	1,628,150,096.74	1,033,916,901.04
Other business	10,765,117.03	1,597,041.31	14,464,694.23	4,143,808.73
Total	1,683,793,247.59	1,037,981,721.35	1,642,614,790.97	1,038,060,709.77

62. Business tax and surcharges

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Consumption tax	2,674,030.74	2,612,300.80
Business tax	0.00	43,350.43
Urban maintenance and construction tax	6,808,734.25	4,168,538.63
Education Surcharge	4,757,348.20	2,929,387.82
Resource tax	0.00	0.00
Others	838,503.36	561,139.36
Total	15,078,616.55	10,314,717.04

63.Sales costs

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Salary	129,998,396.21	109,456,820.30
Long-term expenses to be apportioned	48,078,068.57	44,261,587.02
Market promotion	37,009,378.62	35,445,353.18
Rental fees	32,849,091.00	40,076,786.07
Advertisement	29,778,834.08	23,862,707.42
Shopping mall expenses	25,749,987.82	23,359,757.65
labor insurance premium	19,265,374.37	15,913,522.74
Packaging	7,984,140.77	5,848,804.57
Depreciation	7,141,527.36	5,502,980.00
Water and electricity	7,040,330.27	6,319,352.09
Others	41,402,098.85	39,713,649.35
Total	386,297,227.92	349,761,320.39

64.Administrative expenses

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
-------	---	--

Salary	45,287,133.52	46,069,762.57
R & D expenses	18,788,221.52	7,024,738.13
labor insurance premium	5,067,404.28	4,287,800.15
Depreciation	4,068,125.00	3,764,328.63
Business travel	3,541,532.40	3,718,879.68
Trade union budget	2,294,414.08	2,031,932.61
Office expenses	2,110,915.63	1,541,236.25
Commission to agents	1,966,345.00	1,043,725.53
Training expenses	1,677,155.87	1,189,302.83
Public reserve for housing	1,533,670.91	1,429,441.16
Others	13,796,258.44	12,751,044.85
Total	100,131,176.65	84,852,192.39

65. Financial expenses

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Interest payment	46,490,128.21	47,759,283.27
Less: Interest capitalized	1,239,280.88	152,041.70
Less: interest income	885,212.57	798,950.68
Exchange losses	877.53	496,600.58
Service charge and others	6,523,274.50	6,891,787.02
Total	50,889,786.79	54,196,678.49

66. Assets impairment loss

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
I. Loss from bad debts	-315,964.63	-147,985.53
II. Loss from price falling of inventories	-57,094.98	2,755,108.79
Total	-373,059.61	2,607,123.26

67. Income from change in fair value

Inapplicable

68. Income from investment

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Income from long term equity investment based on equity method	250,015.75	-504,563.21
Total	250,015.75	-504,563.21

69. Non-operating income

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period	Amount counted to the current non-operating gain and loss
Total income from disposal of non-current asset	69,750.00	37,755.19	69,750.00
Where: income from disposal of fixed assets	69,750.00	69,750.00	69,750.00
Government subsidy	1,603,451.99	1,726,500.00	1,603,451.99
Disposal of payables impossible to pay	108,732.73	775,665.30	108,732.73
Others	67,900.55	650,062.08	67,900.55
Total	1,849,835.27	3,189,982.57	1,849,835.27

Government subsidy counted to the current gain or loss:

In CNY

Subsidy items	Amount incurred in the reporting period	Amount incurred in the previous period	Asset related/ income-related
Honorable Mention of 15 th Chinese Patent Industrial Design Award (Note①)	100,000.00		Income related
Prize of 2013 Guangdong Provincial Sci-Tech Award (Note②)	50,000.00		Income related
Subsidy for brand development project (Note ③)	900,000.00		Income related
Government subsidy from	431,491.63		Income related

Shenzhen Watch and Clock Association for Basel Exhibition as received (Note④)			
Project subsidizing from Shenzhen Association of Staf and Workers Education and Vocational Training (Note⑤)	121,960.36		Income related
Second-batch subsidy fund of 2013 economic development fund of Nanshan District Bureau of Finance		100,000.00	Income related
2013 Specific subsidy fund for self-innovation industry development of Nanshan District		531,500.00	Income related
2014 1 st Batck Overseas Trademark Registration Application Subsidy of Market Supervision Administration of Shenzhen Municipality		70,000.00	Income related
Subsidy for brand development project of Shenzhen		1,000,000.00	Income related
Government subsidy paid by Shenzhen Watch and Clock Association for Basel Exhibition		20,000.00	Income related
Subsidy for patent project		5,000.00	Income related
Total	1,603,451.99	1,726,500.00	--

Other Notes:

Note ①: Prize of Honorable Mention obtained according to the Decision on 15th Chinese Patent Industrial Design Award issued by State Intellectual Property Office;

Note ②: Prize of 2013 Guangdong Provincial Sci-Tech Award obtained according to Bulletin of People's Government of Guangdong Province on Awarding 2013 Science & Technology Award of Guangdong Province YUE FU (2014) No. 18 issued by People's Government of Guangdong Province;

Note ③: It is a specific fund for brand development of Economy, Trade and Information Commission of Shenzhen Municipality obtained by Shenzhen Harmony World Watches Center Co., Ltd., one of the Company's subsidiaries;

Note ④: It is a Government subsidy from Shenzhen Watch and Clock Association for Basel Exhibition received by FIYTA Sales Company, one of the Company's subsidiaries;

Note ⑤: It is a subsidy from Shenzhen Association of Staff and Workers Education and Vocational Training by FIYTA Technology Co., Ltd., one of the Company's subsidiaries.

70. Non-operating expenses

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period	Amount counted to the current non-operating gain and loss
Total loss from disposal of non-current assets	35,549.22	31,046.62	35,549.22
including: loss from disposal of fixed assets	35,549.22	31,046.62	35,549.22
Outward donation	300,000.00	150,000.00	300,000.00
Others	9,851.37	369,594.26	9,851.37
Total	345,400.59	550,640.88	345,400.59

71. Income tax expense

(1) Statement of income tax expense

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Income tax expenses in the report period	31,859,444.11	24,868,386.04
Deferred income tax expenses	-9,597,783.88	-8,294,858.73
Total	22,261,660.23	16,573,527.31

(2) Process of adjustment of accounting profit and income tax expense

In CNY

Items	Amount incurred in the reporting period
-------	---

Total profit	95,542,228.37
Income tax expense calculated based on the statutory/applicable tax rate	23,885,557.10
Influence of different tax rates upon subsidiaries	-3,027,712.50
Influence of adjustment of income tax to prior periods	1,103,024.56
Influence of non-taxable income	0.00
Influence of nondeductible costs, expenses and losses	1,505,821.61
Influence from use of deductible loss of unrecognized deferred income tax asset of prior periods	0.00
Influence from deductible temporary difference or deductible loss of unrecognized deferred income tax asset of the current period	0.00
Gain or loss from joint venture and associates calculated based on the equity method	-62,503.94
Influence of balance of the initial deferred income tax due to change of tax rate	-777,526.59
Taxation influence from additional deduction of R&D expenses (stated with "-")	-365,000.00
Income tax expense	22,261,660.23

72. Other comprehensive income

For the detail, refer to Note VII.57.

