



GUANGDONG RIEYS GROUP COMPANY LTD.

THE 2015 ANNUAL REPORT

April 2016

Section I Important Statements, Contents and Definitions

I. The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Guangdong Rieys Group Company Ltd. (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

Mr. Chen Hongcheng, company principal, Mr. Chen Jincai, chief of the accounting work, and Mr. Zheng Guangde, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

Except for the following directors, all the other directors attended in person the board meeting for the review of this Report.

Name	Office title	Reason for not attending in person	Proxy
Ding Lihong	President	Personal reason	Chen Dongwei

II. The future plans and some other forward-looking statements mentioned in this Report shall not be considered as virtual promises of the Company to investors, and the investors as well as the person concerned should both adequate risk awareness and should understand the differences between the plans, estimates and the commitments.

Therefore, investors are kindly reminded to pay attention to possible investment risks.

III. Significant risks reminder:

(I) Major uncertainties of the profits realizing of the next fiscal year

During the Reporting Period, the Company realized net profit attributable to the Company of RMB-8.25 million with the net profit attributable to the Company after exceptional profit and loss being RMB-19.38 million. The shares investment and the assets sales composed of the exceptional profit and loss of RMB11.13 million without sustainability in the future. Chinese Gold Nobility, where the Company holds a stake of 51%, has promised to realize net profit of not less than RMB10 million in Y2016. Thus under the situation of without any significant change of the business structure of the Company, the realized profit of the next fiscal year would have major uncertainties.

(II) Competition risks of the gold and other jewelry industry

During the Reporting Period, the Company transferred the gold and other jewelry industry through the significant assets reorganization, however, as the China economy turned into medium speed growth from high speed growth, the “Golden Decade” of the gold and other jewelry industry also gone with the wind. In Y2015, owing to the reasons such as the after-effects from the bold type development, changes of the consumption habits and the enhance of the stores cost, the competition among the industry became fiercer and fiercer, the

operating performance overall declined and the traditional operating structure as well as the product portfolio mode were facing with the great challenges that the industry stepped into the significant innovation and shuffle period.

(III) Operating risks of the new business

During the Reporting Period, the main business of the Company occurred significant changes, the resources such as the original personnel and the management could not exert their functions, thus the working of the new and old team being imperative, while during the operating, there would be various of unpredictable challenges and risks as the success or failure of the new business would directly affect the future performances of the Company.

(IV) Uncertain risks of planning of the significant events without example

During the Reporting Period, the Company executed the suspension for planning the significant events without example in order to solve the historic problems which long plagued the development of the Company, while there were uncertainties owing to the events belong to the significant events without example.

IV. Preplan of annual profits distribution or turn capital reserves into share capital:

The Company plans not to distribute cash dividends or bonus shares or turn capital reserves into share capital.

Contents

Section I Important Statements, Contents and Definitions	2
Section II Corporate Profile and Financial Results	7
Section III Business Profile	12
Section IV Management Discussion and Analysis.....	15
Section V Significant Events	38
Section VI Share Changes and Information about Shareholders	52
Section VII Preference Shares	61
Section VIII Directors, Supervisors, Senior Management and Employees	62
Section IX Corporate Governance	70

Definitions

Term	Refers to	Definition
Company, the Company	Refers to	Guangdong Rieys Group Company Ltd.
Shenghengchang Huifu	Refers to	Shenzhen Shenghengchang Huifu Industrial Co., Ltd.
Risheng Chuangyuan	Refers to	Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.
Lianhua Huiren	Refers to	Shenzhen Lianhua Huiren Industrial Co., Ltd.
Rieys Industrial	Refers to	Shenzhen Rieys Industrial Co., Ltd.
Tianrui Trading	Refers to	Tianrui (HK) Trading Co., Ltd.
Chinese Gold Nobility	Refers to	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.
Puning Hengda	Refers to	Puning Hengda Real Estate Development Co., Ltd.
Tianfuchang	Refers to	Shenzhen Tianfuchang Investment Development Co., Ltd.
Huafengqiang	Refers to	Puning Huafengqiang Trade Co., Ltd.
Yanlilai	Refers to	Puning Yanlilai Trade Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZSE, the stock exchange	Refers to	Shenzhen Stock Exchange
Yuan, Ten Thousand Yuan	Refers to	RMB, RMB'0,000
Reporting period	Refers to	1 January 2015-31 December 2015

Section II Corporate Profile and Financial Results

I Corporate information

Stock name	Rieys B	Stock code	200168
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	广东雷伊（集团）股份有限公司		
Abbr. of the Company name in Chinese	雷伊		
Company name in English (if any)	GUANG DONG RIEYS GROUP COMPANY LTD.		
Abbr. of the Company name in English (if any)	Rieys		
Legal representative	Chen Hongcheng		
Registered address	Meixin Industrial Park of Jun Bu Town, Puning, Guangdong		
Zip code	515300		
Office address	Room 1201 of China Railway South Headquarters Building, No. 3333 of Zhongxin Rd., Nanshan District, Shenzhen		
Zip code	518000		
Company website	http://www.200168.com		
Email	rieys@200168.com		

II Contact information

	Company Secretary	Representative for Securities Affairs
Name	Xu Wei	Luo Dandan
Address	Room 1201 of China Railway South Headquarters Building, No. 3333 of Zhongxin Rd., Nanshan District, Shenzhen	Room 1201 of China Railway South Headquarters Building, No. 3333 of Zhongxin Rd., Nanshan District, Shenzhen
Tel.	0755-82250045	0755-82250045

Fax	0755-82251182	0755-82251182
E-mail	xw@200168.com	xw@200168.com

III Information disclosure and place where this Report is kept

Newspapers designated by the Company for information disclosure	Securities Times and Ta Kung Pao (HK)
Website designated by the China Securities Regulatory Commission (CSRC) for the publication of this Report	http://www.cninfo.com.cn
Place where this Report is kept	Room 1201 of China Railway South Headquarters Building, No. 3333 of Zhongxin Rd., Nanshan District, Shenzhen

IV Company registration and alteration

Organization code	23113183-3
Changes in main business activities since the Company was listed (if any)	The main business of the Company shifted from garment making to real estate development in 2013; The real estate development changed to gold and other jewelry sales in 2015.
Changes of the controlling shareholder (if any)	No changes

V Other information

The CPAs firm hired by the Company

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

Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period

☒ Applicable ☐ Not applicable

Name	Office address	Representative	Supervisory period
Hua Chuang Securities Co.,	No. 216 of Zhonghua North Rd., Guiyang, Guizhou	Xiao Shining, Li Xiaohua	21 May 2015-20 May 2016

Ltd.	Province		
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VI Accounting and financial results

Whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

☐ Yes ☒ No

	2015	2014	+/-%	2013
Operating revenues (RMB)	355,850,460.27	187,802,777.01	89.48%	148,458,757.00
Net profit attributable to shareholders of the Company (RMB)	-8,251,099.58	10,187,603.73	-180.99%	6,886,671.58
Net profit attributable to shareholders of the Company after exceptional profit and loss (RMB)	-19,379,967.33	13,903,025.57	-239.39%	3,641,586.72
Net operating cash flow (RMB)	27,555,801.24	-79,659,865.40	-134.59%	65,325,107.33
Basic earnings per share (RMB/share)	-0.0259	0.0320	-180.94%	0.0216
Diluted earnings per share (RMB/share)	-0.0259	0.0320	-180.94%	0.0216
Weighted average return on equity (%)	-2.24%	2.77%	-5.01%	1.92%
	31 December 2015	31 December 2014	+/-%	31 December 2013
Total assets (RMB)	474,516,644.99	480,779,789.45	-1.30%	487,217,084.43
Net assets attributable to shareholders of the Company (RMB)	364,436,679.81	372,687,779.39	-2.21%	362,500,175.66

VII Differences in accounting data under domestic and overseas accounting standards

1. Differences in the net profit and the net assets disclosed in the financial reports prepared under international and Chinese accounting standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

2. Differences in the net profit and the net assets disclosed in the financial reports prepared under overseas and Chinese accounting standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

VIII Financial results by quarter

Unit: RMB

	1Q	2Q	3Q	4Q
Operating revenues	32,642,864.00	52,210,921.15	172,449,468.55	98,834,911.29
Net profit attributable to shareholders of the Company	2,598,788.07	12,786,167.57	-2,386,211.15	-21,249,843.98
Net profit attributable to shareholders of the Company after exceptional profit and loss	2,679,707.83	2,899,185.60	-3,173,064.57	-21,785,796.19
Net operating cash flow	83,961,239.33	-58,282,519.99	-9,552,800.22	11,429,882.12

Whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports

☐ Yes ☒ No

IX Exceptional profit/loss

☒ Applicable ☐ Not applicable

Unit: RMB

Item	2015	2014	2013	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	4,530,412.47		-488,207.85	Sales of the investment profit recognized by Puning Hengda Real Estate Development Co., Ltd. of RMB4,777,303.71 with the disposal of

				the fixed assets gains and losses of RMB-246,891.24.
Asset impairment provisions due to acts of God such as natural disasters		-171,865.56		
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	9,507,297.71			Investment income recognized by the investment on the tradable financial assets of the Reporting Period
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately			5,117,350.70	
Non-operating income and expense other than the above	801,530.80	-529,469.03	-104,524.93	
Other profit/loss that meet the definition of exceptional profit/loss		-3,013,579.00		
Less: Income tax effects	3,670,336.90	508.25	1,280,328.18	
Minority interests effects (after tax)	40,036.33		-795.12	
Total	11,128,867.75	-3,715,421.84	3,245,084.86	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Section III Business Profile

I Main business scope in the Reporting Period

The Company became the controlling shareholder of Chinese Gold Nobility on May 14, 2015 by increasing its investment, and finished the sales of 100% equity of Puning Hengda Real Estate Development Co., Ltd on June 3, 2015, and through the material assets reorganization, gold and jewel became the main business of the Company. Chinese Gold Nobility is an enterprise specializing in operation of gold and jewelry brands, which has the main business scope of: comprehensive development, design, promotion and sales of gold, silver, diamond studding, jade and colored gem products. The Company's business model revolves around the "Chinese Gold Nobility" brand to realize the multi-channel "online + offline" sales. The offline sales channels are the "brand + chains" franchised outlet and the online sales channels are the "Baoyigou" (O2O) platform which extends the sales, management and display of the jewelry stores onto the internet, shaping up a new "+ internet" marketing pattern of gold and jewelry. After the increase in investment, as a small rowboat in the gold and jewelry industry, Chinese Gold Nobility increased its operating revenue from RMB2.31 million (checked as at March 31 2015) to RMB326,334,900; and the net profits increased from RMB-8,100 before the increase in its investment (checked as at March 31, 2015) to RMB5,576,800.

With the slowdown of economic growth in China, the gold and jewelry industry, just like a number of traditional industries, is faced with various challenges. It is known that at present, the jewelry industry still has very low concentration in China. There are about 18,000 jewelry retailing enterprises in China and about 64,000 outlets in total. Most of such enterprises are of small size and low brand awareness. Due to the aftereffects of the wild development in 2015, as well the change in spending habits and increase in outlet costs, the traditional operation structure and product mix model of the gold and jewelry enterprises in China are faced great challenges, and the industry has come into the time for a great change and reshuffle period. But a look into the big picture, it can be found that the opportunities always coexist with crisis. Though a lot of enterprises are engaged in the jewelry industry, the jewelry brand market is highly regional, and no enterprise that can lead the industry development has emerged. The downturn situation of the industry is conducive to the industry integration and "overtaking manoeuvre". The core competitiveness of a jewelry enterprise lies in its design, R&D, product and service, which is also the gap between the Chinese gold and jewelry enterprises and the international jewelry enterprises like Cartier and Bulgari. As the Chinese consumer group matures, the pursuit of the root of the jewelry industry will enable the enterprises to achieve a breakthrough in the quality, workmanship, sales and service. The jewelry enterprises shall look at the future, and take the lead in deploying the industry, and guided by the concept of "+ internet", upgrade all links of the industry chain, such as the raw materials, design and brand promotion, to improve its competitiveness and guide the market's

personalized demand.

II Significant changes in the main assets

1. Significant changes in the main assets

Main asset	Reason for any significant change
PrivmeEquity Asset	Sales of the 100% equities of Puning Hengda by the Company during the Reporting Period.

III Core competitiveness analysis

In the reporting period, there is a great change to the company's core competitiveness, which is reflected in the following aspects:

As the real estate market development declines from high-rate growth to steady growth in recent years, and with the ever-obvious differentiation between cities, the regional competition has grown increasingly fierce, and the concentration of development enterprises are rising, and in the second-tier, third-tier and fourth-tier cities, the market heat has declined. As the company's real estate products are located in the quaternary cities, with high apparent availability, and at the same time, because the company has not been in the real estate development industry for a long time, we have no advantages in funds, land reserve and personnel and cannot face up to the fierce competition. Therefore the company decided to spin off its real estate business for a transformation.

The company increased its investment in Chinese Gold Nobility to achieve the main business transformation. Chinese Gold Nobility was founded by a group of professional managers that have been engaged in the gold and jewelry operation management for a long time and have accumulated rich experiences in the products, promotion, channels and service links. Before the increase in its investment, Chinese Gold Nobility mainly operated through franchised outlet and agents. The capital insufficiency leads to the lack of products in franchised outlet and small business size. After the increase in the investment, Chinese Gold Nobility ① re-adjusted its organizational structure, combed the functions and systems of each department to ensure the smoothness of internal works of the departments after the expansion of the business size; ② strengthened the brand promotion and business model development. Chinese Gold Nobility will assist the retailers to set up the consumer Wechat platform and its own consumer Wechat platform; and at the same time, Chinese Gold Nobility will provide creative and executable promotion schemes for retailing outlet and ensure the implementation of such schemes; ③ strengthen the brand promotion in the franchised outlet, provincial-level agents, and central distribution outlets, to highlight the Chinese Gold Nobility brand in the first-line of channels, optimize its original business model,

including: financial jewelry store, gold and silver bar sales model, palm-top jewelry sales channel, brand franchising to build the Chinese Gold Nobility into a gold and jewelry brand with its own characteristics. ④ establish the product sales model centering on characteristics product and seasonal products, and implement such policies through the franchisees and product agents; ⑤ deploying the marketing resources, increase the manpower and material input in top markets and achieve breakthroughs in top markets.

Section IV Management Discussion and Analysis

I Overview

In the Reporting Period, the Company achieved operating revenues of RMB356.132 million, which increased 89.02% over RMB188.4141 million of last year, mainly because the Company sold real estate projects and newly invested in Chinese Gold Nobility during the Reporting Period; operating profit of RMB8.6285 million, which decreased -64.09% over RMB24.0284 million of last year; and net profit attributable to the Company of RMB-8.2511 million, which decreased 858.65% over RMB1.0876 million of last year, mainly because it has only been a short period of time since Chinese Gold Nobility, invested in during the Reporting Period, was consolidated, which could only make a limited contribution to the net profit of the Company, and in addition, the disposal of assets led to a considerable increase in the corporate income tax and other taxes during the Reporting Period. The debt-to-assets ratio was 43.28%, which increased 5.23% over 41.05% of last year; the liquidity ratio was 158.39%, which increased 1.30% over 156.35% of last year; the quick ratio was 158.39%, which increased 27.14% over 124.58% of last year; the turnover rate of the current assets was 90.63%, which increased 89.30% over 47.87% of last year; the turnover rate of the non-current assets was 420.57%, which increased 101.88% over 208.33% of last year; and the turnover rate of the total assets was 74.56%, which increased 91.53% over 38.93% of last year. All of the above changes were due to the business activities of Chinese Gold Nobility. The net profit rate was -1.59%, which decreased 129.60% over 5.39% of last year; and the profit rate of the total assets was 1.92%, which decreased 60.40% over 4.86% of last year. The above changes were due to a low gross profit margin in the industry. During the Reporting Period, the Company accomplished the following major tasks:

1. Realize the sales of existing housing inventory of “Shangdi Central” through the selling of Puning Hengda;

In the Reporting Period, affected by the nationwide industry restructuring and economic downturn, the Company’s real estate business is faced with severe challenges, and the sales of remaining buildings in the existing real estate project are very slow. And in the third-tier and fourth-tier cities, the supply in the real estate market is higher than demand. Facing such fierce competition, the Company is of the opinion that the continuous expansion in real estate business will not be of interest to the long-term steady development of the Company and that it is in urgent needs for the business transformation. According to the macro-environment, industry environment, regional environment and the Company’s development strategy, the Company actively adjusted its operational ideas, and achieved the fund returning by spinning off its real estate business and laid a foundation for the Company’s future development.