73. Cash flow statement items

(1) Other operation activity related cash as received

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Commodity promotion fee	9,333,292.34	7,525,003.95
Government subsidy	1,603,451.99	1,726,500.00
Deposit in security	1,182,075.52	1,169,850.00
Interest income	885,212.57	798,950.68
Reserve	203,646.34	6,000.00
Others	1,512,829.43	4,069,750.36
Total	14,720,508.19	15,296,054.99

(2) Other operation activity related cash as paid

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Rental fees	34,001,507.19	41,108,746.25
Market promotion	28,278,326.28	24,561,443.68
Advertisement	27,118,834.08	18,622,707.42
Shopping mall expenses	25,749,987.82	23,359,757.65
R & D expenses	16,624,631.81	5,606,420.13
Business travel	9,281,083.68	6,741,403.76
Packaging	7,984,140.77	5,848,804.57
Water and electricity	7,361,322.68	6,559,696.66
Office expenses	6,997,934.01	4,726,973.59
Transportation	4,472,557.44	3,539,130.41
Business entertainment	2,687,914.43	1,863,620.09
Meeting expenses +	2,407,668.26	2,213,714.36
Post and communications	2,347,462.22	1,873,003.47
Commission to agents	2,210,528.68	2,237,679.28
Consultation costs	1,607,714.89	38,216.52
Others	24,600,923.26	11,639,596.05
Total	203,732,537.50	160,540,913.89

(3) Other investment activity related cash as received

Inapplicable

(4) Other investment activity related cash as paid

Inapplicable

(5) Other financial activity related cash as received

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Amount financed with letter of credit	13,500,000.00	
Total	13,500,000.00	

(6) Other financial activity related cash as paid

In CNY

Items	Amount incurred in the reporting period	Amount incurred in the previous period
Repayment of borrowings from related parties	100,000,000.00	0.00
Bank financing expenses	420,000.00	864,375.00
Credit guarantee fee	0.00	0.00
Others	31,008.00	31,008.00
Payment for the capital contributed by minority shareholders	0.00	1,400,000.00
Total	100,451,008.00	2,295,383.00

74. Supplemental information of cash flow statement**(1) Supplemental information of cash flow statement**

In CNY

Supplemental information	Amount in the reporting period	Amount in the previous period
1. Net cash flows arising from adjustment of net profit into operating activities	--	--
Net profit	73,280,568.14	88,383,300.80
Plus: Reserve for impairment of assets	-373,059.61	2,607,123.26
Depreciation of fixed assets, depletion of oil and gas asset, depreciation of productive biological asset	18,916,809.59	16,076,871.28
Amortization of intangible assets	689,122.13	720,075.39
Long-term expenses to be apportioned	53,661,523.66	50,918,783.48
Loss (income is stated in "-") from disposal of fixed assets, intangible assets and other long term assets	-34,200.78	-6,708.57
Financial expenses (income is stated with "-")	46,490,128.21	47,607,241.57
Investment loss (income is stated with "-")	-250,015.75	504,563.21
Decrease of deferred income tax asset (Increase is stated with "--")	-8,468,887.13	-8,708,125.05

Increase of deferred income tax asset (Decrease is stated with "-")	130,940.80	
Decrease of inventories (Increase is stated with "-")	37,599,295.21	40,945,763.21
Decrease of operative items receivable (Increase is stated with "-")	-110,237,568.24	-89,756,578.05
Increase of operative items payable (Decrease is stated with "-")	60,849,122.33	-11,293,631.14
Net cash flow arising from operating activities	172,253,778.56	137,998,679.39
2. Significant investment and fund-raising activities with no cash income and expenses involved:	--	--
3. Net change in cash and cash equivalents:	--	--
Ending cash balance	158,879,732.91	159,843,756.99
Less: Opening cash balance	114,880,070.54	107,663,110.74
Net increase in cash and cash equivalents	43,999,662.37	52,180,646.25

(2) Net cash paid for acquisition of subsidiaries in the reporting period

Inapplicable

(3) Net cash received from disposal of subsidiaries in the reporting period

Inapplicable

(4) Composition of cash and cash equivalent

In CNY

Items	Ending balance	Opening balance
I. Cash	158,879,732.91	114,880,070.54
Incl: Cash in hand	403,915.95	338,694.81
Bank deposit available for payment at any time	158,470,296.10	114,319,146.38
Other monetary fund used for payment at any time	5,520.86	222,229.35
III. Ending balance of cash and cash equivalents	158,879,732.91	114,880,070.54

75. Note to the items of the statement of change in owners' equity

Inapplicable

76. Assets with ownership or use right restricted

In CNY

Items	Book value at the end of the period	Cause of being restricted
Monetary fund	1,575,000.00	Deposit for L/G
Fixed assets	21,091,114.70	Security guarantees
Total	22,666,114.70	--

77. Foreign currency monetary items**(1) Foreign currency monetary items**

In CNY

Items	Ending balance of foreign currency	Conversion rate	Ending balance of Renminbi converted
Monetary fund	--	--	10,273,228.30
Including: USD	171,713.40	6.1136	1,049,787.04
Euro	24.45	6.8699	167.97
HKD	5,913,134.42	0.7886	4,663,097.89
CHF	680,755.28	6.6987	4,560,175.39
Accounts receivable	--	--	9,810,233.22
HKD	12,030,521.43	0.7886	9,487,269.20
CHF	48,212.94	6.6987	322,964.02
Advance to suppliers		--	27,650,290.43
Including: HKD	12,913,140.25	0.7886	10,183,302.40
CHF	2,607,519.07	6.6987	17,466,988.02
Other receivables		--	801,280.20
Including: USD	32,879.00	6.1136	201,009.05
Euro	193.52	6.8699	1,329.46
HKD	727,414.09	0.7886	573,638.75
CHF	3,777.29	6.6987	25,302.93
Accounts payable		--	10,358,909.80
Including: HKD	6,743,919.02	0.7886	5,318,254.54

CHF	752,482.61	6.6987	5,040,655.26
Accounts Received in Advance		--	4,855.17
Including: HKD	6,156.70	0.7886	4,855.17
Other payables		--	1,926,935.18
Including: HKD	1,654,333.97	0.7886	1,304,607.77
USD	1,000.00	6.1136	6,113.60
CHF	91,990.06	6.6987	616,213.81
Short-term Loan		--	32,101,517.52
Including: HKD	40,696,650.00	0.7886	32,101,517.52
Long-term Loan	--	--	124,663,780.38
HKD	150,669,710.80	0.7886	118,848,267.88
CHF	875,000.00	6.6987	5,815,512.50

(2) Note to overseas operating entities, including important overseas operating entities, which should be disclosed about its principal business place, function currency for bookkeeping and basis for the choice. In case of any change in function currency, the cause should be disclosed.