2. Ensure the Company’s sustainable development through the significant asset reorganization for transition into gold and jewelry

business;

The Company became the controlling shareholder of Chinese Gold Nobility on May 14, 2015 by increasing its investment, and gold and jewel became the main business of the Company. According to the capital increase agreement with Chinese Gold Nobility, the natural person shareholder Zhang Dongjie promised that the Chinese Gold Nobility would realize the net profit of RMB5 million in 2015 and RMB10 million in 2016, and any shortfall would be provided by the natural personal shareholder Yu Shizhen and Zhang Jieli. The Company will stick to the development philosophy of seeking progress in the steady, determine new business through discreet and scientific decision-making procedure, find a suitable development model, integrate resources, increase the risk prevention awareness, do well in risk control, and properly guide the Company's new businesses into the right direction.

3. Realized the goal of invigorating subside assets and improving assets structure by selling some idle industrial premises;

On January 5, 2015, the Company entered into the Assets Transfer Agreement (hereinafter referred to as the "contract") with Guangdong Taihengyuan Industrial Co., Ltd. (hereinafter referred to as "Taihengyuan"). Taihengyuan has made to the Company the deposit and the second payment of transfer price RMB40 million in total. See "1. Sales of key assets" in "VI. Key assets and equity sales" herein for details.

4. By achieving the goals stated in Paragraph 1 and 3 above, the Company's fund reserve is greatly increased, which fully improved the Company assets liquidity, and it will adopt a robust liquidity management strategy;

5. Help the Company's development by planning significant unprecedented events;

The Company was delisted starting from April 3, 2015. In addition to spinning off key assets, the Company was also actively planning other significant events. During the delisting period, the Company contacted relevant parties to actively promote the progress of the event, striving to solve the Company's issues left by history and ensuring the Company's continuous and fast development.

6. Strengthening the Company's internal control to continuous improve the corporate legal person's governance structure, and further improve the Company's governance level.

II Analysis of main business

1. Overview

During the Reporting Period, the significant assets reorganization led to the changes of the main business structure with the revenues resources of the main business from January to March were from the sales of the real estate projects and that from April to December were from the sales of the gold and other jewelry.

2. Revenues and costs

(1) Breakdown of operating revenues

Unit: RMB

	2015		2014		+/-%
	Amount	As a percentage of operating revenues	Amount	As a percentage of operating revenues	
Operating revenues	356,138,164.99	100%	188,414,067.01	100%	89.02%
By business segment					
Real estate	32,642,864.00	9.17%	179,153,450.00	95.08%	-81.78%
Gold jewelry	323,207,596.27	90.75%	0.00	0.00%	100.00%
Stone material	0.00	0.00%	8,649,327.01	4.60%	-100.00%
Leasing	287,704.72	0.08%	611,290.00	0.32%	-52.93%
By product					
Commodity housing	32,642,864.00	9.17%	179,153,450.00	95.08%	-81.78%
Gold jewelry	323,207,596.27	90.75%	0.00	0.00%	100.00%
Stone materials	0.00	0.00%	8,649,327.01	4.60%	-100.00%
Rents	287,704.72	0.08%	611,290.00	0.32%	-52.93%
By geographical segment					
Puning real estate sales	32,642,864.00	9.17%	179,153,450.00	95.08%	-81.78%
Domestic gold jewelry sales	323,207,596.27	90.75%	0.00	0.00%	100.00%
Domestic stone material sales	0.00	0.00%	8,649,327.01	4.60%	-100.00%
Rents in Puning	287,704.72	0.08%	611,290.00	0.32%	-52.93%

(2) Business segments, products or geographical segments contributing over 10% of the operating revenues or profit

☐ Applicable ☒ Not applicable

(3) Whether revenue from physical sales is higher than service revenue

☒ Yes ☐ No

Business segment	Item	Unit	2015	2014	+/-%
Real estate	Sales volume	Set	44	183	-75.96%
	Output volume	Set	0	0	0.00%
	Inventory	Set	0	280	-100.00%
Stone material	Sales volume	Ton	0	6,247.95	-100.00%
	Output volume	Ton	0	0	0.00%
	Inventory	Ton	0	0	0.00%
Gold jewelry	Sales volume	Gram	2,186,811.44	0	100.00%
	Output volume	Gram	2,411,784.04	0	100.00%
	Inventory	Gram	266,294.37	0	100.00%
Decorations, arts and crafts	Sales volume	Piece	6,926	0	100.00%
	Output volume	Piece	7,280	0	100.00%
	Inventory	Piece	560	0	100.00%

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

☒ Applicable ☐ Not applicable

The decrease of the sales volume and the inventory of the real estate was due to the sales of the Puning Hengda in June 2015;

The decrease of the sales volume of the stone was due to the suspension of the sales business of which;

The increase of the gold and other jewelry as well as the decorations was due to the newly increased Chinese Gold Nobility in May 2015.

(4) Execution progress of major signed sales contracts in the Reporting Period

☐ Applicable ☒ Not applicable

(5) Breakdown of operating costs

By business segment and product

Unit: RMB

Business segment	Item	2015	2014	+/-%
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		Amount	As a percentage of operating costs	Amount	As a percentage of operating costs	
Real estate	Shangdi Central	22,567,054.09	6.24%	114,335,237.71	93.59%	-80.26%
Gold jewelry	—	313,328,194.79	86.60%	0.00	0.00%	100.00%
Stone material	—	0.00	0.00%	7,835,355.24	6.41%	0.00%

(6) Changes in the scope of the consolidated financial statements for the Reporting Period

√ Yes ☐ No

There was 1 increased and 1 decreased of the main body that included in the consolidated scope of the financial statement over the last period, of which the one increased was the Chinese Gold Nobility while the one decreased was the Puning Hengda.

(7) Major changes in the business, products or services in the Reporting Period

√ Applicable ☐ Inapplicable

During the Reporting Period, the Company sold the 100% equities of Puning Hengda to Tianfuchang for accelerating the transform of the business. On 14 May 2015, the Company increased the capital of Chinese Gold Nobility and became the controlling shareholder of which and after the completion of the sales of Puning Hengda, the gold and other jewelry industry became the major business of the Company.

(8) Main customers and suppliers

Main customers

Total sales to top five customers (RMB)	220,302,175.79
Total sales to top five customers as a percentage of the total sales for the Reporting Period	61.86%

Information about top five customers

No.	Customer	Sales amount (RMB)	As a percentage of the total sales for the Reporting Period
1	Customer I	78,891,100.05	22.15%
2	Customer II	50,127,491.97	14.08%
3	Customer III	33,789,901.08	9.49%
4	Customer IV	29,334,666.00	8.24%

5	Customer V	28,159,016.69	7.91%
Total	--	220,302,175.79	61.86%

Other information about the main customers

☐ Applicable ☒ Not applicable

Main suppliers

Total purchases from top five suppliers (RMB)	400,264,260.69
Total purchases from top five suppliers as a percentage of the total purchases for the Reporting Period	93.05%

Information about top five suppliers

No.	Supplier	Purchase amount (RMB)	As a percentage of the total purchases for the Reporting Period
1	Customer I	167,901,867.00	39.03%
2	Customer II	130,249,647.81	30.28%
3	Customer III	50,400,545.88	11.72%
4	Customer IV	30,280,700.00	7.04%
5	Customer V	21,431,500.00	4.98%
Total	--	400,264,260.69	93.05%

Other information about the main suppliers

☐ Applicable ☒ Not applicable

3. Expense

Unit: RMB

	2015	2014	+/-%	Reason for any significant change
Selling expenses	1,446,088.15	161,000.48	798.19%	Due to the Chinese Gold Nobility developed business.
Administrative expenses	18,139,210.23	18,149,797.28	-0.06%	
Financial costs	1,639,014.74	1,374,845.17	19.21%	

4. R&D input

☐ Applicable ☒ Not applicable

5. Cash flow

Unit: RMB

Item	2015	2014	+/-%
Subtotal of operating cash inflow	1,071,592,608.18	121,631,543.89	781.02%
Subtotal of operating cash outflow	1,044,036,806.94	201,291,409.29	418.67%
Net operating cash flow	27,555,801.24	-79,659,865.40	-134.59%
Subtotal of investment cash inflow	353,542,969.09	39,998,809.43	783.88%
Subtotal of investment cash outflow	116,297,113.08		100.00%
Net investment cash flow	237,245,856.01	39,998,809.43	493.13%
Subtotal of financing cash inflow	20,000,000.00		100.00%
Net financing cash flow	20,000,000.00		100.00%
Net increase in cash and cash equivalents	284,801,713.63	-39,661,048.64	-818.09%

Explanation of why the data above varied significantly

☒ Applicable ☐ Not applicable

The increase of the subtotal of the investment cash inflow was due to the execution of the securities investment;

The increase of the subtotal of the investment cash outflow was due to the execution of the securities investment;

The increase of the net investment cash flow was due to the profits from the securities investment;

The increase of the subtotal of the financing cash inflow was due to the Chinese Gold Nobility absorbed the additional shares from other shareholders;

The increase of the net financing cash flow was due to the Chinese Gold Nobility absorbed the additional shares from other shareholders;

The decrease of the net increase in cash and cash equivalents was due to the Chinese Gold Nobility developed business, the profits from the securities investment and the absorbing of the shareholders investment.

III Analysis of non-core business

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a percentage of the total assets (%)	Source/reason	Continuity
Investment profit	4,777,303.711	52.02%	The investment profit from the sales of Puning Hengda Real Estate Development Co., Ltd.	No
Profit/Loss on fair value changes				
Asset impairment				
Non-operating revenue				
Non-operating expense				
Securities investment profit	9,507,297.7	103.53%	Investment profit recognized by the investment on the tradable financial assets	No

IV Analysis of assets and liabilities

1. Significant changes in the asset composition

Unit: RMB

	31 December 2015		31 December 2014		Change in percentage	Reason for any significant change
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary funds	301,471,305.21	63.53%	16,669,591.58	3.47%	60.06%	Due to the sales of the assts by the Company

Accounts receivable	4,656,499.20	0.98%	95,496,303.24	19.86%	-18.88%	——
Inventories	53,232,535.68	11.22%	149,982,410.85	31.20%	-19.98%	——
Fixed assets	75,118,031.89	15.83%	47,784,925.99	9.94%	5.89%	——

2. Assets and liabilities measured at fair value

☐ Applicable ☒ Not applicable

V Investments made

1. Total investments made

☒ Applicable ☐ Not applicable

Investments made in the Reporting Period (RMB)	Investments made in the prior year (RMB)	+/-%
6,000.00	0.00	100.00%

2. Significant equity investments made in the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB

Name	Major businesses	Investment method	Investment amount	Shareholding ratio	Funds resources	Partners	Investment period	Products type	progress up to the date of the assets liabilities statement	Estimated profits	Investment gains and losses of the Reporting period	Whether involved with the lawsuits	Disclosure date (if any)	Disclosure index (if any)
Shenzhen Chines Gold Nobility Jewelry Co., Ltd.	Engaged in the technological development, design and sales	Addition share	30,000,000.00	51.00%	Own funds	Not applicable	Permanent	Subsidiary	Completed	2,550,000.00	2,827,224.93	No		

	etc. of gold, silver, platinum, diamond, jade, jewelry and hardstone article													
Total	--	--	30,000,000.00	--	--	--	--	--	--	2,550,000.00	2,827,224.9	--	--	--

3. Significant non-equity investments ongoing in the Reporting Period

☐ Applicable ☒ Not applicable

4. Financial investments

(1) Securities investments

☒ Applicable ☐ Not applicable

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Profit/loss on fair value changes in the Reporting Period	Cumulative fair value changes charged to equity	Purchased in the Reporting Period	Sold in the Reporting Period	Profit/loss in the Reporting Period	Closing book value	Accounting title	Source of investment funds
Domestic/overseas stock	600881	YTJT	6,826,900.00	air value measurement	0.00	0.00	0.00	6,826,900.00	6,890,016.22	63,116.22	0.00	Trading financial assets	Own funds
Domestic/overseas	600271	HTXX	6,743,660.00	air value measurement	0.00	0.00	0.00	6,743,660.00	9,438,111.89	2,694,451.89	0.00	Trading financial assets	Own funds
Domestic/overseas	601766	ZGNC	3,820,800.00	air value measurement	0.00	0.00	0.00	3,820,800.00	3,588,600.00	-232,100.00	0.00	Trading	Own funds

as			00.00	measure ments				00.00	91.79	8.21		financia l assets	funds
Domesti c/overse as	600826	LSGF	9,805,3 25.00	air value measure ments	0.00	0.00	0.00	9,805,3 25.00	12,345, 496.06	2,540,1 71.06	0.00	Trading financia l assets	Own funds
Domesti c/overse as	000639	XWSP	8,219,1 41.00	air value measure ments	0.00	0.00	0.00	8,219,1 41.00	9,854,7 75.18	1,635,6 34.18	0.00	Trading financia l assets	Own funds
Domesti c/overse as	601088	ZGSH	6,441,5 50.00	air value measure ments	0.00	0.00	0.00	6,441,5 50.00	6,433,5 61.75	-7,988.2 5	0.00	Trading financia l assets	Own funds
Domesti c/overse as	733316	FAGF	10,770. 00	air value measure ments	0.00	0.00	0.00	10,770. 00	29,842. 05	19,072. 05	0.00	Trading financia l assets	Own funds
Domesti c/overse as	600821	JQY	2,384,7 12.00	air value measure ments	0.00	0.00	0.00	2,384,7 12.00	2,326,3 77.10	-58,334. 90	0.00	Trading financia l assets	Own funds
Domesti c/overse as	002592	BLKJ	340,410 .00	air value measure ments	0.00	0.00	0.00	340,410 .00	434,156 .62	93,746. 62	0.00	Trading financia l assets	Own funds
Domesti c/overse as	000917	DGCM	1,233,0 00.00	air value measure ments	0.00	0.00	0.00	1,233,0 00.00	1,508,4 64.06	275,464 .06	0.00	Trading financia l assets	Own funds
Domesti c/overse as	002094	QDJW	8,088,7 64.00	air value measure ments	0.00	0.00	0.00	8,088,7 64.00	9,533,8 22.78	1,445,0 58.78	0.00	Trading financia l assets	Own funds
Domesti c/overse	002062	HRJS	4,090,4	air value measure	0.00	0.00	0.00	4,090,4	6,269,2	2,178,8	0.00	Trading financia	Own

as			32.88	ments				32.88	73.83	40.95		l assets	funds
Domesti c/overse as	002356	HND	1,624,8 50.00	air value measure ments	0.00	0.00	0.00	1,624,8 50.00	2,047,1 40.48	422,290 .48	0.00	Trading financia l assets	Own funds
Domesti c/overse as	002565	AHLX	5,777,2 55.20	air value measure ments	0.00	0.00	0.00	5,777,2 55.20	5,609,7 21.80	-167,53 3.40	0.00	Trading financia l assets	Own funds
Domesti c/overse as	600255	XKCL	3,311,22 0.00	air value measure ments	0.00	0.00	0.00	3,311,22 0.00	3,409,1 00.04	97,880. 04	0.00	Trading financia l assets	Own funds
Domesti c/overse as	601117	ZGHX	6,268,3 73.00	air value measure ments	0.00	0.00	0.00	6,268,3 73.00	6,377,4 96.74	109,123 .74	0.00	Trading financia l assets	Own funds
Domesti c/overse as	000930	ZLSH	15,484, 557.00	air value measure ments	0.00	0.00	0.00	15,484, 557.00	16,994, 267.61	1,509,1 58.47	0.00	Trading financia l assets	Own funds
Domesti c/overse as	000967	SFGK	112,757, 553.63	air value measure ments	0.00	0.00	0.00	112,757, 553.63	20,618, 300.46	-3,061,2 53.17	0.00	Trading financia l assets	Own funds
Domesti c/overse as	000516	GJYX	2,226,2 77.60	fair value measure ments	0.00	-66.00	0.00	2,226,2 77.60	2,168,8 51.67	-52,959. 93	4,400.0 0	Trading financia l assets	Own funds
other			50,000. 00	Cost measure ment	0.00	0.00	0.00	50,000. 00	50,017. 12	17.12	0.00	other assets	Own funds
Other securities investments held at the			0	--	0	0	0	0	0	0	0	--	--

period-end											
Total	205,505,551.31	--	0.00	-66.00	0.00	205,505,551.31	125,927,485.25	9,503,847.80	4,400.00	--	--
Disclosure date of the announcement about the board's consent for the securities investment	Not applicable										
Disclosure date of the announcement about the general meeting's consent for the securities investment (if any)	Not applicable										