For the principal business place of important overseas operating entities and the function currencies for bookkeeping, refer to Note V.4.

78. Hedging

Inapplicable

79. Others

Inapplicable

VIII. Change in consolidation scope

1. Consolidation of enterprises not under common control

(1) Consolidation of enterprises not under common control occurred in the current period

Inapplicable

(2) Consolidation cost and goodwill

Inapplicable

(3) Distinguishable assets/liabilities of the acquiree as at the date of acquisition

Inapplicable

(4) Gain or loss from remeasurement of the equity held before the date of acquisition based on the fair value

Inapplicable

(5) Note to failure in reasonable determination of consolidation consideration or the fair value of the fair value of distinguishable assets and liabilities of the acquiree as at the date of acquisition or the very period of consolidation.

Inapplicable

(6) Other notes

Inapplicable

2. Consolidation of enterprises under the common control.

(1) Consolidation of enterprises under common control incurred in the reporting period

Inapplicable

(2) Consolidation cost

Inapplicable

(3) Book value of the assets and liabilities of the consolidatee as at the date of consolidation

Inapplicable

3. Counter purchase

Inapplicable

4. Disposal of subsidiaries

Inapplicable

5. Change in consolidation scope due to other cause

Inapplicable

6. Others

Inapplicable

IX. Equity in other entities**1. Equity in subsidiaries****(1) Compostion of enterprise group**

Subsidiaries	Main business location	Place of registration	Nature of business	Shareholding ratio		Way of acquisition
				Directr	Indirect	
Shenzhen Harmony World Watches Center Co., Ltd.	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
Manufacture Co.	Shenzhen	Shenzhen	Manufacture	90.00%	10.00%	Establishment or investment
FIYTA (Hong Kong) Limited	Hong Kong	Hong Kong	Commerce	100.00%		Establishment or investment
Station 68	Hong Kong	Hong Kong	Commerce		60.00%	Establishment or investment
Harbin Company	Harbin	Harbin	Commerce	25.00%	75.00%	Establishment or investment
HengliandaCompany	Beijing	Beijing	Commerce		100.00%	Establishment or investment
Technology Company	Shenzhen	Shenzhen	Manufacture	100.00%		Establishment or investment
Trading Company	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
Culture Company	Shenzhen	Shenzhen	Commerce		100.00%	Establishment or investment
Emile Shenzhen Company	Shenzhen	Shenzhen	Commerce		100.00%	Establishment or investment
World Watches International	Hong Kong	Hong Kong	Commerce		100.00%	Establishment or investment

FIYTA Sales Company	Shenzhen	Shenzhen	Commerce	100.00%		Establishment or investment
Hengdarui Company	Shenyang	Shenyang	Commerce		100.00%	Consolidation of enterprises under common control
Lishan Department Store Co.	Kunming	Kunming	Commerce		100.00%	Consolidation of enterprises not under common control
Swiss Company	Switzerland	Switzerland	Commerce		100.00%	Consolidation of enterprises not under common control
Nature Art Limited	Hong Kong	Hong Kong	Commerce			①
Baoding Company	Hong Kong	Hong Kong	Commerce			①

Note to the shareholding proportion of subsidiaries different from voting proportion:

Basis for holding an half or less than an half of votes but stilling controlling an investee and holding an half or more than an half of votes but not controlling an investee:

For an important structured entity incorporated in consolidation scope, basis for control:

Basis for determining company as an agent or trustor:

Other note:

①According to the equity trust agreement signed by and between Station 68 a subsidiary of FIYTA Hong Kong and the trustee of Protop Limited on 10 December 2009, Station 68, as the trustor, owns shares, stock rights and related rights of Nature Art Limited and Protop Limited, and both parties agree that trustee may transfer its right anytime according to the instructions of trustor. Therefore, Station 68 owns the control right of Nature Art Limited and Protop Limited, and include them into its scope of consolidation.

(2) Important non-wholly-owned subsidiaries

Inapplicable

(3) Key financial information of important non-wholly-owned subsidiaries

Inapplicable

(4) Significant restriction on use of enterprise group's assets and paying off the enterprise group's liabilities

Inapplicable

(5) Financial support or other support provided to the structured entities incorporated in the scope of consolidated financial statements

Inapplicable

2. Transaction with a subsidiary with the share of the owner's equity changed but still under control**(1) Note to the change in the share of the owner's equity of a subsidiary**

Inapplicable

(2) Influence of transaction on minority shareholders' equity and owner's equity attributable to the parent company

Inapplicable

3. Equity in joint venture arrangement or associates**(1) Important joint ventures or associates**

Name of joint venture or associate	Principal business location	Place of registration	Business nature	Shareholding proportion		Accounting treatment method for investment in joint ventures or associates
				Direct	Indirect	
① Associate						
Shanghai Watch Industry	Shanghai	Shanghai	Manufacture	25.00%		Equity method

(2) Key financial information of important joint ventures

Inapplicable

(3) Key financial information of important associates

In CNY

	Ending balance/amount incurred in the reporting period	Opening balance/amount incurred in the previous period
Current assets	88,846,063.57	88,551,483.42
Non-current assets	21,906,384.63	22,504,083.78
Total assets	110,752,448.20	111,055,567.20
Current liabilities	17,010,985.08	18,718,641.86
Non-current liabilities	0.00	0.00
Total Liabilities	17,010,985.08	18,718,641.86
Net assets	93,741,463.12	92,336,925.34
Minority shareholders' equity	0.00	0.00
Owners' equity attributable to the parent company	0.00	0.00
Share of net assets calculated based on the shareholding proportion	23,435,365.78	22,622,546.71
Adjustment:	0.00	0.00
-- Goodwill	0.00	0.00
-- Profit unrealized in the internal trading	0.00	0.00
-- Others	0.00	0.00
Book value of the equity investment in associates	42,639,775.66	42,389,759.91
Revenues	46,811,242.00	52,972,924.33
Net profit	1,220,537.78	1,076,068.67
Other comprehensive income	0.00	0.00
Total comprehensive income	1,220,537.78	1,076,068.67
Dividends received from associates in the current year	0.00	0.00

(4) Financial information summary of unimportant joint ventures and associates

In CNY

	Ending balance/amount incurred in the reporting period	Opening balance/amount incurred in the previous period
Joint ventures:	--	--

Total of the following items calculated according to the shareholding proportion	--	--
Associates:	--	--
Total of the following items calculated according to the shareholding proportion	--	--

(5) Note to significant restriction on the competence of a joint venture or an associate in transferring funds to the Company

Inapplicable

(6) Excessive loss incurred to a joint venture or an associate

Inapplicable

(7) Unrecognized commitment in connection with investment in a joint venture

Inapplicable

(8) Contingent liabilities in connection with investment in joint ventures or associates

Inapplicable

4. Important joint operation

Inapplicable

5. Equity in the structured entities not incorporated in the consolidated financial statements

Inapplicable

6. Others

Inapplicable

X. Financial instruments and risk management

The Group has disclosed details of financial instruments in related notes. Risks related to those financial instruments and risk management policies adopted to reduce those risks are described as below. The Group management layer manages and supervises the risk exposure to ensure risks are controlled within limited range.

1. Risk management goals and policies

The goal of risk management is to keep proper balance between risk and profit, to reduce negative influence of financial risk to financial performance of the Group. Based on the goal, the Group has formulated risk management policies to identify and analyze risks the Group faces, set proper acceptable risk level and design relevant internal control procedures, to supervise risk level. The Group will regularly review those risk management policies and relevant internal control system, to adapt to market situation and change of operating activities. The internal audit department of the Group will also regularly or randomly check whether the execution of internal control system complies with risk management policies.

Main risks financial instruments of the Group may lead to include credit risks, liquidity risk, market risk, etc.

(1) Credit risk

Credit risk refers to the risk of financial loss of the Group caused due to default of contract obligation of transaction counterparty.

The Group manages credit risk by portfolio. Credit risk mainly arises from bank deposit and accounts receivable.

Bank deposit of the Group is mainly in state-owned banks and other large and medium listed banks. There are no significant credit risks of estimated bank deposits.

As for accounts receivable, the Group sets relevant policies to control credit risk exposure. Based on the financial status of debtor, external rating, guarantee possibility, credit record gained from the third party and other factors such as current market status, the Group evaluates credit qualification of debtor and set corresponding debt limit and credit period. The Group will regularly supervise credit record of debtor. For debtor with bad credit record, the Group will ensure the whole credit risk of the Group within controllable range in the forms of written reminder letter, reducing credit period and cancelling credit period.

The biggest credit risk exposure undertaken by the Group is carrying amount of each financial asset in balance sheet. The Group sets guarantees to any other credit risks that the Group may bear.

Amount accounts receivable, the total accounts receivable of top 5 accounts with amount in arrear account for 9.02% of total accounts receivable of the Group (2013: 9.43%); in other accounts receivable, the total accounts receivable of top 5 accounts with amount in arrear account for 17.22% of total accounts receivable of the Group (2013: 20.25%).

(2) Liquidity risk

Liquidity risk refers to risk of capital shortage caused when the Group executes obligations of settlement in the manner of cash payment or other financial assets.

In managing liquidity risk, the Group keeps the cash and cash equivalents that the Group deems sufficient and controls them to meet operating needs, reduce influence of cash liquidity fluctuation. The Group management monitors the use of bank loans and ensures to comply with borrowing agreement. At the same time, the Group gains the commitment for providing sufficient reserve funds from main financial institutions, to meet short-term and long-term capital needs.

The Group finance operation funds through capital and bank and other borrowings incurred in operating business. As at 30 June 2015, bank borrowing facility that the Group has not yet used is CNY 881.37 million (31 December 2014: CNY 539.10 million).

Maturity analysis of financial liabilities and off-balance-sheet guarantee items by undiscounted remaining contract cash flow at the end of the period (Unit: CNY ten thousand):

End of the reporting period						
Items	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total	
Financial liabilities:						
Short-term Loan	114,260.15	—	—	—	114,260.15	
Accounts payable	18,959.73	—	—	—	18,959.73	
Interest payable	971.04	—	—	—	971.04	
Other payables	4,182.23	—	—	—	4,182.23	
Other current liabilities (excluding deferred income)	679.08	—	—	—	679.08	
Long-term Loan	—	11,832.00	52.83	5,717.74	17,602.57	
Bonds payable	—	40,000.00	—	—	40,000.00	
Financial guarantee	58,260.15	11,832.00	—	—	70,092.15	
Total financial liabilities or contingent liabilities	197,312.38	63,664.00	52.83	5,717.74	266,746.95	

Maturity analysis of financial liabilities and off-balance-sheet guarantee projects held by the Group in the prior period according to cash flow of undiscounted remaining contracts (Unit: ten thousands CNY):

Beginning of the reporting period					
Items	Within a year	1 to 2 years	2 to 3 years	Over 3 years	Total
Financial liabilities:					
Short-term Loan	98,944.50	–	–	–	98,944.50
Accounts payable	14,711.91	–	–	–	14,711.91
Interest payable	1,942.09	–	–	–	1,942.09
Other payables	18,857.49	–	–	–	18,857.49
Other current liabilities (excluding deferred income)	548.25	–	–	–	548.25
Long-term Loan	–	7,925.19	4,444.50	1,625.55	13,995.24
Bonds payable	–	40,000.00	–	–	40,000.00
Financial guarantee	43,644.50	7,889.00	3,944.50	–	55,478.00

Total financial liabilities or contingent liabilities	178,648.74	55,814.19	8,389.00	1,625.55	244,477.48
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The amount of financial liability disclosed in the above table is undiscounted contract cash flow and thus may be different with the carrying amount of balance sheet.

(3) Market risk

Market risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused due to market price change, including interest risk, exchange rate risk and other price risk.

Interest risk

Interest risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused due to interest change. Interest risk may arise from confirmed interest accrual financial instrument and unconfirmed financial instrument (such as some loan commitments)

The interest risk of the Group mainly arises from long-term bank loans and bonds payable and long-term interest-bearing debt. Financial liabilities with floating rate lead the Group to cash flow interest risk. Fixed interest rate financial liabilities lead the Group to fair value interest risk. According to current market environment the Group determines the proportion of fixed interest and floating interest rate contract, maintaining proper fixed and floating interest instrument combination through regular review and supervision.

As at 30 June 2015, if borrowing rate measured at floating rate rises or drops 50 base points, and other factors keep unchanged, net profit and shareholders' equity of the Group will decrease or increase about CNY 0.88 million (at 31 December 2014: CNY 0.70 million)

Exchange rate risk

Exchange rate risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused due to exchange rate change. Exchange rate risk may arise from the financial instrument measured at foreign currencies other than recording currency.

Main operation of the Group is within China, and main businesses are settled in CNY. Therefore, the market risk of exchange fluctuations undertaken by the Company is not significant.

Refer to Details of other foreign currencies of Notes to the Financial Statement for financial assets of foreign currencies and financial liabilities of foreign currencies at the end of the period.

2. Capital management

The capital management policies of the Group are formulated to guarantee the Group can keep operation, and thus provide returns to shareholders and benefit other stakeholders, and at the same time to keep the optimal capital structure to reduce capital cost.