(2) Investment in derivative financial instruments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

5. Use of funds raised

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period

VI Sale of major assets and equity interests

1. Sale of major assets

☒ Applicable ☐ Not applicable

Counterparty	Sold equities	Sold date	Transaction price (RMB', 0,000)	Net profits contributed by the assets to the listed companies from the	Influence of the selling of the Company (notes 3)	Proportion of the net profits of the contributed amount of the assets selling	Pricing principles of the assets selling	Whether was the related transaction	Relationship with the counterparty (applicable for the related transaction)	Whether the involved assets completed the owners'hip transfer	Whether the involved claims and debts completed the owners'hip transfer	Whether executed as scheduled and if failed, should state the reasons	Disclosure date	Disclosure index
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				period- begin to the sold date (RMB' 0,000)		to the listed compan ies to the total amount of the net profits			situatio n)			and the adopted measur ements of the Compa ny		
Guangdong Taiheng yuan Industrial Co., Ltd.	Assets such as the industri al land, worksh op of the original Puning Rieys Paper Co., Ltd. located in Lianyu n Village, Junbu Town, Puning	5 Jan. 2015	6,000		1. Benefit for the increase of the cash reserve of the Company, the strengthening of the ability of resisting risks and the future transformation. 2. Benefit for the optimization of the assets allocation and the resolutions of the subsid	0.00%	1. The assets originally was the dedicated factory for recycled paper production, of which the factory layout, storey height of each building, span and spacing and so on were designed and built according to the process demand	No	No related relation ship	No	No	Failed to execute timely as planned. Owing to the alternation procedures of the real estate were comparatively complex and involved with rather many government departments, the time of handling the procedures were	31 Oct. 2014	Announcement on the Sales of Assets disclosed on Securities Times, Ta Kung Pao and www.cninfo.com.cn (Announcement No.: 2014-022)

					assets. 3. Benefit for the decrease of the future operating cost of the Company.	of the paper product ion without any universality or transformational ability. 2. The net amount of the assets was of RMB48.68 million which possessed certain profit margin when compared with the transaction price. 3. Referred to the market situation of the lease and bargaining					too long, and during which, effecting by the macro environmental changes as well as fluctuation of the real estate market, the funds of Taiheng yuan Company became rather tense that failed to timely pay for the follow-up expenses, which caused the failure of timely		
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						<p>transaction of the local surrounding factories. 4. In view of the macro situation of the current real estate industry, the geographic position of the real estate and the rather many factors influencing as well as changing the nature of the land, it was not benefit for the development and utility of the</p>				<p>managing the relevant procedures according to the contracts. After which, the Company executed multiple communications with Taiheng Yuan Company, the later hoped the Company could provide enough time for the suspended and postponed transaction of the ownership</p>		
--	--	--	--	--	--	--	--	--	--	---	--	--

							real estate.					transfer of the assets. In view of the Compa ny had receive d 66% transfer account from the later and had not handled the relevant owners hip transfer of the assets, and accordi ng to the strategi c develop ment plan, the Compa ny sold the above assets for recollec ting the funds in order		
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												to realize the businesses transform which was good for concentrating on the development of the new businesses by integrating the resources and if investigated on its violation responsibilities, although it could acquire corresponding liquidated damages, it was harm for the		
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												follow-up development of the Company. Thus, the Company decided after prudent consideration that agreed Taiheng yuan to continue on the negotiation and the solving of the alternation procedures of the real estate.		
--	--	--	--	--	--	--	--	--	--	--	--	---	--	--

2. Sale of major equity interests

√ Applicable □ Not applicable

Counter party	Sold equities	Sold date	Transaction price (RMB'0,000)	Net profits contributed by the equities	Influence of the selling of the Company	Proportion of the net profits of the contribution	Pricing principles of the equities selling	Whether was the related transaction	Relationship with the counter party	Whether the involved equities all	Whether executed as scheduled and if failed,	Disclosure date	Disclosure index
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				to the listed compani es from the period-b egin to the sold date (RMB'0 ,000)		ted amount of the equities selling to the listed compani es to the total amount of the net profits				complet ed the ownersh ip transfer	should state the reasons and the adopted measure ments of the Compan y		
Shenzhen Tianfuchang Investment Development Co., Ltd.	100% equities of Puning Hengda Real Estate Development Co., Ltd.	5 Jun. 2015	19,472. 38	524.43	Sales of the assets had no any influenc e on the continui ty of the Compan y's business and the stability of the manage ment level.	Refer to the assessm ent value issued by the assessm ent agencies possesse s with securitie s practice qualific ation	Yes	Related party was of the wholly- owned subsidia ry of the sharehol ders of the Compan y	Yes	Yes	6 Jun. 2015	Announ cement disclose d on Securiti es Times, Hong Kong Ta Kung Pao and www.cn info.co m.cn with the Announ cement No. of 2015-02 2.	

VII Main controlled and joint stock companies

√ Applicable □ Not applicable

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

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen Rieys Industrial Co., Ltd.	Subsidiary	Investment and import & export	50,000,000	71,869,101.58	40,088,237.17	0.00	-2,637,423.19	-2,544,769.93
Puning Tianhe Textile Manufactory Co., Ltd.	Subsidiary	Production and sale of garments, knitted dyed cloth, etc.	HKD65,100,000 (HKD)	237,867,999.39	228,210,460.68	0.00	-2,006,857.13	-2,000,701.50
Tianrui (HK) Trading Co., Ltd.	Subsidiary	Trade	1 (USD)	58,991,690.70	-32,849,684.60	0.00	-1,995,751.35	-2,248,798.62
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Subsidiary	Gold and other jewelry	3333.33	55,694,477.52	59,895,688.23	326,334,869.41	7,151,388.91	5,576,755.47

Subsidiaries obtained or disposed in the Reporting Period

√ Applicable □ Not applicable

Subsidiary name	How subsidiary was obtained or disposed in the Reporting Period	Impact on overall operation and results
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Invested and held 51% equities of it and acquired the control right of the Company	Caused the significant changes of the main business of the Company and caused the fluctuation of the Company's performances in a short time
Puning Hengda Real Estate Development	Sold 100.00% equities of it and lost the	Caused the significant changes of the main

Co., Ltd.	control right	business of the Company and caused the fluctuation of the Company's performances in a short time
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VIII Structured bodies controlled by the Company

☐ Applicable ☒ Not applicable

IX Outlook for the future development of the Company

(I) Industry structure and trends

See "I Main business scope in the Reporting Period" in "Section III Business Profile"

(II) Development strategies

Although during the Reporting Period, the transformed gold and other jewelry industry grown rapidly, its involved time was rather short, which led the profits still insufficient for supporting the development of the Company. Thus, the Company will continue to execute the delisting for planning the significant events without example and if the events could success in execution, it would cause qualitative changes each field of the Company namely the business scope, profitable ability, industry status and financing methods. Nowadays the Company is vigorously negotiating with each party in order to execute and complete the significant events as soon as possible.

(III) Operating plan

1. Review of the operating plan of last year:

See "I Overview" of "Section IV Management Discussion and Analysis".

2. Operating plan of Y2016:

In Y2016, which was a year filled with crisis among the gold and other jewelry industry. The gold and jewelry industry will step into severe winter from early winter and the industry will face with shuffle. The whole year job of the Company will regard the breakdown of the five predicaments and the throttling as the target:

- (1) To put effort into the R&D design and to break down the product homogeneity predicament;
- (2) To optimize the products structure and break down the value added products predicament;
- (3) To adjust the commodities structure and to break down the sales descending predicament;
- (4) To adjust the commercial mode and to break down the market expansion predicament;
- (5) To generate the customer's demands innovation and to break down the weak passenger flow viscosity predicament;
- (6) To adopt measures for minimizing each expense under the premises of not effect the operating performances in order to reach the

throttling target.

(IV) Possible risks:

1. Major uncertainties of the profits realizing of the next fiscal year

During the Reporting Period, the Company realized the net profits attributed to the parent company was of RMB-8.25 million with the net profits attributed to the parent company deducting the non-recurring profit and loss was of RMB-19.38 million. The shares investment and the assets sales composed of the non-recurring profit and loss of RMB11.13 million while without sustainability in the future. 51% of Chinese Gold Nobility held by the Company realized the net profit in Y2016 of not less than RMB10 million (promise number). Thus under the situation of without any significant change of the business structure of the Company, the realized profits of the next fiscal year would have major uncertainties.

2. Competition risks of the gold and other jewelry industry

During the Reporting Period, the Company transferred the gold and other jewelry industry through the significant assets reorganization, however, as the China economy turned into medium speed growth from high speed growth, the “Golden Decade” of the gold and other jewelry industry also gone with the wind. In Y2015, owing to the reasons such as the after-effects from the bold type development, changes of the consumption habits and the enhance of the stores cost, the competition among the industry became fiercer and fiercer, the operating performance overall declined and the traditional operating structure as well as the product portfolio mode were facing with the great challenges that the industry stepped into the significant innovation and shuffle period.

3. Operating risks of the new business

During the Reporting Period, the main business of the Company occurred significant changes, the resources such as the original personnel and the management could not exert their functions, thus the working of the new and old team being imperative, while during the operating, there would be various of unpredictable challenges and risks as the success or failure of the new business would directly affect the future performances of the Company.

4. Uncertain risks of planning of the significant events without example

During the Reporting Period, the Company executed the suspension for planning the significant events without example in order to solve the historic problems which long plagued the development of the Company, while there were uncertainties owing to the events belong to the significant events without example.

X Visits paid to the Company for purposes of research, communication, interview, etc.

1. In the Reporting Period

√√ Applicable □ Not applicable

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
3 Apr. 2015	By phone	Individual	Inquired of the events of the delisting of the Company
20 Apr. 2015	By phone	Individual	Inquired of the events of the delisting of the Company
7 May 2015	By phone	Individual	Inquired of the events of the delisting of the Company and put forward the advice on solving the Share B problems
24 May 2015	By phone	Individual	Inquired of the operating situation of the Company and the delisting reasons
6 Jun. 2015	By phone	Individual	Inquired of the sales of the subsidiaries of the Company and the resumption time
12 Jun. 2015	By phone	Individual	Inquired of the resumption time of the Company
9 Jul. 2015	By phone	Individual	Inquired of the delisting events of the Company and the resumption time
22 Sep. 2015	By phone	Individual	Inquired of the delisting events of the Company and the resumption time
9 Oct. 2015	By phone	Individual	Inquired of the delisting events of the Company and the resumption time
23 Oct. 2015	By phone	Individual	Inquired of the delisting events of the Company and the resumption time
7 Nov. 2015	By phone	Individual	Inquired of the delisting events of the Company and the resumption time
19 Nov. 2015	By phone	Individual	Inquired of the delisting events of the Company and the resumption time
8 Dec. 2015	By phone	Individual	Inquired of the delisting events of the

			Company and the resumption time
Times of visit	13		
Number of visiting institutions	0		
Number of visiting individuals	13		
Number of other visitors	0		
Significant undisclosed information disclosed, revealed or leaked	No		

Section V Significant Events

I Profit distribution and converting capital reserves into share capital for common shareholders

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

☐ Applicable ☒ Not applicable

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

No such cases in the Reporting Period.

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

Unit: RMB

Year	Cash dividends (tax included)	Net profit attributable to common shareholders of the Company in the consolidated statements for the year	Proportion in net profit attributable to common shareholders of the Company in the consolidated statements for the year (%)	Cash dividends in other forms	Ratio of cash dividends in other forms
2015	0.00	-8,251,099.58	0.00%	0.00	0.00%
2014	0.00	10,187,603.73	0.00%	0.00	0.00%
2013	0.00	6,886,671.58	0.00%	0.00	0.00%

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

☐ Applicable ☒ Not applicable

II Preliminary plan for profit distribution and converting capital reserves into share capital for the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

III Fulfillment of commitments

1. Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management or other related parties fulfilled in the Reporting Period or ongoing at the period-end

√ Applicable □ Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform						
Commitments made in acquisition documents or shareholding alteration documents						
Commitments made in time of asset restructuring	The Company's largest shareholder Shenzhen Shenghengcha ng Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd. and actual controller Chen	Commitment for avoiding and eliminating horizontal competition	Excepting Rieys, it can not in any area, in any form, engaged in production produce or business operation may form competition to Rieys and its subsidiaries which stipulated by the law, regulations and stipulations from CSRC.	2015-05 -21	Perpetual	In execution

	Hongcheng					
	<p>The Company's largest shareholder Shenzhen Shenghengcha ng Huifu Industrial Co., Ltd., the second largest shareholder Shenzhen Risheng Chuangyuan Asset Management Co., Ltd. and actual controller Chen Hongcheng</p>	<p>Commitment for stipulating related transaction</p>	<p>Will avoid and reduce the related transaction between it together with its related enterprise and Rieys to the greatest extent. If the related transaction with Rieys is inevitable, the transaction must be conducted in line with the principle of fair, just and sound and making compensation for equal value, the transaction price must be</p>	5/21/2015	Perpetual	In execution

			<p>recognized in</p> <p>line with the</p> <p>reasonable</p> <p>price of the</p> <p>market and</p> <p>related</p> <p>transaction</p> <p>decision</p> <p>making</p> <p>procedure</p> <p>avoiding</p> <p>voting of</p> <p>related</p> <p>transaction by</p> <p>the</p> <p>shareholders'</p> <p>general</p> <p>meeting which</p> <p>stipulated by</p> <p>Article of</p> <p>Association of</p> <p>Guangdong</p> <p>Rieys Group</p> <p>Company Ltd.</p>			
	<p>The second</p> <p>largest</p> <p>shareholder</p> <p>Shenzhen</p> <p>Risheng</p>	<p>Commitment</p> <p>for</p> <p>shareholders</p> <p>undertake</p> <p>joint liability</p>	<p>Investment in</p> <p>Shenzhen</p> <p>Tianfuchang</p> <p>Investment</p> <p>Development</p>	2015-05-21	2015-8-20	Finished

	Chuangyuan Asset Management Co., Ltd.	for the payment of equity transfer	the Co., Ltd. purchase 100% equity of Puning Hengda Real Estate Development Co., Ltd. in cash and undertake joint liability for the payment of equity transfer of the Company.			
Commitments made in time of IPO or refinancing						
Commitments concerning stock ownership incentive						
Other commitments made to minority shareholders	Director Mr. Chen Hongcheng, Vice Chairman Mr. Ding Lihong, Director Ms. Chen Xuewen,	Commitment for increase shareholding of the Company	The stock of the Company was suspended, due to planing the significant events, who want to increase stocks shall	7/9/2015	Within 6 months after stock resumption	In execution

	Supervisor Mr. Li Ning, Supervisor Ms. Huang Yanfang as well as Secretary to the Board and Vice President Mr. Xu Wei		increase at any time when the price of the stock lower than 4 HKD/share within 6 months after the stock resumption.			
Executed on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step	Not applicable					

2. Where there had been earnings forecast for an asset or project and the Reporting Period were still within the forecast period, explain why the forecast has been reached for the Reporting Period.

☐ Applicable ☒ Not applicable

IV Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

V Explanations given by the Board of Directors, the Supervisory Committee and the independent directors (if any) regarding the "auditor's non-standard report" issued by the CPAs firm for the Reporting Period

☐ Applicable ☒ Not applicable

VI YoY changes in accounting policies, estimations and methods

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

VII Retroactive restatement due to correction of material accounting errors in the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

VIII YoY changes in the scope of the consolidated financial statements

☐ Applicable ☒ Not applicable

Entities included in the scope of the consolidated financial statements had a YoY increase and decrease, increase1: CHINESE GOLD NOBILITY, decrease1: Puning Hengda.

IX Engagement and disengagement of CPAs firm

CPAs firm at present

Name of the domestic CPAs firm	Asia (Group) CPAs (Special General Partnership)
The Company's payment for the domestic CPAs firm (RMB'0,000)	55
Consecutive years of the audit service provided by the domestic CPAs firm	7
Names of the certified public accountants from the domestic CPAs firm	Zhou Hanjun, Zhou Ying

Whether the CPAs firm was changed in the Reporting Period

☐ Yes ☒ No

Whether the CPAs firm was changed during the audit

☒ Yes ☐ No

Whether the approval procedure was executed for the change of the CPAs firm

☒ Yes ☐ No

Detailed explanation of the change of the CPAs firm

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

☒ Applicable ☐ Not applicable

In the Reporting Period, the Company, due to significant asset restructuring, engaged Huachuang Securities as its financial consultant with the total consultant fees of RMB1.2 million.