To keep or adjust capital structure, the Group may adjust amounts of dividends paid for shareholders, return capital to

shareholders, issue new shares or sell assets to reduce debts.

The Group supervises capital structure based on asset liability ratio (total liabilities divided by total assets). As at 30 June 2015, the asset-liability ratio of the Group is 56.09% (31 December 2014: 55.26%).

XI. Disclosure of Fair Value

1. Fair value at the end of the reporting period of the assets and liabilities measured based on the fair value

Inapplicable

2. Basis for determining the market price of the items measured based on the continuous and non-continuous first level fair value

Quotation of the same assets or liabilities in the active market (unadjusted).

3. Items measured based on the continuous or uncontinuous 2nd level fair value, valuation technique as used, nature of important parameters and quantitative information

Directly (price) or indirectly (derive from price) use observable input value other than market quote of assets or liabilities in the first level.

4. Items measured based on the continuous or uncontinuous 3rd level fair value, valuation technique as used, nature of important parameters and quantitative information

Use any input value not based on observable market data in assets or liabilities (unobservable input value).

(1) Items and amounts measured at fair value

As at 31 December 2014, there are no assets and liabilities measured at fair value.

(2) Items and amounts not measured at fair value but with fair value disclosed

Financial assets and financial liabilities measured at amortized cost mainly include: cash and bank balances, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, long-term payables, etc.

5. Items measured based on the continuous 3rd level fair value, sensitivity analysis on adjusted information and unobservable parameters between the book value at beginning and end of the period

Inapplicable

6. In case items measured based on fair value are converted between different levels incurred in the current period, state the cause of conversion and determine conversion time point

Inapplicable

7. Change of valuation technique incurred in the current period and cause of such change

Inapplicable

8. Fair value of financial assets and financial liabilities not measured at fair value

The difference between the book value of financial assets and financial liabilities that are not measured at fair value and fair value is small.

9. Others

Inapplicable

XII. Related party relationship and transactions

1. Details of the parent company of the Company

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio of parent company to the Company	Ratio of vote right of parent company to the Company
China National Aviation Group	Shenzhen	Investment in industries, domestic trade, material supply and distribution	1,110,631,996.00	41.49%	41.49%

Ultimate controlling party of the Company:

CATIC Shenzhen Company holds 35.63% shareholding of China National Aviation Group. CATIC Shenzhen Company is a wholly owned subsidiary of China Aero Space International Holdings Limited (CASI), and China Aviation Industry Corporation (AVIC) directly holds 62.52% of the equity of CASI. Therefore, the ultimate controlling party of the Company is AVIC.

2. Subsidiaries of the Company

Refer to Note IX. 1 for details of subsidiaries of the Company

3. Joint venture and association of the Group

Refer to Note IX.2 for details of important joint venture and association

4. Other related parties of the Group

Name of other related parties	Relationship with the Group
Shenzhen CATIC Property Management Limited (CATIC Property Company)	Controlled by the same party
Shenzhen CATIC Building Equipment Co., Ltd. (CATIC Building Company)	Controlled by the same party
Rainbow Department Store Co., Ltd. (Rainbow Department Store)	Controlled by the same party
Shennan Circuits Co., Ltd. (Shennan Circuits)	Controlled by the same party
CATIC Real Estate Co., Ltd. (CATIC Real Estate Company)	Controlled by the same party
Shenzhen Maiwei Cable TV Equipment Limited (Maiwei Company)	Controlled by the same party
AVIC Securities Co., Ltd. (AVIC Securities Company)	Controlled by the same party
Xi'an Skytel Hotel Co., Ltd. (Skytel Hotel)	Controlled by the same party
Shenzhen AVIC Nanguang Elevator Co., Ltd. (AVIC Nanguang Company)	Controlled by the same party
Shenzhen CATIC City Real Estate Development Co., Ltd. (CATIC City Real Estate Company)	Controlled by the same party
Shenzhen CATIC City Development Co., Ltd. (CATIC City Development Company)	Controlled by the same party
CATIC Guanlan Property Development Co., Ltd. (CATIC Mission Hills Property)	Controlled by the same party
CATIC Changtai Investment Development Co., Ltd. (CATIC Changtai Company)	Controlled by the same party
Shenzhen CATIC Jiufang Asset Management Limited (CATIC Jiufang Asset Mgmt Company)	Controlled by the same party
Ganzhou CATIC Real Estate Development Co., Ltd. (Ganzhou CATIC Real Estate Company)	Controlled by the same party
Shenzhen CATIC City Investment Co., Ltd (CATIC City Investment)	Controlled by the same party
Chengdu CATIC Property Development Co., Ltd (Chengdu CATIC Property Company)	Controlled by the same party
Chengdu CATIC Sunshine Real Estate Co., Ltd. (Chengdu CATIC Sunshine Real Estate)	Controlled by the same party

Zhonghang Electronic Measuring Instruments Co., Ltd (Zhonghang Electronic Company)	Controlled by the same party
Shenzhen CATIC Theme Real-estate Co., Ltd (CATIC Theme Company)	Controlled by the same party
Shenzhen AVIC Training Center (AVIC Training Center)	Controlled by the same party
Jiujiang CATIC City Real Estate Development Co., Ltd. (Jiujiang CATIC Real Estate Company)	Controlled by the same party
Shenzhen CATIC Huacheng Property Development Co., Ltd. (CATIC Huacheng Property Development Company)	Controlled by the same party
Shenzhen CATIC Curtain Wall Engineering Co., Ltd. (CATIC Curtain Wall Company)	Controlled by the same party
Shenzhen CATIC Nanguang Elevator Engineering Co., Ltd. (CATIC Nanguang Elevator Company)	Controlled by the same party
AVIC International Trade & Economic Development Ltd. (AVIC Trade & Economic Company)	Controlled by the same party
Xu Dongsheng	Senior executive
Tang Boxue	Senior executive
Chen Zhuo	Senior executive
Chen Libin	Senior executive
Lu Bingqiang	Senior executive
Du Xi	Senior executive
Lu Wanjun	Senior executive
Hu Xinglong	Senior executive

5. Related transaction

(1) Related transactions of purchase and sale of commodities and supply and acceptance of labor services

Details of purchase and sale of commodities and supply and acceptance of labor services

In CNY

Related party	Details of related transaction	Amount incurred in the reporting period	Transaction quota approved	Has it exceeded the transaction quota	Amount incurred in prior period
CATIC Property Company	Property management fee	1,448,900.66		NO	765,635.66
Rainbow Department Store	Department store expenses	2,245,772.14		NO	1,531,106.86