X Possibility of listing suspension or termination after disclosure of this Report

☐ Applicable ☒ Not applicable

XI Bankruptcy and restructuring

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XII Significant litigations and arbitrations

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XIII Punishments and rectifications

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period

XIV Credit conditions of the Company as well as its controlling shareholder and actual controller

☐ Applicable ☒ Not applicable

XV Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XVI Significant related-party transactions**1. Related-party transactions relevant to routine operation**

No such cases in the Reporting Period.

2. Related-party transactions regarding purchase or sales of assets or equity interests

☒ Applicable ☐ Not applicable

Related transaction party	Relation	Type of the transaction	Contents of the transaction	Pricing principle	Book value of the transferred asset (RMB'0,000)	Assessed value of the transferred asset (RMB'0,000)	Price of transfer (RMB'0,000)	Mode of settlement	Profit/loss (RMB'0,000)	Disclosure date	Index to the disclosed information
Shenzhen	Subsidiar	Sale of	100%	Refer to	22,803.15	23,280.88	19,472.38	Remittanc	477.73	6 June	See

Tianfuchang Investment Development Co., Ltd.	Second big shareholder of the Company	Assets	Equity of the Puning Hengda Real Estate Development Co., Ltd.	Assessed value issued by the appraisal agency which own the securities practice qualification						2015	Details to the announcement disclosed on the Securities Times, Hong Kong Ta Kung Pao and www.cninfo.com.cn , of which the No. : 2015-022
Reason for any large difference between the transfer price and the book value or assessed value				The price basis was the assessed value issued by the appraisal agency which own the securities practice qualification deducting RMB38.085 million of bonus of Puning Hengda in 2014.							
Effect on the Company's business results and financial position				After the completion of the transaction, the listed companies will transform from real estate development to gold jewelry industry. After the completion of the transaction, the total assets and the net assets attributed to the owners' of the Company will increase while the operating income, operating profits and the net profits attributed to the Company will decrease							
Performance of the asset in the Reporting Period when a performance-related undertaking is involved in the transaction				N/A							

3. Related-party transactions common external investment

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

4. Credits and liabilities with related parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(5) Other significant related-party transactions

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XVII. Significant contracts and their execution

1. Trusteeship, contracting and leasing

(1) Trusteeship

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(2) Contract

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(3) Lease

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

2. Significant guarantees

√ Applicable □ Not applicable

(1) Guarantees provided by the Company

Unit: RMB'0,000

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Puning Yanlilai Trade Co., Ltd.	2014-04-17	2,400	2014-04-14	2,400	pledge	Five years from the independent contract (loan coming into effect)	No	No
Puning Huafengqiang Trade Co., Ltd.	2014-11-14	1,800	2014-11-11	1,800	pledge	Five years from the independent contract (loan coming into effect)	No	No
Total external guarantee line approved during the Reporting		4,200		Total actual occurred amount of external		4,200		

Period (A1)				guarantee during the Reporting Period (A2)				
Total external guarantee line that has been approved at the end of the Reporting Period (A3)			4,200	Total actual external guarantee balance at the end of the Reporting Period (A4)				4,200
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcem ent	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarante e for a related party or not
Total guarantee line approved for the subsidiaries during the Reporting Period (B1)			0	Total actual occurred amount of guarantee for the subsidiaries during the Reporting Period (B2)				0
Total guarantee line that has been approved for the subsidiaries at the end of the Reporting Period (B3)			0	Total actual guarantee balance for the subsidiaries at the end of the Reporting Period (B4)				0
Guarantees provided by the subsidiaries of the Company for subsidiaries								
Guaranteed party	Disclosure date of relevant announcem ent	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarante e for a related party or not
Total guarantee line approved for the subsidiaries during the			0	Total actual occurred amount of guarantee for the				0

Reporting Period (C1)		subsidiaries during the Reporting Period (C2)	
Total guarantee line that has been approved for the subsidiaries at the end of the Reporting Period (C3)	0	Total actual guarantee balance for the subsidiaries at the end of the Reporting Period (C4)	0
Total guarantee amount provided by the Company (total of the above-mentioned three kinds of guarantees)			
Total guarantee line approved during the Reporting Period (A1+B1+C1)	4,200	Total actual occurred amount of guarantee during the Reporting Period (A2+B2+C2)	4,200
Total guarantee line that has been approved at the end of the Reporting Period (A3+B3+C3)	4,200	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	4,200
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company			11.52%
Of which:			
Guarantee amount provided for shareholders, actual controllers and its related parties (D)			0
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)			0
Part of the amount of the total guarantee over 50% of net assets (F)			0
Total amount of the above three guarantees (D+E+F)			0
Explanation on possibility to bear joint liability due to undue	Not-applicable		

guarantees (if any)	
Explanation on the external guarantees in violation of stipulated procedures (if any)	Not-applicable

Section VI Share Changes and Information about Shareholders

I Changes in shares

I. Changes in shares

Unit: share

	Before the change		Increase/decrease (+/-)					After the change	
	Amount	Proportion	Newly issue share	Bonus shares	Capitalization of public reserves	Other	Subtotal	Amount	Proportion
I. Restricted shares	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned Legal-person	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Among which: shares held by domestic legal person	164,025,000	51.48%	0	0	0	0	0	164,025,000	51.48%
Shares held by domestic natural person	0	0.00%	0	0	0	0	0	0	0.00%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: shares held by oversea legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by	0	0.00%	0	0	0	0	0	0	0.00%

oversea natural person									
II. Shares not subject to trading moratorium	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%
1. RMB ordinary shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Domestically listed foreign shares	154,575,000	48.52%	0	0	0	0	0	154,575,000	48.52%
3. Oversea listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	318,600,000	100.00%	0	0	0	0	0	318,600,000	100.00%

2. Changes in restricted shares

☐ Applicable ☒ Not-applicable

II Issuance and listing of securities

1. Issuance of securities (excluding preferred stock) in Reporting Period

☐ Applicable ☒ Not-applicable

2. Explanation on changes in share capital & the structure of shareholders, the structure of assets and liabilities

☐ Applicable ☒ Not-applicable

3. Existent shares held by internal staffs of the Company

☐ Applicable ☒ Not-applicable

III Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholding

Unit: share

Total number of shareholders at the Reporting Period	11,543	Total number of shareholders on the 30th trading day before the disclosure date of the annual report	11,543	Total number of preferred stockholder with vote right restored (if any)	0	Total number of preferred stockholder with vote right restored on the 30th trading day before the disclosure date of the annual report (note 8)	0	
Shareholding of shareholders holding more than 5% shares								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of sharehold ing at the end of the Reporting Period	Increase and decrease of shares during Reporting Period	Number of shares held subject to trading moratoriu m	Number of shares held not subject to trading moratoriu m	Pledged or frozen shares	
							Status of shares	Amount
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Domestic non-state-owned corporation	36.99%	117,855,000	0	117,855,000	0	Pledged	117,855,000
Shenzhen Risheng Chuangyuan Asset	Domestic non-state-owned	10.68%	34,020,000	0	34,020,000	0	Pledged	34,020,000

Management Co., Ltd.	corporation							
Guotai Junan Securities (Hong Kong) Limited	Foreign corporation	8.49%	27,063,103	2,346,580	0	27,063,103		
Shenzhen Lianhua Huiren Industrial Co., Ltd.	Domestic non-state-owned corporation	3.81%	12,150,000	0	12,150,000	0	Pledged	12,150,000
Su Youhe	Domestic individual	2.27%	7,234,469	23,400	0	7,234,469		
Shanghai Wanguo Securities (HK) Limited	Foreign corporation	2.15%	6,840,046	1,762,960	0	6,840,046		
China Everbright Securities (HK) Limited	Foreign corporation	1.46%	4,665,860	-2,299,250	0	4,665,860		
Fan Jiongyang	Domestic individual	0.46%	1,451,300	-922,120	0	1,451,300		
Wei Guobin (Ngai Kwok Pan)	Foreign individual	0.36%	1,145,816	0	0	1,145,816		
Chen Jinming	Domestic individual	0.24%	765,500	765,500	0	765,500		
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any) (note 3)		Not applicable						
Explanation on associated relationship		Shenzhen Shenghengchang Huifu Industrial Co., Ltd., Shenzhen Risheng Chuangyuan						

or/and persons	Asset Management Co., Ltd. and Shenzhen Lianhua Huiren Industrial Co., Ltd., which belonged to action-in-concert promulgated by Measures for the Administration of Disclosure of Information on the Change of Shareholdings in Listed Companies. The Company did not know whether there existed related relationship among other shareholders.		
Particulars about shares held by top 10 shareholders not subject to trading moratorium			
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share	
		Type of share	Amount
Guotai Junan Securities (Hong Kong) Limited	27,063,103	Domestically listed shares	27,063,103
Su Youhe	7,234,469	Domestically listed shares	7,234,469
Shanghai Wanguo Securities (HK) Limited	6,840,046	Domestically listed shares	6,840,046
China Everbright Securities (HK) Limited	4,665,860	Domestically listed shares	4,665,860
Fan Jiongyang	1,451,300	Domestically listed shares	1,451,300
Wei Guobin (Ngai Kwok Pan)	1,145,816	Domestically listed shares	1,145,816
Chen Jinming	765,500	Domestically	765,500

		listed foreign shares	
Chen Jianxing	732,344	Domestically listed foreign shares	732,344
Han Liang	711,458	Domestically listed foreign shares	711,458
Chen Zhenqi	701,800	RMB ordinary shares	701,800
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert	Unknown		
Particular about shareholder participate in the securities lending and borrowing business (if any) (see note 4)	N/A		

Did any shareholder of the Company carry out an agreed buy-back in the Reporting Period?

☐ Yes ☒ No

No such cases in the Reporting Period.

2. Particulars about the controlling shareholder

Nature of controlling shareholder: community collective shareholding

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Chenhongcheng	1997-05-14	91440300741222321M	Sales of hardware, electric, building materials, electronic products and auto parts; import and export goods, technology import and export (except for projects prohibited by laws and administrative regulations; projects prohibited by laws and administrative regulations can be operated with permission)

Change of the controlling shareholder during the Reporting Period

☐ Applicable ☒ Not-applicable

The controlling shareholder did not change during the Reporting Period

3. Particulars about actual controller

Nature of actual controller: domestic nature person

Type of actual controller: nature person

Name of the actual controller	Nationality	Whether gain the right of residence in other countries or regions or not
Chen Hongcheng	China	No
Occupation and position	Chairman of the Board	

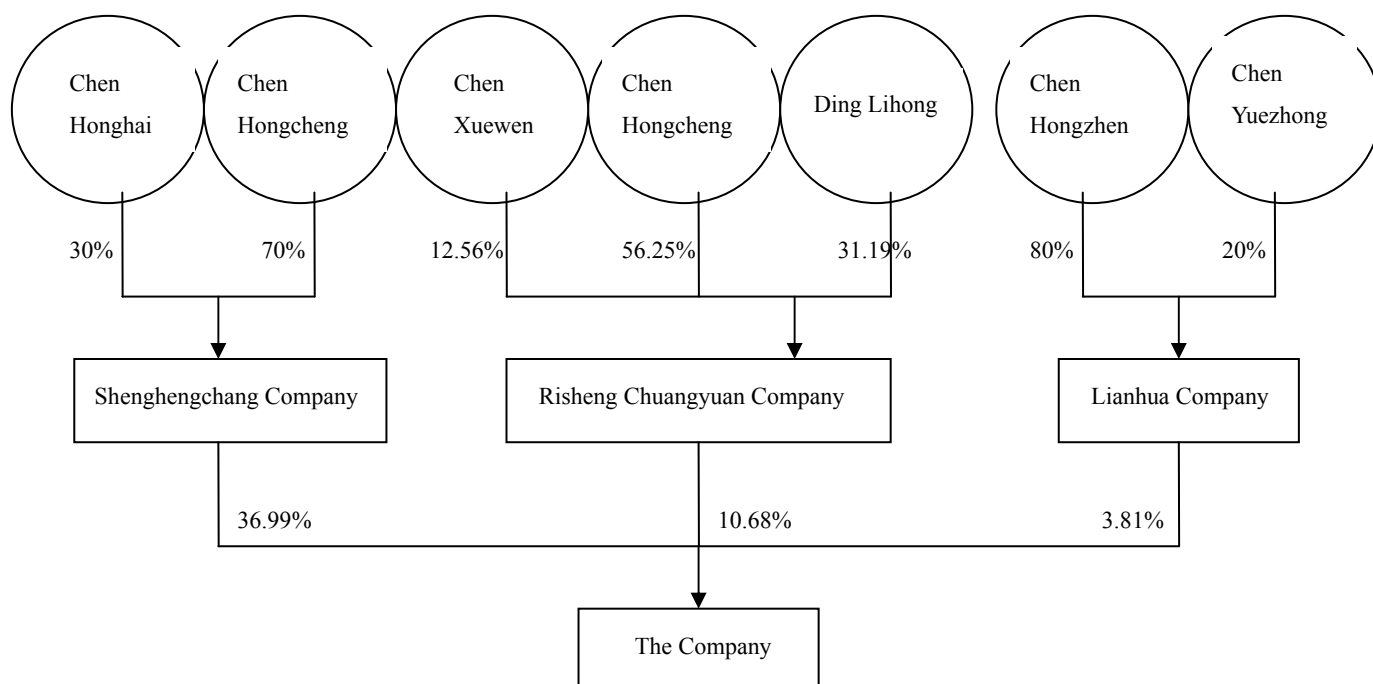
Particulars on his controlling listed companies over the past ten years	Not applicable
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Change of the actual controller during the Reporting Period

☐ Applicable ☒ Not-applicable

The actual controller did not change during the Reporting Period

The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



4. Particulars about other corporate shareholders with shareholding proportion over 10%

☒ Applicable ☐ Not-applicable

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Main business or management activity
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Ding Lihong	2000-09-08	RMB160 million	Be entrusted with asset management, equity investment, investment consulting and information consulting (the above excluded securities,

				insurance, financial business, human resources consulting service and other restricted projects); invest and initiate industries (the detailed project till further declared); domestic trade(excluding monopoly commodities); import and export of goods (excluding projects limited by laws and administration regulations; certification shall be gained for the above mentioned limited projects)
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5. Particulars about restriction of reducing holding-shares of controlling shareholders, actual controller, restructuring parties and other commitment entities

☐ Applicable ☒ Not-applicable

Section VII Preference Shares

☐ Applicable ☒ Not-applicable

There was no preference shares during the Reporting Period.

Section VIII Directors, Supervisors, Senior Management Staff & Employees

I. Changes in shareholding of directors, supervisors and senior management staff

Name	Position	Current/former	Gender	Age	Beginning date of office term	Ending date of office term	Shares held at the year-begin (share)	Amount of shares increased at the Reporting Period (share)	Amount of shares decreased at the Reporting Period (share)	Other changes increase/decrease	Number of shares held at period-end (share)
Chen Hongcheng	Chairman of the Board	Current	Male	58	2012-12-28	2015-12-28	0	0	0	0	0
Ding Lihong	Vice Chairman of the Board	Current	Male	45	2012-12-28	2015-12-28	0	0	0	0	0
Chen Honghai	Director	Current	Male	62	2012-12-28	2015-12-28	0	0	0	0	0
Chen Xuewen	Director	Current	Female	36	2012-12-28	2015-12-28	0	0	0	0	0
Pan Xiaochun	Independent director	Current	Female	45	2012-12-28	2015-12-28	0	0	0	0	0
Zhuang	Independent	Current	Male	43	2012-12-28	2015-12-28	0	0	0	0	0

weidong	ent director				28						
Cai Shaohe	Independ ent director	Former	Male	55	2012-12- 28	2015-12- 28	0	0	0	0	0
Yan Mingfei	Chairman of the Superviso r	Current	Male	47	2012-12- 28	2015-12- 28	0	0	0	0	0
Huang Yanfang	Superviso r	Current	Female	50	2012-12- 28	2015-12- 28	0	0	0	0	0
Li Ning	Superviso r	Current	Male	47	2012-12- 28	2015-12- 28	0	0	0	0	0
Chen Jincai	CFO,Vice president	Current	Male	64	2012-12- 28	2015-12- 28	0	0	0	0	0
Xu Wei	Secretary of the Board, Vice president	Current	Male	39	2012-12- 28	2015-12- 28	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

II. Particulars about changes of Directors, Supervisors and Senior Executives

No change.