CATIC Curtain Wall Company	Engineering fee	210,000.00		NO	0.00
CATIC Building Company	Engineering fee	89,021.67		NO	0.00
CATIC Nanguang Elevator Company	Engineering fee	179,313.80		NO	0.00
AVIC Trade & Economic Company	Bidding agency service	100,000.00		NO	0.00
Shanghai Watch Industry	Material purchase	128,205.12		NO	0.00

Statement of sales of goods/supply of labor services

In CNY

Related parties	Description of related transaction	Amount incurred in the reporting period	Amount incurred in prior period
Rainbow Department Store	Products and labor service	41,152,135.05	39,858,340.52
Aviation Industry Corporation of China	Sales of products	129,774.36	65,286.32
Shennan Circuits	Sales of materials	8,308,488.66	15,005,995.58

(2) Related entrusted management/contracted and mandatory management/contracting

Inapplicable

(3) Related lease

The Company as lessor:

In CNY

Names of lessees	Categories of leasehold properties	Rental income recognized in the current period	Rental income recognized in prior period
CATIC Real Estate Company	Building	766,714.84	754,416.00
CATIC Property Company	Building	1,330,272.00	1,330,272.00
CATIC Securities Company	Building	562,320.00	536,760.00
CATIC City Real Estate Company	Building	82,563.86	11,160.00
CATIC City Development Company	Building	11,341.94	11,160.00
Guanlan Real Estate	Building	45,367.74	44,640.00

Company			
CATIC Changtai Company	Building	480,384.00	642,816.00
Tianyue Hotel Company	Building	2,350,000.00	2,708,299.98
Rainbow Department Store	Building	230,640.02	224,280.02
Jiufang Asset Mgmt Company	Building	181,818.00	181,818.00
CATIC City Investment Company	Building	218,657.29	45,012.00
CATIC Theme Real Estate Company	Building	353,338.00	472,812.00
CATIC Huacheng Property Development Company	Building	55,960.08	0.00
CATIC Technology Shenzhen Company	Building	0.00	210,270.00

Company as a lessee

In CNY

Name of lessor	Type of leased assets	Rental expenses charged in current period	Rental expenses charged in prior period
Ganzhou CATIC Real Estate Company	Building	509,379.75	501,799.74
Jiujian CATIC Real Estate Company	Building	153,054.77	0.00
CATIC Changtai Company	Building	85,154.99	0.00
Chengdu CATIC Property Company	Building	0.00	404,994.68

(4) Related guarantee

The Company as a guarantor

In CNY

Guarantees	Amount guaranteed	Effective date	Expiring date	If the guarantee finished?
HARMONY Company	30,000,000.00	May 14, 2015	May 13, 2018	No
HARMONY Company	27,000,000.00	May 20, 2015	May 19, 2018	No
HARMONY Company	100,000,000.00	October 29, 2014	October 28, 2017	No
HARMONY Company	50,000,000.00	December 8, 2014	December 7, 2017	No
HARMONY Company	60,000,000.00	January 13, 2015	January 12, 2018	No

HARMONY Company	13,500,000.00	March 27, 2015	September 27, 2017	No
FIYTA Hong Kong	10,365,660.24	February 3, 2015	November 13, 2015	No
FIYTA Hong Kong	3,944,000.00	March 12, 2015	November 13, 2015	No
FIYTA Hong Kong	4,732,800.00	April 2, 2015	November 13, 2015	No
FIYTA Hong Kong	2,589,220.22	May 6, 2015	November 13, 2015	No
FIYTA Hong Kong	10,469,837.06	June 2, 2015	November 13, 2015	No
FIYTA Hong Kong	39,440,000.00	July 11, 2013	2016 年 08 月 10 日	No
FIYTA Hong Kong	39,440,000.00	August 5, 2013	2016 年 09 月 04 日	No
FIYTA Hong Kong	15,776,000.00	January 6, 2014	2017 年 02 月 06 日	No
FIYTA Hong Kong	7,888,000.00	January 27, 2014	2017 年 02 月 27 日	No
FIYTA Hong Kong	15,776,000.00	March 3, 2014	2017 年 04 月 03 日	No

The Company as the guarantee

In CNY

Guarantors	Amount guaranteed	Effective date	Expiring date	If the guarantee finished?
HARMONY Company	60,000,000.00	January 27, 2015	January 25, 2018	No
HARMONY Company	140,000,000.00	March 3, 2015	March 2, 2018	No
HARMONY Company	70,000,000.00	March 30, 2015	March 30, 2018	No
China National Aviation Group	361,928.00	December 24, 2013	December 24, 2018	No
China National Aviation Group	5,000,000.00	January 15, 2014	June 24, 2019	No
China National Aviation Group	10,000,000.00	September 5, 2014	June 24, 2020	No
China National Aviation Group	10,000,000.00	January 8, 2015	June 24, 2020	No
China National Aviation Group	20,000,000.00	January 26, 2015	June 24, 2021	No
China National Aviation Group	6,000,000.00	May 27, 2015	June 24, 2021	No

(5) Borrowings and lendings among related parties

In CNY

Related parties	Lending	Effective day	Expiry date	Note
Borrowing				

China National Aviation Group	150,000,000.00	May 26, 2014	May 25, 2015	The accrued interest of the loan from China National Aviation Group amounted to CNY 1,299,999.99.
Lending				
Inapplicable				

(6) Assets assignment and liabilities reorganization of related parties

Inapplicable

(7) Remuneration to senior executives

Inapplicable

(8) Other related transactions

Inapplicable

6. Accounts receivable from and payable to related parties**(1) Receivables**

In CNY

Description	Related parties	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Rainbow Department Store	8,472,971.08	423,648.55	2,134,424.46	106,721.22
	AVIC	539,797.00	26,989.85	524,313.00	68,144.58
	Shennan Circuits	5,169,656.22	258,482.81	1,477,311.21	73,865.56
	Chengdu CATIC Sunshine Real Estate	999.00	49.95	7,875.00	393.75
Notes receivable	Shennan Circuits	3,790,772.80		6,162,768.29	
Other receivables	Ganzhou CATIC Real Estate Company	122,665.60	6,133.28	172,665.60	14,766.56
	Jiujiang CATIC Real Estate Company	50,000.00	2,500.00		

	CATIC City Development Company	3,001.94	150.10		
	CATIC City Real Estate Company	74,223.86	3,711.19		
	CATIC Huacheng Property Development Company	55,960.08	2,798.00		
	Rainbow Department Store	360,306.60	18,015.33	308,001.60	15,400.08
	CATIC Changtai Company	50,000.00	2,500.00	50,000.00	2,500.00
	AVIC Training Center	150,000.00	7,500.00		
	Chengdu CATIC Sunshine Real Estate	115,616.40	5,780.82	115,616.40	11,561.64

Note: In case a related transaction is settled based on net amount according to agreement, accounts receivable from a related party may be stated with the amount after offsetting.