III. Resumes of important personnel

Main working experience of current directors, supervisors and senior management staff

Chairman of the Board and President Mr. Chen Hongcheng was born in 1958; bachelor degree. At present he is the standing

commissar of political consultative conference of Puning, Guangdong, the deputy of the National People's Congress of Jieyang City and Guangdong Province, Vice Chairman of Costume Association of Guangdong Province and Vice Chairman of Costume Association of Shenzhen City, Director of Puning Shenghengchang Trade Development Co., Ltd. (the controlling shareholder) over the long term. He has ever been the deputy of the National People's Congress of Jieyang City and Guangdong Province.

Vice President Ding Lihong was born in 1971, bachelor degree. At present, he is the Vice President of the Company, Director of Guangdong Shaoneng Group Co., Ltd and Jiangsu Zhongda New Material Group Co., Ltd. Director of Shenzhen Risheng Chuangyuan Asset Management Co., Ltd., Executive Director of Shenzhen Shenghengchang HuiFu Industrial Co., Ltd., Director of Shenzhen Rieys Industrial Co., Ltd., Ya'an Zhengxing Marble Co., Ltd. and Shenzhen Protruly electronic Co., Ltd..

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

Director Ms. Chen Xuewen, born in 1980, graduated from Project Management of University of Greenwich, Postgraduate qualifications and Master degree. Now she acts as Chairman and legal representative of Ya'an Zhengxing Marble Co., Ltd. She has served as Chairman and legal representative of Shenzhen Shenghengchang Industrial Co., Ltd.; as well as Chairman and legal representative in Shenzhen Risheng Investment Co., Ltd..

Independent Cai Shaohe, born in 1961, diploma of postgraduate, is a CPA and certified tax agent. He is Vice President of Shantou Institute of Certified Public Accountants and Guangdong Alpha Animation and Culture Co., Ltd, as well as member of National Committee of the Chinese People's Political Consultative Conference of Chenghai District, executive committee member of Chenghai Federation of Industry and Commerce (Chamber of Commerce), standing directors of Accounting Academy of Chenghai District and Chenghai Association of Enterprises with foreign investment. He once acted as chief accountant and chief of finance of Chenghai state-owned Wine Factory, Vice Superintendent and Superintendent in Chenghai Auditor's Firm and Chief Accountant of Shantou Fengye Certified Public Accountants Co., Ltd, as well as independent director of the Company and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd..

Independent Director, Mrs. Pan Xiaochun, was born in 1971, Chinese, graduate degree, has enterprise management experience for many years, now he is the Deputy General Manager of Shenzhen Jin Hongsheng investment (Group) Co., Ltd.. He once work in the Company, Shenzhen Maoye (Group) Co., Ltd,

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

Chairman of the Supervisory Committee Mr. Yan Mingfei was born in 1968, bachelor degree and engineer. Now he is in charge of general manager of Shantou Lianzhihua Information and Technology Co., Ltd. He took the post of assistant engineer of Shantou Teye Power Development Co., Ltd. and engineer of Shantou Special Economic Region Talents Exchange Center.

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

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

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

Secretary of the Board Mr. Xuwei, born in 1977, graduated from Zhongnan University of Economics and Law, is a bachelor holder

of economics and law. He once acted as Securities Affairs Representative and Secretary of the Board and Supervisor of the Company, General Manager of Securities Affairs and Secretary to the Chairman of the Board of Directors in ABest Department Store Supermarket.

Post-holding in shareholder units

√Applicable □ Not-applicable

Name of the person holding any post in any shareholder unit	Name of the shareholder unit	Position in the shareholder unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder unit?
Ding Lihong	Shenzhen Shenghengchang HuiFu Industrial Co., Ltd., Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Director			No
Chen Hongcheng	Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Director			No
Chen Honghai	Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	Director			No

Post-holding in other units

√Applicable □ Not-applicable

Name of the person holding any post in any shareholder unit	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder unit?
Cai Shaohe	Shantou Fengye Certified Public Accountants	Partner			Yes
Pan Xiaochun	Shenzhen Jin Hongsheng investment (Group) Co., Ltd.	Vice President			Yes
Zhuang weidong	China Commercial Law Co., Ltd	Lawyer			Yes

Ding Lihong	Jiangsu Zhongda New Material Group Co., Ltd, Guangdong Shaoneng Group Co., Ltd.	Director			Yes
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Particulars about the Company's current directors, supervisors and senior executives' punishments from Securities Regulatory Institution of recent three years in Reporting Period

☐ Applicable ☒ Not-applicable

IV Remuneration for directors, supervisors and senior management

Decision-making procedure, determining basis and actual payment for the remuneration of directors, supervisors and senior management

In accordance with the proposal on setting down remuneration of senior executives examined and passed at the 1st meeting of the 2nd Board of Director for the year 2002, Proposal on Adjusting Allowance of Directors, Independent Director and Supervisors examined and passed at the annual Shareholder' General Meeting 2007 and Proposal on Remuneration Appraisal System of Directors, Supervisors and Senior Management Staffs examined and passed at the annual Shareholder' General Meeting 2012 directors and independent directors of the Company drew their annual allowance of RMB 50,000 (tax included) respectively from the Company; supervisors of the Company received the annual allowance of RMB 15,000 (tax included) respectively. The Company reimbursed the reasonable charges according to the actual situation which independent directors attended the meeting of the Board, shareholders' general meeting or exercise their functions and powers in accordance with the relevant laws and regulations and Articles of Association.

Remuneration of the directors, supervisors and senior management of the Company during the Reporting Period is as follows:

Unit: RMB'0,000

Name	Position	Gender	Age	Current/former	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
Chen Hongcheng	Chairman of the Board	Male	58	Current	22.69	No
Ding Lihong	Vice chairman of the Board	Male	45	Current	5	No
Chen Honghai	Director	Male	62	Current	5	No

Chen Xuewen	Director	Female	36	Current	5	No
Cai Shaohe	Independent director	Male	55	Current	5	No
Pan Xiaochun	Independent director	Female	45	Current	5	No
Zhuang weidong	Independent director	Male	43	Current	5	No
Yan Mingfei	Chairman of the Supervisor	Male	48	Current	1.5	No
Huang Yanfang	Supervisor	Female	50	Current	12.32	No
Li Ning	Supervisor	Male	47	Current	10.43	No
Chen Jincai	CFO,Vice president	Male	64	Current	9.48	No
Xu Wei	Secretary of the Board, Vice president	Male	39	Current	11.72	No
Total	--	--	--	--	104.14	--

Situations of equity incentives awarded to the directors, supervisors and senior management of the Company during the Reporting Period

☐ Applicable ☒ Not-applicable

V About employees

1. Number of employee, professional structure and education

Amount of the incumbent employees of the Company	11
Amount of the incumbent employees of the main subsidiaries	66
Total amount of the incumbent employees	77

Total number of employees accepted salaries(person)	77
Number of retirees whose retirement pension shall be borne by the Company and the main subsidiaries	0
Professional structure	
Category	Number
Production personnel	0
Sales personnel	16
Technicians	9
Financial personnel	11
Administrative personnel	41
Total	77
Education	
Category	Number
University	34
High school	33
Middle school	10
Total	77

2. Remuneration policy

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

3. Employee training plans

The Company's 2016 training plan was based on the actual situation of the Company, and in line with the adjustment of organization structure, operation management point, and the problems happened in the operation, focused on organizing the training for leaders'

execute power of the administrative management level meanwhile actively organized employee participate the training of industrial association, supervision department and other institutions.

4. Particulars about labor outsourcing

☐ Applicable ☒ Not-applicable

Section IX Corporate Governance

I Basic details of corporate governance

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

Whether it exists any difference between the corporate governance and the Company Law and relevant rules of CSRC or not?

☐ Yes ☒ No

There is no difference between the corporate governance and the Company Law and relevant rules of CSRC.

II Particulars about the Company's separation from the controlling shareholder in respect of business, personnel, assets, organization and financial affairs

The Company totally kept separation from the controlling shareholder in respect of business, personnel, assets, organization and financing that it owned an independent and complete business as well as self-operation capability.

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

independent bank account and paid tax independently.

III Horizontal competition

☐ Applicable ☒ Not-applicable

IV Particulars about the annual shareholders' general meeting and special shareholders' general meetings held during the Reporting Period

Particulars about the shareholders' general meeting in Reporting Period

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Index to the disclosed
The Annual Shareholders' General Meeting of 2014	The Annual Shareholders' General Meeting	51.73%	2015-05-27	2015-05-28	Announcement on Resolutions Made at the 2014 Annual Shareholders' General Meeting of Guangdong Rieys Group Company Ltd. (Announcement No.: 2015-027) was published on Securities Times, Hong Kong Ta Kung Pao and http://www.cninfo.com.cn
The First Special Shareholders' General Meeting for 2015	Special Shareholders' General Meeting	61.36%	2015-06-05	2015-06-06	Announcement on The First Special Shareholders' General Meeting for

					2015of Guangdong Rieys Group Company Ltd. (Announcement No.: 2015-031) was published on Securities Times , Hong Kong Ta Kung Pao and http://www.cninfo.com.cn
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2. Special Shareholders' General Meeting applied by the preferred stockholder with restitution of voting right

☐ Applicable ☒ Not-applicable

V Performance of the Independent Directors

1. Particulars about the independent directors attending the board sessions and the shareholders' general meetings

1. Particulars about the independent directors attending the board sessions						
Independent director	Sessions required to attend during the Reporting Period	Attendance in person	Attendance by way of telecommunication	Entrusted presence (times)	Absence rate	Non-attendance in person for two consecutive times
Cai Shaohe	6	6	0	0	0	No
Pan Xiaochun	6	6	0	0	0	No
Zhuang weidong	6	6	0	0	0	No
General meetings sat in on by independent directors		2				

2. Particulars about independent directors proposing objection on relevant events

Whether independent directors propose objection on relevant events or not?

☐ Yes ☒ No

During the Reporting Period, no independent directors proposed any objection on relevant events of the Company.

3. Other explanations about the duty performance of independent directors

Whether advices to the Company from independent directors were adopted or not

☒ Yes ☐ No

Explanation on the advices of independent directors for the Company being adopted or not adopted

No such case in the Reporting Period.

VI Performance of the Special Committees under the Board during the Reporting Period

(I) Duty performance of the Audit Committee under the Board:

1. Examination and review of financial statements of the Company by the Audit Committee under the Board

(1) The Audit Committee of the Board of Directors reviewed the Financial Statements compiled by the Company before the CPAs' entry for the yearly audit of the Company, believing that, the statements was in line with the Accounting Standard for Business Enterprises published by the State, and truly reflected the Company's financial status, operating results and cash flows in 2014, so it was permitted that ASIA (Group) Accounting Firm carried out the annual audit for the year 2014 on the basis of the said statements.

(2) After the accounting firm had issued the preliminary audit opinion, the Audit Committee reviewed the related financial statements and believed that: the Financial Statements of the Company after the audit adjustment items were in compliance with the basic situation of the Company. The Audit Committee thus agreed to the preliminary audit opinion issued for the 2014 Annual Financial Report.

(3) After the accounting firm had issued the 2014 Annual Audit Report for the Company, the Audit Committee once again reviewed the Financial Report and agreed to the audit result issued by the accounting firm for the Company's 2014 annual financial statements. And the Audit Committee also agreed to submit the said audit report to the Board of Directors for review

2. The Audit Committee urged the accounting firm concerning the annual audit.

Before the entry of the CPAs, the Audit Committee, the Financial Department of the Company and the accounting firm discussed together to decide the schedule for the audit of the Company's 2014 Financial Report. After the entry of the CPAs, according to the said audit schedule determined through discussion with the accounting firm, the Audit Committee of the Board of Directors conducted face-to-face communication with accountants from the accounting firm and assigned specialized personnel to follow up the annual audit by telephone and e-mail, urging the accounting firm to submit the audit report within the time limit agreed upon.

3. Summary report on 2014annual audit conducted by accounting firm

The Audit Committee under the Board of Directors were of the opinion that: ASIA (Group) Accounting Firm launched and accomplished the Company's 2014 annual audit in strict compliance with audit regulations and rules, with sufficient audit time, professional accountants and a strong sense of risk. The audit report issued thoroughly presented the Company's financial status, operating results and cash flows in the year 2014, with the audit conclusion factually reflecting the actual situation of the Company.

4. It was approved to reengage an audit agency for the year 2015.

The Audit Committee proposed to reengage ASIA (Group) Accounting Firm as the audit agency for the Company's 2015 annual audit.

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

The Remuneration & Appraisal Committee under the Board of Directors believes that: Remuneration for the Company's directors, supervisors and senior executives in the year 2014 is determined according to relevant resolutions made by the Shareholders' General Meeting and rules of the Company, which is in compliance with the operation status of the Company in the year.

(III) Duty performance of Nomination Committee under the Board

Nominating Committee gave full play to their role as the independent review and advice when the Company appointed Mr. Liu Yong as the independent directors of the Company.

(IV) Duty fulfillment of the Strategy Committee under Board of Directors

During the Reporting Period, the Strategy Committee under Board of Directors held meeting to discuss company business transformation direction and solve the problem left over by history of the Company.

VII Performance of the Supervisory Committee

During the Reporting Period, the Supervisory Committee found whether there was risk in the Company in the supervisory activity

☐ Yes ☒ No

The Supervisory Committee has no objection on the supervised events during the Reporting Period.

VIII Performance Evaluation and Incentive Mechanism for Senior Management Staff

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

IX Internal Control

1. Particulars about significant defects found in the internal control during Reporting Period

☐ Yes ☒ No

2. Self-appraisal report on internal control

Disclosure date of the Self-appraisal Report on Internal Control	2016-04-26
Disclosure index of the Self-appraisal	Cninfo website (www.cninfo.com.cn) "Self-assessment Report of Internal Control in

Report on Internal Control	2015”	
Total assets of the evaluated entities as a percentage in the consolidated total assets	100.00%	
Operating revenues of the evaluated entities as a percentage in the consolidated operating revenues	100.00%	
Defect identification standards		
Type	Financial report related	Non-financial-report related
Nature standard	<p>a. Major defects:</p> <p>(1) The directors, supervisors and senior management committed frauds;</p> <p>(2) There are material misstatements in the issued financial statements, affecting the authenticity, completeness and fairness, and therefore, the company shall correct them;</p> <p>(3) The certified public account discovered materials misstatements in the current financial statements, while the internal control fails to discover such misstatements in its operation;</p> <p>(4) The company audit committee and internal audit body’s supervision on the internal control is inefficient.</p> <p>b. Key defects:</p> <p>(1) The control environment is in sufficient;</p> <p>(2) The company’s accounting policies violates the Accounting Standards for Business Enterprises;</p> <p>(3) The accounting policies applied in the company is incompliant with the company’s accounting system;</p> <p>(4) There is no corresponding control mechanism for accounting treatment of non-regular or special transactions, or such control mechanism is not put into operation;</p> <p>(5) There is one or more defect with the control of the financial reporting process at</p>	<p>a. Major defect:</p> <p>(1) There is no legal decision making procedure for significant matters;</p> <p>(2) Lack of decision making procedure or the undisciplined decision-making procedure leads to major errors;</p> <p>(3) The company is subject to criminal penalties or is ordered to suspend production or business operation, or subject to the revoking or temporary seizure of its marketing license or business license and other such administrative penalties, because of the violation of state laws, regulations, rules or normative documents;</p> <p>(4) The major defects in internal control are not rectified;</p> <p>(5) There is no system control for significant businesses or the system has a systematic malfunction.</p> <p>b. When there is solid evidence to prove that the company is in one of the following circumstances at the end of the evaluation period, it shall be deemed that the internal control has key defects:</p> <p>(1) The decision making procedure exists, but it is not perfect;</p> <p>(2) The irregularity of the decision</p>