(2) Payables

In CNY

Description	Related parties	Ending book balance	Opening book balance
		133,848.00	
	Rainbow Department Store	34,980.00	
	Shanghai Watch Industry		647,691.97
Other payables	CATIC City Investment Company	244,068.00	37,700.00
	CATIC Securities Company	187,440.00	187,440.00
	China National Aviation Group	0.00	150,000,000.00
	CATIC Real Estate Company	424,800.00	424,800.00
	CATIC Changtai Company	221,712.00	221,712.00
	Jiufang Asset Mgmt Company	60,606.00	60,606.00
	Rainbow Department Store	60,000.00	60,000.00

	Chengdu CATIC Sunshine Real Estate	8,849.40	114,648.52
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Note: In case a related transaction is settled based on net amount according to agreement, accounts payable to a related party may be stated with the amount after offsetting.

7. Related parties' commitments

Inapplicable

8. Others

Inapplicable

XIII. Stock payment

1. General condition of stock payment

Inapplicable

2. Stock payment settled based on equity

Inapplicable

3. Stock payment settled in cash

Inapplicable

4. Correction and termination of stock payment

Inapplicable

5. Others

Inapplicable

XIV. Commitments and contingencies

1. Important commitments

Important commitments existing on balance sheet date

(1) Capital commitment

Capital commitments already signed but not yet

End of the reporting

Beginning of the

recognized in the financial statements	period	reporting period
Commitment for purchase/ construction of long term assets	142,640,588.31	187,127,768.52

(2) Operating lease commitment

Implementation of irrevocable operating lease contract signed by the Company ended the balance sheet date is as follows:

Minimum rent payment of irrevocable operating lease	End of the reporting period	Beginning of the reporting period
1 st year after the balance sheet date	14,437,021.28	28,940,871.89
2 nd year after the balance sheet date	18,385,548.63	18,388,748.63
3 rd year after the balance sheet date	8,701,355.74	8,702,855.74
Subsequent years	3,008,648.97	3,008,648.97
Total	44,532,574.62	59,041,125.23

(3) Other commitments

There existed no other commitments necessary to be disclosed ended 30th June, 2015.

XV. Other significant events**1. Significant non-adjustment events**

Inapplicable

2. Profit distribution

In CNY

Profit or dividend announced for distribution through consideration and approval	39,276,787.00
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3. Sales return

Inapplicable

4. Note to other matters after the balance sheet date

Inapplicable

XVI. Other significant events

1. Correction of accounting errors of prior period

(1) Retroactive restatement

Inapplicable

(2) Prospective application

Inapplicable

2. Reorganization of liabilities

Inapplicable

3. Assets replacement

(1) Exchange of non-monetary assets exchange

Inapplicable

(2) Other asset replacement

Inapplicable

4. Annuity plan

Inapplicable

5. Operation termination

Inapplicable

6. Information of branches

(1) Basis for determining a reporting branch and accounting policy

Inapplicable

(2) Financial information of reporting branches

Inapplicable

(3) In case there is no reporting branch or it is unable to disclose total assets and liabilities of reporting branches, state the reason

Inapplicable

(4) Other notes

Inapplicable

7. Other significant transactions and events affecting investors' decision making

Inapplicable

8. Others

Inapplicable

XVII. Notes to the parent company's financial statements**1. Accounts receivable****(1) Disclosure of classification of accounts receivable**

In CNY

Categories	Ending balance					Opening balance				
	Book Balance		Provision for bad debt		Book value	Book Balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Receivables for which provision for bad debts have been recognized based on the portfolio	75,078.00	100.00%	3,753.90	5.00%	71,324.10	12,302,730.00	100.00%	566,942.10	4.61%	11,735,787.90
Total	75,07	100.0	3,753.	5.00%	71,324	12,3	100.0	566,94	4.61%	11,735,7

	8.00	0%	90		.10	02,7 30.0 0	0%	2.10		87.90
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Receivables that are individually significant in amount and provided for bad debt separately at the end of period:

Inapplicable

In the portfolio, receivables with provision for bad and doubtful debts based on aging analysis method:

In CNY

Age	Ending balance		
	Accounts receivable	Provision for bad debt	Provision proportion
Itemized based on those within 1 year			
Sub-total within 1 year	75,078.00	3,753.90	5.00%
Total	75,078.00	3,753.90	5.00%

Note to the basis for determining that portfolio:

In the portfolio, receivables with provision for bad and doubtful debts based on the balance percentage method:

Inapplicable

In the portfolio, receivables with provision for bad and doubtful debts based on other method.

Inapplicable

(2) Bad debt provisions accrued, received or reversed in the current period

The amount of bad debt provisions in CNY: the amount of bad debt provisions received or reversed in current period is CNY 563,188.20.

(3) Accounts receivable actually written off in current period

Inapplicable

(4) Accounts receivable due from the top five debtors of the Group are as follows:

Total accounts receivable due from the top five debtors of the Group as at the end of period is CNY75,078.00, accounting for 100% of the total accounts receivable as at the end of period and the total provision for bad and doubtful debts made as at the end of period is CNY 3,753.9.

(5) Accounts receivable derecognized due to transfer of financial assets

Inapplicable

(6) Amount of assets and liabilities formed due to transfer of accounts receivable and continuing to be involved

Inapplicable

2. Other receivables**(1) Disclosure of classification of other receivables**

In CNY

Categories	Ending balance					Opening balance				
	Book Balance		Provision for bad debt		Book value	Book Balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Other receivables for which bad debt reserve has been provided based on the portfolio	1,591,511.12 5.88	100.00%	156,382.34	0.01%	1,591,354.74 3.54	1,524,540.59 6.63	100.00%	27,484.97	0.01%	1,524,513,111.66
Total	1,591,511.12 5.88	100.00%	156,382.34	0.01%	1,591,354.74 3.54	1,524,540.59 6.63	100.00%	27,484.97	0.01%	1,524,513,111.66

Other receivables that are individually significant in amount and provided for bad debt separately at the end of period:

Inapplicable

Inapplicable

In the portfolio, other receivables with provision for bad and doubtful debts based on aging analysis method:

In CNY

Age	Ending balance		
	Other receivables	Provision for bad debt	Provision proportion
Itemized based on those within 1 year			
Sub-total within 1 year	2,832,722.84	141,636.14	5.00%
Over 3 years	29,492.40	14,746.20	50.00%
Total	2,862,215.24	156,382.34	5.46%

Note to the basis for determining that portfolio:

In the portfolio, other receivables with provision for bad and doubtful debts based on the balance percentage method:
Inapplicable

In the portfolio, other receivables with provision for bad and doubtful debts based on other method.

Name of portfolio			Book Balance	Provision for bad debt	Provision proportion %
Portfolio of specific accounts			1588648910.64	-	-

Based on historical experience, the Group's receivables due from petty cash paid to employees, receivables due from subsidiaries of the Company and accounts receivable for the sales between the last settlement date of the same department store and the balance sheet date are with high recoverability and low possibility of incurring bad debt, as a result, no bad debt provisions are provided for such receivables.