	<p>the end of the period, and therefore, it cannot reasonably ensure that the authenticity and completeness in the prepared financial statements.</p> <p>c. Minor defects: Other control defects except the major defects and key defects.</p>	<p>making procedure results in significant error;</p> <p>(3) The company is subject to criminal penalties or is ordered to suspend production or business operation, or subject to the revoking or temporary seizure of its marketing license or business license and other such administrative penalties, because of the violation of state laws, regulations, rules or normative documents;</p> <p>(4) The key business system has a key defect;</p> <p>(5) The key defects in the internal control are not rectified.</p> <p>c. Minor defects: Other control defects except the major defects and key defects.</p>
Quantitative standard	<p>a. If the amount of direct loss in assets caused by one defect alone or together with other defects is lower than 5% of the net assets in the consolidated financial statement, the defect is a minor defect;</p> <p>b. If the amount of direct loss in assets exceeds 5% of the net assets in the consolidated financial statements but less than 10%, the defect is a key defect;</p> <p>c. If the amount of direct loss in assets exceeds 10% of the net assets in the consolidated financial statements, the defect is a major defect.</p>	<p>a. If the amount of direct loss in assets caused by one defect alone or together with other defects is lower than 5% of the net assets in the consolidated financial statement, the defect is a minor defect;</p> <p>b. If the amount of direct loss in assets exceeds 5% of the net assets in the consolidated financial statements but less than 10%, the defect is a key defect;</p> <p>c. If the amount of direct loss in assets exceeds 10% of the net assets in the consolidated financial statements, the defect is a major defect.</p>
Number of serious financial-report-related defects	0	
Number of serious non-financial-report-related defects	0	
Number of important	0	

financial-report-related defects	
Number of important non-financial-report-related defects	0

X Audit report on internal control

√Applicable □ Not-applicable

Audit opinion paragraphs in the Audit Report on Internal Control	
<p>In accordance with relevant requirements of <i>the Guidelines for Auditing of Enterprise Internal Control</i> and the professional standards for the Certified Public Accountants of China, we have audited the effectiveness of Guangdong Rieys Group Company Limited (hereinafter referred to as Rieys) as of 31 December 2015 in internal control.</p> <p>I. Rieys' responsibility for the internal control</p> <p>It's the responsibility of the board of directors of Rieys to establish and improve and effectively control internal control in accordance with <i>the Basic Internal Control Norms for Enterprises</i>, <i>the Application Guidelines for Enterprises Internal Control</i> and <i>Evaluation Guidelines for Enterprises Internal Control</i> and effectively assess the effectiveness of such internal control.</p> <p>II. The certified public accountant's responsibility</p> <p>Our responsibility is to express the auditing opinion on these financial statements based on our audit and disclose the major defect we discovered in the internal control of non-financial statements.</p> <p>III. Inherent limitations of internal control</p> <p>The internal control has its inherent limitations and the possibility of failure in prevention and discovery of misstatement. Besides, the change of situations may render the internal control to be improper, or reduce the compliance with control policy and procedure.</p> <p>There is a certain risk to speculate the effectiveness of future internal control based on the internal control audit results.</p> <p>IV. Auditing opinion on the internal control of financial statements</p> <p>We are of the opinion that Rieys maintained the effective internal control of financial statements in all major aspects in accordance with the Basic Internal Control Norms for Enterprises and relevant regulations on 31 December 2015.</p>	
Particulars about Audit Report on Internal Control	Disclosure
Disclosure date of the Audit Report on Internal Control	2016-04-26
Disclosure index of the Audit Report on Internal Control	Cninfo website (www.cninfo.com.cn) "Audit Report on Internal Control of 2015"
Type of Audit Report on Internal Control	Unqualified auditor's report

Whether there is significant defect in non-financial report	No
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Whether the CPAs firm issues an Audit Report on Internal Control with non-standard opinion or not?

☐ Yes ☒ No

Whether the Audit Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

☒ Yes ☐ No

Tenth section financial reports

Type of audit opinion	Standard unqualified audit opinion
Audit report signing date	2016 04 25
Audit institutions	Asia-Pacific (Group) Certified Public Accountants(special general partnership)
The audit report number	Ya-Kuai-A-Shen-Zi (2016) NO.0157
Name of Certified Public Accountant	zhouhanjun、zhouying

Independent Auditor's Report

All shareholders of Guangdong Rieys Group Company Ltd.:

We have audited the accompanying consolidated financial statements of Guangdong Rieys Group Company Ltd. (the Company) and its subsidiaries, which comprise the consolidated and the Company's statement of financial position, the consolidated and the Company's statement of profit or loss and other comprehensive income, the consolidated and the Company's statement of cash flows, the consolidated and the Company's statement of changes in equity for the year ended 31 December 2015 and notes to the financial statements.

I. Management's responsibility for the consolidated financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. These responsibilities include: (1) giving a true and fair view in accordance with the Chinese Accounting Standards for Business Enterprises; and (2) for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

II. Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Chinese Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Audit opinion

In our opinion, the consolidated financial statements of the Company have been prepared according to the Chinese Accounting Standards for Business Enterprises in all material aspects, which give a true and fair view of the financial position of Guangdong Rieys Group Company Ltd. and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

Asia-Pacific (Group)
Certified Public Accountants
(special general partnership)

Beijing, China

Certified Public Accountant of China

zhouhanjun

Certified Public Accountant of China

zhouying

25 April 2016

Statement of Financial Position

for the year ended 31 Dec. 2015

Prepared by Guangdong
Rieys Group Company Ltd.

Expressed in
RMB

Assets	No te	Closing Balance		Opening Balance	
		Consolidated	The Company	Consolidated	The Company
Current Assets:					
Monetary funds	VI 1	301,471,305.21	250,310,105.45	16,669,591.58	16,198,906.48
Financial assets at fair value through profit or loss	VI 2	4,400.00			
Derivative financial assets					
Notes receivable					
Trade receivables	VI 3	4,656,499.20		95,496,303.24	
Prepayment	VI 4	855,041.60	620,547.00	18,630,000.00	
Interest receivable					
Dividend receivable					
Other receivable	VI 5	7,618,577.72	67,107,566.05	89,037,813.63	84,236,984.90
Inventories	VI 6	53,232,535.68		149,982,410.85	
Classified as held for sale assets				48,281,500.14	48,281,500.14
Non-current assets maturing within one year					
Other current assets					
Total current assets		367,838,359.41	318,038,218.50	418,097,619.44	148,717,391.5 2
Non-current assets:					
Available-for-sale financial assets					
Held-to-maturity					

investments					
Long-term trade receivable					
Long-term equity investment			126,712,508.68		243,312,508.68
Investing properties					
Property, plant and equipment	VI 7	75,118,031.89	73,702,221.24	47,784,925.99	45,092,439.91
Construction in progress					
Materials held for construction				-	
Disposal of property, plant and equipment					
Production/Productive biological assets					
Oil-gas assets					
Intangible assets	VI 8	25,700,612.61	25,700,612.61	9,909,948.44	9,909,948.44
R&D expense					
Goodwill	VI 9	2,395,820.87			
Long-term deferred assets					
Deferred tax assets	VI 10	3,463,820.21	2,635,189.74	4,987,295.58	2,629,205.29
Other non-current assets					
Total non-current assets		106,678,285.58	228,750,532.27	62,682,170.01	300,944,102.32
Total assets		474,516,644.99	546,788,750.77	480,779,789.45	449,661,493.84

Statement of Financial Position (continue)

for the year ended 31 Dec. 2015

Prepared by
Guangdong Rieys
Group Company Ltd.

Expressed in
RMB

Liabilities and Owersn's Equity	N ot e	Closing Balance		Opening Balance	
		Consolidated	The Company	Consolidated	The Company
Current liabilities:					
Short-term brrowings					
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities					
Notes payables					
Trade payables	VI 11	1,594,036.50	19,442.64	3,288,878.36	19,442.64
Advance payment	VI 12	14,718,891.99	158,333.00	13,963,451.97	
Accrued payroll	VI 13	449,772.90	185,146.56	481,299.21	210,712.65
Current tax liabilities	VI 14	12,796,779.45	15,782,337.43	37,159,760.65	3,130,621.23
Interest payables					
Dividend payables					
Other payables	VI 15	47,162,773.39	246,824,498.89	48,935,319.16	233,514,796.81
Classified as held for sale liabilities					
Long-term liabilities due within one year					
Other current liabilities					
Total current liabilities		76,722,254.23	262,969,758.52	103,828,709.35	236,875,573.33
Non-current liabilities:					
Long-term borrowings					
Bonds payables					
Of which:					
Preferred shares					

Perpetual bonds					
Long-term payables					
Long-term accrued payroll					
Specific payables					
Estimated liabilities					
Deferred income					
Deferred tax liabilities					
Other non-current liabilities					
Total non-current liabilities		-	-	-	-
Total liabilities		76,722,254.23	262,969,758.52	103,828,709.35	236,875,573.33
Share capital	VI 16	318,600,000.00	318,600,000.00	318,600,000.00	318,600,000.00
Other equity instruments					
Of which:					
Preferred shares					
Perpetual bonds					
Capital reserve	VI 17	52,129,496.58	52,129,496.58	52,129,496.58	52,129,496.58
Less: Treasury stock					
Other comprehensive income					
Specific reserves					
Surplus reserves	VI 18	86,036,260.20	86,036,260.20	86,036,260.20	86,036,260.20
Retained earnings	VI 19	-92,329,076.97	-172,946,764.53	-84,077,977.39	-243,979,836.27
Total equity attributable to owners of the Company		364,436,679.81	283,818,992.25	372,687,779.39	212,785,920.51
Minority interests		33,357,710.95		4,263,300.71	
Total equity		397,794,390.76	283,818,992.25	376,951,080.10	212,785,920.51

Total liabilities and owners' (or shareholders') equity		474,516,644.99	546,788,750.77	480,779,789.45	449,661,493.84
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Statement of Profit or Loss and Other Comprehensive Income

for the year 2015

Prepared by Guangdong
Rieys Group Company Ltd.

Expressed in
RMB

Item	Note	2015		2014	
		Consolidated	The Company	Consolidated	The Company
I. Total operating revenue	VI 20	356,138,164.99	221,667.00	188,414,067.01	611,290.00
Less: Cost of sales	VI 20	335,966,281.03	71,032.15	122,403,643.65	233,050.70
Business taxes and surcharges	VI 21	3,778,216.59	618,353.49	16,401,059.71	34,232.25
Sale expenses	VI 22	1,446,088.15	-	161,000.48	-
Administrative expenses	VI 23	18,139,210.23	13,643,510.91	18,149,797.28	11,521,010.09
Finance costs	VI 24	1,639,014.74	1,343,242.99	1,374,845.17	1,357,922.00
Asset impairment losses	VI 25	825,367.30	23,937.82	5,897,119.82	505,059.29
Add: Gain/(loss) from change in fair value ("-" for loss)		-66.00	-		
Gain/(loss) from investment ("-" for loss)	VI 26	14,284,601.42	97,229,923.57	1,758.52	
Including: share of profits in associates and joint ventures					
II. Operating profit ("-" for loss)		8,628,522.37	81,751,513.21	24,028,359.42	-13,039,984.33
Add: non-operating income	VI 27	965,580.24	759,422.82	2,033.00	
Including: gain from non-current asset		6,156.03			

disposal					
Less: non-operating expense	VI 28	410,940.68	85,611.68	531,502.03	530,828.18
Including: loss from non-current asset disposal		253,047.27			
III. Total profit (“-” for loss)		9,183,161.93	82,425,324.35	23,498,890.39	-13,570,812.51
Less: Income tax expense	VI 29	14,861,513.57	11,392,252.61	13,348,361.95	-125,710.13
IV. Net profit (“-” for loss)		-5,678,351.64	71,033,071.74	10,150,528.44	-13,445,102.38
Attributable to owners of the Company		-8,251,099.58		10,187,603.73	
Minority shareholders’ income		2,572,747.94		-37,075.29	
V. After-tax net amount of other comprehensive incomes		-	-	-	-
After-tax net amount of other comprehensive incomes attributable to owners of the Company		-		-	
(I) Other comprehensive incomes that will not be reclassified into gains and losses		-	-	-	-
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement					
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method					
(II) Other comprehensive incomes that will be reclassified into gains and losses		-	-	-	-
1. Enjoyable shares in other comprehensive incomes in investees that					

will be reclassified into gains and losses under the equity method					
2. Gains and losses on fair value changes of available-for-sale financial assets					
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets					
4. Effective hedging gains and losses on cash flows					
5. Foreign-currency financial statement translation difference					
After-tax net amount of other comprehensive incomes attributable to minority shareholders					
VI. Total comprehensive incomes		-5,678,351.64	71,033,071.74	10,150,528.44	-13,445,102.38
Attributable to owners of the Company		-8,251,099.58		10,187,603.73	
Attributable to minority shareholders		2,572,747.94		-37,075.29	
VII. Earnings per share					
(I) Basic earnings per share		-0.0259		0.0320	
(II) Diluted earnings per share		-0.0259		0.0320	

Statement of Profit or Loss and Other Comprehensive Income

for the year 2015

Prepared by Guangdong
Rieys Group Company Ltd.

Expressed in RMB

Item	Note	2015		2014	
		Consolidated	The	Consolidat	The

			Company	ed	Company
I. Operating activities:					
Receipts from customers/Cash generated from operations		429,190,021.65		63,700,416.00	
Receipts from taxes and levies					
Other cash received from operating activities	VI 30 (1)	642,402,586.53	586,209,788.12	57,931,127.89	105,824,156.34
Subtotal of cash inflows from operating activities		1,071,592,608.18	586,209,788.12	121,631,543.89	105,824,156.34
Payments to suppliers		397,379,931.79		17,656,195.12	
Cash paid to employees		3,597,682.16	1,126,238.37	4,576,043.75	1,561,442.73
Cash paid on taxes and levies		7,057,698.61	1,711,687.36	28,953,707.06	857,260.61
Other cash payment from operating activities	VI 30 (2)	636,001,494.38	562,590,586.99	150,105,463.36	132,690,829.82
Subtotal of cash outflows from operating activities		1,044,036,806.94	565,428,512.72	201,291,409.29	135,109,533.16
Net cash generated by operating activities		27,555,801.24	20,781,275.40	-79,659,865.40	-29,285,376.82
II. Investing activities:					
Proceeds from disposal of investment property		125,919,434.13	105,566,978.42		
Proceeds from return on investments		38,176,407.74	38,143,343.42		
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		50,000.00		40,000,000.00	40,000,000.00
Net cash inflow on disposal of subsidiary/ and associate	VI 31 (3)	189,397,127.22	194,723,800.00	-1,190.57	1.00

Other cash received from investing activities					
Subtotal of cash inflows from investing activities		353,542,969.0 9	338,434,121. 84	39,998,809.4 3	40,000,001.0 0
Payment for property, plant and equipment, intangible assets and other long-term assets		584,788.00	500,000.00		
Payment for investment/property		116,508,010.1 6	94,604,198.2 7		
Net increase of pledged loans		-	-		
Net cash paid to acquire subsidiaries and other business units	VI 31 (2)	-795,685.08	30,000,000.0 0		
Other cash payments relating to investing activities		-	-		
Subtotal of cash outflows from investing activities		116,297,113.0 8	125,104,198. 27	-	-
Net cash generated by investing activities		237,245,856.0 1	213,329,923. 57	39,998,809.4 3	40,000,001.0 0
III. Financing Activities:					
Cash received from capital contributions		20,000,000.00			
Including: Cash received from minority shareholder investments by subsidiaries		20,000,000.00			
Proceeds from loans and borrowings					
Cash received from issuance of bonds					
Other cash received from financing activities					
Subtotal of cash inflows from financing activities		20,000,000.00	-	-	-
Repayment of loans and borrowings					
Dividends and interest paid					
Including: dividends or profit paid by subsidiaries to minority shareholders					

Other cash payments from financing activities					
Including: Dividends or profit paid to minority interests of subsidiaries					
Sub-total of cash outflows from financing activities	-	-	-	-	-
Net cash used in financing activities	20,000,000.00	-	-	-	-
IV. Effects of exchange rate changes on balance of cash held in foreign currencies	56.38		7.33		
V. Net increase in cash and cash equivalents	284,801,713.63	234,111,198.97	-39,661,048.64	10,714,624.18	
Add: Cash and cash equivalents at the beginning of the year	16,669,591.58	16,198,906.48	56,330,640.22	5,484,282.30	
VI. Cash and cash equivalents at the end of the year	301,471,305.21	250,310,105.45	16,669,591.58	16,198,906.48	

Consolidated Statement of Changes in Equity

for the year ended 31 Dec. 2015

Consolidated Statement of Changes in Equity

for the year ended 31 Dec. 2015

Prepared by
Guangdong
Rieys Group
Company
Ltd.

Expres
sed in
RMB

Expre
ssed
in
RMB

Item	Note	2015												2014														
		Equity attributable to owners of the Company											Minor ity intere sts	Equity attributable to owners of the Company											Minor ity intere sts	Total equity		
		Share capital	Other equity instruments			Capit al reserv e	Less: treas ury stock	Othe r comp rehen sive inco mes	Speci fic reser ve	Surpl us reserv e	Retain ed earnin gs	Othe r		Total equity	Share capital	Other equity instruments			Capit al reserv e	Less: treas ury stock	Othe r comp rehen sive inco mes	Speci fic reser ve	Surpl us reserv e	Retain ed earnin gs			Othe r	
			Prefe rred share s	Perp etual bond s	Othe r											Prefe rred share s	Perp etual bond s	Othe r										
I. Balance at the end of the previous year		318,600,000.00	-	-	-	52,129,496.58	-	-	-	86,036,260.20	-84,077,977.39	-	4,263,300.71	376,951,080.10	318,600,000.00				52,129,496.58					86,036,260.20	-94,265,581.12		4,300,376.00	366,800,551.66
Add:																												
Change of accounting policy														-													-	
Correction of errors in previous periods														-													-	
Business mergers under the common control														-													-	
Other														-													-	
II. Balance at the beginning of the year		318,600,000.00	-	-	-	52,129,496.58	-	-	-	86,036,260.20	-84,077,977.39	-	4,263,300.71	376,951,080.10	318,600,000.00	-	-	-	52,129,496.58	-	-	-	-	86,036,260.20	-94,265,581.12	-	4,300,376.00	366,800,551.66

III. Increase of amount in the year ("–" means decrease)	-	-	-	-	-	-	-	-	-	-8,251 ,099.5 8	-	29,09 4,410 .24	20,84 3,310. 66	-	-	-	-	-	-	-	-	-	10,187 ,603.7 3	-	-37,0 75.29	10,15 0,528. 44
(I) Total comprehensi ve incomes										-8,251 ,099.5 8		2,572 ,747. 94	-5,678 ,351.6 4									10,187 ,603.7 3		-37,0 75.29	10,15 0,528. 44	
(II) Capital increased and reduced by owners	-	-	-	-	-	-	-	-	-	-	-	26,52 1,662 .30	26,52 1,662. 30	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Common shares increased by shareholders												26,52 1,662 .30	26,52 1,662. 30													-
2. Capital increased by holders of other equity instruments													-													-
3. Amounts of share-based payments recognized in owners’ equity													-													-
4. Others													-													-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriatio ns to surplus reserves													-													-
2. Appropriatio ns to general risk provisions													-													-

[illegible]

(“-” means decrease)																										
(VI) Other													-											-		
IV. Closing balance	318,600,000.00	-	-	-	52,129,496.58	-	-	-	86,036,260.20	-92,329,076.97	-	33,357,710.95	397,794,390.76	318,600,000.00	-	-	-	52,129,496.58	-	-	-	86,036,260.20	-84,077,977.39	-	4,263,300.71	376,951,080.10

Statement of Changes in Equity of the Company

for the year ended 31 Dec. 2015

Prepared by
Guangdong
Rieys Group
Company Ltd.

Expressed in
RMB

Statement of Changes in Equity of the Company

for the year ended 31
Dec. 2015

Expressed in
RMB

Item	Note	2015												2014											
		Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	Retained earnings	Total equity	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	Retained earnings	Total equity		
			Preferred shares	Perpetual bonds	Other									Preferred shares	Perpetual bonds	Other									
I. Balance at the end of the previous year		318,600,000.00	-	-	-	52,129,496.58	-	-	-	86,036,260.20	-243,979,836.27	212,785,920.51	318,600,000.00				52,129,496.58				86,036,260.20	-230,534,733.89	226,231,022.89		
Add:																									
Change of accounting policy												-											-		
Correction of errors in previous periods												-											-		
Other												-											-		
II. Balance at the beginning of the year		318,600,000.00	-	-	-	52,129,496.58	-	-	-	86,036,260.20	-243,979,836.27	212,785,920.51	318,600,000.00	-	-	-	52,129,496.58	-	-	-	86,036,260.20	-230,534,733.89	226,231,022.89		
III. Increase of amount in the		-	-	-	-	-	-	-	-	-	71,033,0	71,033,	-	-	-	-	-	-	-	-	-	-13,445,	-13,445,		

year (“-” means decrease)											71.74	071.74										102.38	102.38
(I) Total comprehensive incomes											71,033,071.74	71,033,071.74										-13,445,102.38	-13,445,102.38
(II) Capital increased and reduced by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Common shares increased by shareholders													-										-
2. Capital increased by holders of other equity instruments													-										-
3. Amounts of share-based payments recognized in owners’ equity													-										-
4. Others													-										-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriations to surplus reserves													-										-
2. Appropriations to general risk provisions													-										-
3. Dividends													-										-
4. Other													-										-
(IV) Internal carry-forward of owners’ equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Increase of share capital transferred from capital reserve													-										-

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

I. Company Profile

1. Establishment

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

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

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

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

Up to 31 Dec. 2015, the Company's total share capital was 318,600,000 shares, including 164,025,000 non-tradable corporate shares representing 51.48% of total shares and 154,575,000 domestic listed foreign shares (stock B) representing 48.52% of total shares.

2. Business scope

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

property leasing; hotel service. Technological development, designing, selling, etc. of gold, silver, platinum, diamond, jade, jewelry and hardstone articles

3. Limit operating term

Naught

4. Main business activity

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

5. The approval of financial statements

The financial statements and the notes of financial statements were submitted upon approval of 2th Meeting of the 7th Term of Board on 25 Apr. 2016.

II. Merger scope

4 Entities in merger scope this year:

Name	Type	Share-holdings (%)	Voting-rights (%)
Shenzhen Rieys Industrial Co., Ltd.	Limited company	90.00	90.00
Puning Tianhe Garment Manufacturing Factory Co., Ltd.	Limited company	100.00	100.00
Tianrui (HK) Trading Co., Ltd.	Limited company	100.00	100.00
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Limited company	51.00	51.00

Comparing merger scope this year with last year, there 1 main body increased and 1 main body decreased of the reporting period, of which: the company increased is Shenzhen Chinese Gold Nobility Jewerly Co., Ltd, while the company deceased is Puning Hengda Real Estate Development Co., Ltd.

1. Subsidiaries, subjects with special purposes and business entities which controlling right is formed by entrusted operation or lease newly included in current scope of consolidation

Name of the company	Reason for change
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Purchase a stake of 51% and become the controlling shareholder

Details about change of merger scope refer to note VII Change of merger scope.

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

2. Subsidiaries, subjects with special purposes and business entities which controlling right is formed by entrusted operation or lease no longer included in current scope of consolidation

Name	Reason of change
Puning Hengda Real Estate Development Co., Ltd	Disposal of all holding-shares that losing control

Details about change of merger scope refer to note VII Change of merger scope.

III. Basis for the preparation of financial statements

1. Basis for the preparation of financial statements

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

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

2. Going concern

There are no significant suspicious events and conditions to the Company’s ability to operate as going concern within 12 months since the report date.

IV. Important Accounting Principles and Accounting Estimates

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

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company’s financial positions as at 31 Dec. 2015, business results and cash flows for the year of 2015, and other relevant information.

2. Fiscal year

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

3. Operating cycle

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

4. Presentation currency

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

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

(1) The judgment standards of ‘package deal’

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

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

(2) Business combination under common control

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

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

(3) Business combination under non-common control

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

For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while the other enterprise participating in the

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

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

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

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

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

6. Preparation of the consolidated financial statements

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

The consolidated financial statements are based on the Company and subsidiaries' financial statements and other related

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

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

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

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

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

disposing the equity investment or other reasons' (see the previous paragraph for details).

7. Standard for cash and cash equivalent

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

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

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

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

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

9. Financial instruments

When the Company becomes one party of the financial instrument contract, a financial asset or financial liability should be recognized. Financial instrument include financial asset, financial liability and equity instruments.

(1) Confirmation basis of financial instruments

When the Company becomes one party of the financial instrument contract, a financial asset or financial liability should be recognized.

The Company derecognizes a financial asset when one of the following conditions is met:

- i The rights to receive cash flows from the asset have expired;
- ii The enterprise has transferred its rights, and met the description below:

The Company derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged or cancelled or has expired. An agreement between the Company (an existing borrower) and existing lender to replace original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Acquiring or disposing a financial asset in regular ways, recognizing or derecognizing a financial asset is based on the trade basis.

(2) Classification and measurement of financial assets

On initial recognition, the Company's financial assets are classified into one of the four categories based on the contract item, economic substance and purpose of financial instruments; including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The initial measurement of the financial asset is based on the fair value. For financial asset measured at fair value and designated its changes into current period profit and loss, the related trading expense should be recorded in the profit and loss. For the financial asset of other categories, the related trading expense should be recorded as part of initial cost.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss including financial assets held-for-trade and financial assets designated at fair value through profit or loss. Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

Held-to-maturity investments

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

Receivables

Receivables are non-derivative financial assets with fixed determinable payment that are not quoted in an active market. Financial assets classified as receivables by the Company include account receivables, and other receivables (note IV 10). Receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

Available-for-sale financial assets

Financial assets available-for-sale include non-derivative financial assets that are designated on initial recognition as available for trade, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or investment held-to-maturity. Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss. Interests obtained and dividends declared by the investee during the period in which the financial assets available-for-trade are held, are recognized in investment gains.

(3) Classification and measurement of financial liabilities

The financial liabilities are classified into financial liabilities measured at fair value with its changes into profit and loss and other financial liabilities. The initial measurement is made at its fair value. For the financial liabilities measured at fair value with its changes into profit and loss, the related trading expense are recorded into current period profit and loss; for other financial liabilities, the related trading expenses are recorded in its initial cost.

Financial liabilities measured at fair value with its changes into profit and loss

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Financial liabilities measured at fair value with its changes into profit and loss including financial liabilities held-for-trade and financial liabilities designated at fair value through profit or loss. For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognized in profit or loss for the current period.

Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the current period.

(4) The fair value of financial assets and financial liabilities

When there is active market for the financial instruments, the quotation in the active market is used as the fair value.

When there is no active market for the financial instruments, the fair value is determined by the valuation techniques. The valuation techniques include making a reference to the used price in recent market trading among the parties who know the situations and is willing to trade, making a reference to the current fair value that is used by the other substantially similar financial assets, discounting the future cash flow and option pricing model etc.

(5) Impairment of financial assets

The Company assesses, at the balance sheet date, the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, provision for impairment is recorded.

Financial assets measured by amortized cost

The financial assets measured by amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss.

The Company makes an impairment test for a financial asset that is individually significant. For a financial asset that is not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment or individually assessed for impairment. If no objective evidence of impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognized is not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

Impairment loss on available-for-trade financial assets

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value that had been recognized in capital reserve shall be removed and recognized in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortized cost, current fair value and any impairment loss on that financial asset previously recognized in profit or loss.

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

If, after an impairment loss has been recognized, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognized, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

Financial assets measured by cost

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

(7) Recognition and measurement of financial assets transfer

The Company should terminate recognizing these financial assets when the transform occurs and almost all risk and return of the financial assets ownership have been transferred to the transferee; The Company should not terminate recognizing this financial assets if almost all risk and return of the financial assets ownership have been remained.

Essence is more important than form when judging whether the transform meets the requirements of the financial assets termination recognition conditions mentioned above. The Company divides the transform of financial assets into entire transfer and partial transfer.

For the financial assets, the related ownership of which have not been neither ,in substantial, all transferred nor retained, the Company need to make a judgment about whether the control over the financial assets have been kept or not and then deal with it according to the financial asset recognition standards, as well as recognizing financial liabilities.

10. Trade receivables

If there is objective evidence at the year end to indicate that impairment exists in accounts receivables (including trade receivables, notes receivables, other receivables, long-term receivables, etc.), their carrying amount should be decreasingly recorded as recoverable amount. The decreased amount should be recognized as impairment loss of assets and be recorded into current profit or loss.

Prepayment's risk characteristics are subject to the nature of prepayment, if the prepayment is for the purchase of goods or equipment, then before the agreed delivery date, or not settled but delivered, no provision for bad debts; if the other party of the contract fails to deliver and overdue more than one year after the contract data, provision for bad debts will be made according to the risk characteristics of receivables. For prepayment paid for the construction project, if not fully pay the whole price and the ownership of the construction project are expected to be obtained, no provision for bad debts.

For intra-group receivables, provision for bad debts will be made according to expected bad debt losses may occur.

Conduct impairment testing separately on accounts receivable with relatively higher individual price at end of the period. If there is objective evidence to indicate that impairment exists, recognize impairment loss and provide for bad and doubtful debts in accordance with the difference between its future cash flow and carrying amount.

Individual material receivables are the top five largest receivables or sum of receivables which account for 10% of ending balance of accounts receivable. For individual receivables not material at end of the period, the Company can conduct impairment testing separately; for receivables without impairment through separate testing (including receivables material and not material), the Company will categorize them into the receivables groups with similar risk factors, and assigns a certain percentage of the end of the period balance of the receivable groups to determine the impairment loss and make provision for bad debts.

Except the receivables provided impairment loss separately, the Company set the provision rate in accordance with the actual

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

loss percentage of the same or similar credit risk group by aging divided in the previous years and the real circs as follows:

Type	Recognition	Method
Aging group	Aging status	Aging analysis method

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

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

11. Inventory

1. Inventory classification

Inventory is classified to:

- (1) Real estate development products: real estate development products, and cost of real estate development products.
- (2) Non-real estate products: raw materials, working in progress, goods ready for sale, goods delivered, commission processing materials, etc.

2. Inventory valuation

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

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

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

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

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

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

Provision for inventory devaluation is provided for based on individual inventory item at end of the period. For inventory that

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

4. System of stock inventories

Perpetual inventory system is applied.

5. Amortization for low cost and short lived articles and package materials

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

For package materials, use lump-sum amortization method.

12. Held-for-sale assets

(1) Classification of held-for-sale assets

The non-current assets which can be sold at its current conditions, the Company's disposal decision have been made, an un-revocable transferring agreement has been made and the transfer can be finished within one year, it should be recognized as held-for-sale non-current assets.

(2) Accounting of held-for-sale assets

For held-for-sale fixed assets, the expected net salvage value is adjusted to reflecting the difference between fair value and the disposal cost, but cannot exceed the initial cost of the held-for-sale fixed asset when it recognized. The difference between the initial cost and the adjusted expected net salvage value is the impairment loss and recognized in the profit and loss in current year. For other held-for-sale non-current assets, the accounting standard is same as the held-for-sale assets'. Other held-for-sale non-current assets involved the individual asset and the asset group of disposal. The asset group of disposal is the group assets sold as a whole or sold as same way.

(3) Liabilities in asset group of disposal

The long-term equity investment mentioned in this section is about the equity investment of which the Company has control, common control or significant influences over the investee. For the investments that the Company has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss. Please refer to note IV.9-Financial instruments for detail.

13. Long-term equity investments

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

(1) Determination of investment cost

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

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

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

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

(2) Subsequent measurement

Cost method of accounting for long-term equity investments

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

Equity method of accounting for long-term equity investments

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

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

When measured by adopting equity method, respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

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

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

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

Disposal of long-term equity investment

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

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and book value on the date lose the control right should be included in the current gains and

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owing to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

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

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

(3) Joint control and significant influence

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

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

(4) Impairment of long-term equity investment

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

14. Investment properties

Investment properties refer to properties held to earn rentals or for capital appreciation, or both, including leased land use

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

right and those held and ready to transfer after value added, and leased buildings.

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

15. Property, plant and equipment

(1) Recognition standard of property, plant and equipment

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

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

(2) Initial measurement of PPE

PPE are recorded at the actual cost on acquisition.

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

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

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

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

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

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

3. Depreciation method of PPE

Depreciation of PPE is provided for on a straight-line basis, the depreciation rate is recognized in accordance with category,

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

estimated useful life and estimated residual rate of PPE.

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

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

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

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

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

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

16. Construction in progress

(1) Classification of construction in progress

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

(2) Transfer time of construction in progress to PPE

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

17. Borrowing costs

(1) Confirmation principle of capitalization of borrowing costs

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

current profit or loss.