(2) Bad debt provision accrual, received or reversed in current period

Bad debt provision accrued is CNY 128,897.37 in current period; The amount received or reversed bad debt provision in current period was CNY .

(3) Other receivables actually written off in the current period

Inapplicable

(4) Classification of the other receivables based on the nature of fund

In CNY

Nature of Payment	Ending book balance	Opening book balance
Dealings among related parties within the consolidation scope	1,588,149,838.34	1,523,785,927.87
Reserve	499,072.30	620,763.36
Deposit in security	1,000,000.00	0.00
Deposit in security	104,050.00	64,050.00
Others	1,758,165.24	69,855.40
Total	1,591,511,125.88	1,524,540,596.63

(5) Other receivables attributable to the top five debtors of the ending balance

In CNY

Company names	Nature of Payment	Ending balance	Age	Proportion in total ending balance of other	Ending balance of the provision for bad debts
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				receivables	
Shenzhen Harmony World Watches Center Co., Ltd.	Current accounts	878,408,879.43	Within 1 year	55.19%	0.00
FIYTA Sales Company	Current accounts	608,348,891.02	Within 1 year	38.22%	0.00
Emile Choureit Shenzhen Company	Current accounts	64,893,691.45	Within 1 year	4.08%	0.00
Trading Company	Current accounts	24,472,281.46	Within 1 year	1.54%	0.00
FIYTA Technology Company	Current accounts	9,415,388.81	Within 1 year	0.59%	0.00
Total	--	1,585,539,132.17	--	99.62%	0.00

(6) Accounts receivable in connection with government subsidy

Inapplicable

(7) Other receivables derecognized due to transfer of financial assets

Inapplicable

(8) Amount of assets and liabilities formed due to transfer of other receivables and continuing to be involved

Inapplicable

3.Long term equity investment

In CNY

Items	Ending balance			Opening balance		
	Book Balance	Impairment reserve	Book value	Book Balance	Impairment reserve	Book value
Investment in subsidiaries	770,899,720.00	0.00	770,899,720.00	730,799,720.00	0.00	730,799,720.00
Investment in associates and joint	42,639,775.66	0.00	42,639,775.66	42,389,759.91	0.00	42,389,759.91

ventures						
Total	813,539,495.66	0.00	813,539,495.66	773,189,479.91	0.00	773,189,479.91

(1) Investment in subsidiaries

In CNY

Investees	Opening balance	Increase in the reporting period	Decrease in the reporting period	Ending balance	Provision reserve provided in the reporting period	Ending balance of the provision for impairment
Shenzhen Harmony World Watches Center Co., Ltd.	601,307,200.00			601,307,200.00		
HarbinShenzhen Harmony World Watches Center Co., Ltd.	125,000.00			125,000.00		
FIYTA Manufacture Company	9,000,000.00			9,000,000.00		
FIYTA (Hong Kong) Limited	55,367,520.00	40,100,000.00		95,467,520.00		
FIYTA Technology Company	10,000,000.00			10,000,000.00		
Trading Company	5,000,000.00			5,000,000.00		
FIYTA Sales Company	50,000,000.00			50,000,000.00		
Total	730,799,720.00	40,100,000.00		770,899,720.00		0.00

(2) Investment in joint venture and associates

In CNY

Invest	Openin	Increase/ Decrease (+ / -) in the reporting period	Ending	Ending
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ors	g balanc e	Additio nal invest ment	Decrea se of invest ment	Incom e from equity invest ment recogn ized under equity metho d	Other compr ehensi ve income adjust ment	Other equity move ment	Annou n ced for distribu ting cash dividen d or profit	Provisi on for impair ment	Others	balanc e	balanc e of the provisi on for impair ment
I. Joint Venture											
II. Associates											
Shang hai Watch Industr y	42,389 ,759.9 1			250,01 5.75						42,639 ,775.6 6	0.00
Sub-tot al	42,389 ,759.9 1			250,01 5.75						42,639 ,775.6 6	0.00
Total	42,389 ,759.9 1			250,01 5.75						42,639 ,775.6 6	0.00

(3) Other notes

Inapplicable

4. Operating revenue and operating costs

In CNY

Items	Amount incurred in the reporting period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Principal business	47,530,000.90	6,946,511.39	42,966,203.07	6,497,016.07
Total	47,530,000.90	6,946,511.39	42,966,203.07	6,497,016.07

5. Return on investment

In CNY

Items	Amount incurred in the reporting	Amount incurred in the previous
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	period	period
Income from long term equity investment based on cost method	131,388,140.58	98,601,444.91
Income from long term equity investment based on equity method	250,015.75	-504,563.21
Total	131,638,156.33	98,096,881.70

6. Others

Inapplicable

XVIII. Supplemental Information

1. Details of non-recurring gain or loss for the year

In CNY

Items	Amount	Note:
Gain/loss from disposal of non-current assets	34,200.78	Refers to the gain or loss from disposal of partial obsolete office fixed assets
Government grants included in current profit or loss (except for the fixed or quantitative government grants, enjoyed in a consecutive way, which closely related to the enterprise businesses and according to certain state policies and or on a nation-wide unified standard)	1,603,451.99	For the detail, refer to Note VII.69: Description of government subsidy counted to the current gain or loss
Other non-operating income and expenses other than the above items	-133,218.09	Other various non-operating revenue and expenditure
Less: amount of income tax affected	353,100.22	
Total	1,151,334.46	--

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

Inapplicable

2. ROE and EPS

Profit of the report period	Net assets-income ratio, weighted average	Earnings per share	
		Basic earnings per share, in CNY/share	Diluted earnings per share (CNY/share)
Net profit attributable to the Company's shareholders of ordinary shares	4.36%	0.186	0.186
Net profit attributable to the Company's shareholders of ordinary shares less non-recurring gains and loss	4.29%	0.183	0.183

3. Discrepancy in accounting data between IAS and CAS**(1) Discrepancy in net profit and net assets as disclosed in the financial report respectively according to IAS and CAS**

Inapplicable

(2) Discrepancy in net profit and net assets as disclosed in the financial report respectively according to the accounting standards outside Mainland China and CAS

Inapplicable

(3) Note to the discrepancy in accounting data under the accounting standards outside Mainland China. In case the discrepancy in data which have been audited by an overseas auditing agent has been adjusted, please specify the name of the overseas auditing agent.

Inapplicable

4. Others

Inapplicable

Section 10 Documents Available for Inspection

I. Financial Statements signed by and under the seal of the legal representative, chief accountant and accounting supervisors;

II. All the manuscripts of the Company's documents and announcements disclosed in the newspapers (Securities Times and Hong Kong Commercial Daily) designated by China Securities Regulatory Commission.