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

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

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

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

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

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

(2) Capitalization period of borrowing costs

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

(3) Calculation method about capitalization amount of borrowing costs

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

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

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

18. Intangible assets

(1) Calculation method of intangible assets

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

- (a) For those the price of intangible assets deferred paid exceed normal credit condition so substantively has financing character, the cost of intangible assets is confirmed on the basis of present value of purchasing price.
- (b) For intangible assets formed through obtaining them by the debtor paying for debt in debt restructure, recognize its recording value as fair value of the intangible assets, and record the difference between the carrying amounts of debt restructure and the intangible assets used for paying debt into current profit or loss; in the circumstance of the non-monetary assets exchange has commercial nature and fair value of surrendered or received assets can be measured reliably, recording value of received assets should be recognized as fair value of surrendered assets unless there is clear evidence to indicate that

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

(2) Useful life and amortization of intangible assets

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

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

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

(b) Amortization of intangible assets:

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

19. Long-term assets impairment

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

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

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

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

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

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

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

20. Long-term deferred expenses to be amortized

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

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

21. Employee benefits

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

(1) Short-term benefits

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

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

(2) Demission welfare

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

(3) Welfare after demission

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

Defined contribution plans

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

Defined benefit plan

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

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

of defined benefit plan and the asset of defined benefit plan.

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

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

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

22. Provisions

(1) Recognizing principles:

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

- (a) The obligation is the present obligation of the Company;
- (b) The performance of such obligation is likely to lead to an outflow of economic benefits;
- (c) The amount of the obligation can be reliably measured.

(2) Measurement methods

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

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

Best estimated amount is handled under the following circumstances:

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

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

23. Revenue

(1) Sale of goods

Revenue from the sale of goods is recognized when the enterprise has transferred to the buyer the significant risks and

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

(2) Rendering of service

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

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

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

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

(3) Transferring use right

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

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

(4) Government grants

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

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

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

(b) The company can receive government grants.

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

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

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

24. Deferred income tax assets / deferred income tax liabilities

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

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

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

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

25. Leasing

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

(1) The Company is a lessor

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

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

(2) The Company is a lessee

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

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

26. Alternation of key accounting policies, accounting estimates

Alternation of key accounting policies: Naught

Alternation of key accounting estimates: Naught

V. Taxation

Main type of tax and tax rate of the Company

Type of tax	Taxable basis	Tax rate (%)
VAT	Sales	17
Business tax	Sales of real estate	5
Consumption tax	Taxable sale revenue	5
Corporate income tax	Taxable income	25

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

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

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

VI. Notes to the items of consolidated financial statement

1. Monetary funds

Item	Closing balance	Opening balance
Cash	370,113.31	675,941.00
Amount of savings	301,074,751.72	15,993,650.58
Other monetary funds	26,440.18	-
Total	301,471,305.21	16,669,591.58
Including amount deposited in the foreign countries	1,185.76	298.64

Note: The closing balance in 2015 increased RMB 284,801,713.63 (1,708.51%) compared with last year, mainly due to receiving the money from disposal of Puning Hengda Real Estate Development Co., Ltd.

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

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

(1) In Categories

Item	Closing balance	Opening balance
Available for sale financial assets	4,400.00	-
including: Investment in debt instrument		
Investment in equity instrument	4,400.00	-
Derivative financial assets		
Other		
Financial assets measured by fair value with the changes be included in the current gains and losses		
Including: Investment in debt instrument		
Investment in equity instrument		
Other		
Total	4,400.00	-

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

3. Trade receivables

(1) In categories

Category	Closing balance				
	Carrying amount	Proportion (%)	Write-down amount	Proportion (%)	Book value
Significant individual amount with individually assessed of bad debts	14,666,079.26	63.53	14,666,079.26	100.00	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Among : aging group	7,799,032.40	33.78	3,142,533.20	40.29%	4,656,499.20
Subtotal	7,799,032.40	33.78	3,142,533.20	40.29%	4,656,499.20
Insignificant individual amount with individually assessed of bad debts	620,906.25	2.69	620,906.25	100.00	
Total	23,086,017.91	100.00	18,429,518.71	79.83%	4,656,499.20

(Continued)

Category	Opening balance				
	Carrying amount	Proportion (%)	Write-down amount	Proportion (%)	Book value
Significant individual amount with individually assessed of bad debts	12,051,370.00	10.53	12,051,370.00	100.00	

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Among : aging group	101,828,366.56	88.96	6,332,063.32	6.22	95,496,303.24
Subtotal	101,828,366.56	88.96	6,332,063.32	6.22	95,496,303.24
Insignificant individual amount with individually assessed of bad debts	590,329.99	0.51	590,329.99	100.00	
Total	114,470,066.55	100.00	18,973,763.31		95,496,303.24

i Significant individual amount with individually assessed of bad debts

Names of balances	Closing balance			Reason
	Balances	Write-down amount	Proportion (%)	
Victoria International(USA) INC	5,605,447.41	5,605,447.41	100.00	*
Hong Kong Jinhua Trading company	4,224,304.63	4,224,304.63	100.00	Long-term credit with little estimated recovery possibility
Jinjing International Co., Ltd.	2,544,982.60	2,544,982.60	100.00	Long-term credit with little estimated recovery possibility
Brendwood International Corp	2,291,344.62	2,291,344.62	100.00	Long-term credit with little estimated recovery possibility
Total	14,666,079.26	14,666,079.26	100.00	

*The major customers of Victoria International (USA) INC have been bankrupt, based on the principle of prudence, the final balance of 5,605,447.41 of bad debts provision ratio of 100%.

ii Accounts receivable by aging balance

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Age	Closing balance		
	Carrying amount	Write-down amount	Proportion (%)
0-1 year	1,232,857.36	24,657.15	2
1-2 years	3,831,043.20	383,104.32	10%
2-3 years			
Over 3 years	2,735,131.84	2,734,771.73	99.99%
Total	7,799,032.40	3,142,533.20	40.29%

(2) The reversed bad debt provision of 2015 was of RMB -544,244.60; the reversed or collected amount of 2015 was RMB 0.00.

(3) There were no account receivables which had been written off in this accounting year.

(4) Top 5 amounts of balances on 31 Dec.2015

Names of balances	Amount	Witten-down Amount	Percentage in the total receivables (%)
Victoria International(USA) INC	5,605,447.41	5,605,447.41	24.28
Hong Kong Jinhua Trading company	4,224,304.63	4,224,304.63	18.3
Jinjing International Co., Ltd.	2,544,982.60	2,544,982.60	11.02
Brendwood International Corp	2,291,344.62	2,291,344.62	9.93
Shenzhen Zhongbao Jewelry Co. Ltd	1,218,414.32	24,368.29	0.11
Total	15,884,493.58	14,690,447.55	63.64

4. Prepayment

(1) Aging analysis

Age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
0-1 year	855,041.60	100.00	18,160,000.00	97.48
1-2 years	-	-	470,000.00	2.52
2-3 years				

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Over 3 years				
Total	855,041.60	100.00	18,630,000.00	100.00

(2) Significant prepayment aging over 1 year

Name	Closing balance	Age	Reason
Naught			

(3) Top 5 amounts of balances on 31 Dec.2015

Name	Closing balance	Percentage in the total prepayment (%)	Time of prepayment happed	Reason
Puning Jinyi Industry Co., Ltd	500,000.00	58.48	2015	Contract not yet completed
Weijiwen	120,547.00	14.10	2015	Contract not yet completed
Shandong Humon Smelting Co.,Ltd	202,352.19	23.67	2015	Contract not yet completed
PingAn Bank	32,142.41	3.75	2015	Contract not yet completed
Total	855,041.60	100.00		

(4) Additional disclosure of prepayment

The closing balance in 2015 decreased RMB 17,774,958.40 (95.41%) compared with last year’s, the main reason of disposing Puning Hengda Real Estate Development Co., Ltd, decreased the advanced payment from the project payment.

5. Other receivables

(1) In categories

Category	Closing balance				
	Carrying amount	Proportion (%)	Write-down amount	Proportion (%)	Book value

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Significant individual amount with individually assessed of bad debts	2,331,608.20	7.47	2,331,608.20	100.00	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Among : aging group	26,103,119.03	83.63	18,484,541.31	70.81	7,618,577.72
Subtotal	26,103,119.03	83.63	18,484,541.31	70.81	7,618,577.72
Insignificant individual amount with individually assessed of bad debts	2,778,227.36	8.90	2,778,227.36	100.00	-
Total	31,212,954.59	100.00	23,594,376.87	75.59	7,618,577.72

(Continues)

Category	Opening balance				
	Carrying amount	Proportion (%)	Write-down amount	Proportion (%)	Book value
Significant individual amount with individually assessed of bad debts	2,331,608.20	1.99	2,331,608.20	100.00	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics					

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Among : aging group	111,509,817.49	95.21	22,474,031.81	20.16	89,035,785.68
Subtotal	111,509,817.49	95.21	22,474,031.81	20.16	89,035,785.68
Insignificant individual amount with individually assessed of bad debts	3,279,955.31	2.80	3,277,927.36	99.94	2,027.95
Total	117,121,381.00	100.00	28,083,567.37	23.98	89,037,813.63

i Significant individual amount with individually assessed of bad debts

Names of balances	Closing balance			Reason
	Balance	Write-down amount	Proportion (%)	
Export drawback receivable	2,331,608.20	2,331,608.20	100.00	Long-term credit with little estimated recovery possibility
Total	2,331,608.20	2,331,608.20	100.00	

ii Other receivable by aging balance

Age	Closing balance		
	Carrying amount	Write-down amount	Proportion (%)
0-1 year	7,031,293.96	140,625.88	2.00
1-2 years	69,467.66	6,946.77	10.00
2-3 years	1,152,910.66	576,455.34	50.00
Over 3 years	17,849,446.75	17,760,513.32	99.50
Total	26,103,119.03	18,484,541.31	70.81

(2) The reversed bad debt provision of 2015 was of RMB -4,489,190.50 the reversed or collected amount of 2015 was RMB 0.00.

(3) There were no other receivables which had been written off in this accounting year.

(4) In characters

Item	Closing balance	Opening balance
Deposit	125,682.00	228,786.44

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Suspense payment	801,672.94	801,324.50
Transaction	30,285,599.65	116,091,270.06
Total	31,212,954.59	117,121,381.00

(5) Top 5 amounts of balances on 31 Dec.2015

Name	Character	Closing balance	Age	Percentage in other receivables (%)	Write-down amount
Export tax rebate -VAT	Tax	2,331,608.20	Over 5 years	7.47	2,331,608.20
Puning Lailisheng Trading Co., Ltd.	Transaction	2,005,000.00	0-1 year	6.42	40,100.00
Puning Tiandefu Trading Co., Ltd.	Transaction	1,600,000.00	0-1 year	5.13	32,000.00
Puning Tianyi Trading Co., Ltd	Transaction	1,570,000.00	0-1 year	5.03	31,400.00
Shenzhen Shenhongda Trading Co.,Ltd	Transaction	1,340,000.00	0-1 year	4.29	26,800.00
Total		8,846,608.20		28.34	2,461,908.20

6. Inventories

(1) In categories

Categories	Closing balance		
	Carrying amount	Write-down amount	Book value
Raw material	6,006,524.95	-	6,006,524.95
Goods ready for sale	46,094,899.62	-	46,094,899.62
Working in progress			
Goods delivered	1,131,111.11	-	1,131,111.11
Cost of real estate development products			
Real estate development products			
Total	53,232,535.68	-	53,232,535.68

(Continues)

Categories	Opening balance
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GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

	Carrying amount	Write-down amount	Book value
Raw material			
Goods ready for sale			
Working in progress			
Goods delivered			
Cost of real estate development products			
Real estate development products	149,982,410.85	-	149,982,410.85
Total	149,982,410.85	-	149,982,410.85

(2) No impairment loss needed for inventories in the year ended 31 Dec.2015.

(3) No capitalized borrowing cost in the year ended 31 Dec. 2015.

7. PPE

(1) Information

	Buildings and installations	Machines and equipment	Vehicles	Office equipment and others	Total
I Original book value					
1.Opening balance	75,424,039.96	165,411.00	6,249,936.48	1,537,456.42	83,376,843.86
2.Increase	43,664,187.20	-	-	209,428.08	43,873,615.28
Increased from enterprise merger	-	-	-	209,428.08	209,428.08
Other	43,664,187.20	-	-	-	43,664,187.20
3.Decrease	-	-	2,229,319.33	503,489.58	2,732,808.91
Disposal or scrap	-	-	1,528,540.33	250,769.44	1,779,309.77
Other			700,779.00	252,720.14	953,499.14
4.Closing balance	119,088,227.16	165,411.00	4,020,617.15	1,243,394.92	124,517,650.23
II. Accumulated depreciation					
1.Opening balance	30,349,387.63	88,465.46	3,914,510.12	1,122,215.10	35,474,578.31

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

	Buildings and installations	Machines and equipment	Vehicles	Office equipment and others	Total
2.Increase	15,048,736.83	10,502.04	510,217.69	159,970.36	15,729,426.92
Withdrawing	3,202,197.36	10,502.04	510,217.69	96,343.95	3,819,261.04
Increased from enterprise merger				63,626.41	63,626.41
Other	11,846,539.47				11,846,539.47
3.Decrease	-	-	1,372,086.07	432,300.82	1,804,386.89
Disposal or scrap			1,109,492.19	222,573.18	1,332,065.37
Other			262,593.88	209,727.64	472,321.52
4.Closing balance	45,398,124.46	98,967.50	3,052,641.74	849,884.64	49,399,618.34
III. Impairment provision					
1.Opening balance			117,339.56	-	117,339.56
2.Increase					
Withdrawing					
3.Decrease			117,339.56		
Disposal or scrap			117,339.56		
4.Closing balance					
IV. Net book value					
1.Closing balance	73,690,102.70	66,443.50	967,975.41	393,510.28	75,118,031.89
2.Opening balance	45,074,652.33	76,945.54	2,218,086.80	415,241.32	47,784,925.99

Note:

- i The depreciation for the current year was RMB 3,819,261.04
- ii No constructions in progress transferred to PPE during the period.
- iii Pledged buildings and installations' net book value was RMB 22,049,718.43 (original book value was RMB 40,281,405.99) on 31 Dec. 2015, and pledged to Jieyang Rongcheng Branch, Industrial and Commercial Bank of China Ltd.(hereinafter referred to as 'ICBC'). details refer to note XI 2 (1).

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

iv The ‘other increase’ of buildings and installations, details refer to note XIII .

(2) List of temporarily idle PPE

Item	Original book value	Accumulated depreciation	Impairment provision	Net book value
Buildings and installations	40,281,405.99	18,231,687.56	-	22,049,718.43
Machines and equipment	165,411.00	98,967.50	-	66,443.50
Total	40,446,816.99	18,330,655.06	-	22,116,161.93

(3) No PPE from financial leasing

(4) No PPE from operation leasing

(5) No PPE failed to accomplish certification of property

8. Intangible assets

(1) Information

Item	Right to the Use of State-owned Land	Computer software	Total
I Original book value			
1. Opening balance	13,863,200.00	373,115.00	14,236,315.00
2.Increase	19,796,216.00	-	19,796,216.00
Other increase	19,796,216.00	-	19,796,216.00
3.Decrease			
Other decrease			
4.Closing balance	33,659,416.00	373,115.00	34,032,531.00
II. Accumulated amortization			
1.Openning balance	3,953,251.56	373,115.00	4,326,366.56
2.Increase	4,005,551.83	-	4,005,551.83
Withdrawing	673,188.24	-	673,188.24
Other increase	3,332,363.59	-	3,332,363.59
3.Decrease			
4.Closing balance	7,958,803.39	373,115.00	8,331,918.39

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

III. Impairment provision			
1.Openning balance			
2.Increase			
3.Decrease			
4.Closing balance			
IV. Net book value			
1.Closing balance	25,700,612.61	-	25,700,612.61
2.Openning balance	9,909,948.44	-	9,909,948.44

Note:

- i The amortization for current year was RMB 673,188.24.
- ii Pledged intangible assets' net book value was RMB 9,632,684.60 (original book value was RMB 13,863,200.00) on 31 Dec. 2015, and pledged to Jieyang Rongcheng Branch, ICBC, details refer to note XI (2) 1
- iii The 'other increase', details refer to note XIII.

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

9. Goodwill

(1) Original book value

Name of investees or items for formation of goodwill	Opening balance	Increase	Decease	Closing balance
		Goodwill	Disposal	
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	-	2,395,820.87	-	2,395,820.87
Total		2,395,820.87	-	2,395,820.87

Note: Details refer to note VII

(2) Impairment of Goodwill

Name of investees or items for formation of goodwill	Opening balance	Increase	Decease	Closing balance
		Withdrawing	Disposal	
Shenzhen Chinese Gold Nobility Jewelry Co.,	-			

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Ltd.		
Total		

Note: According to the capital increase agreement signed by the Company and Shenzhen Chinese Gold Nobility Jewelry Co., Ltd, the investee has reached the promised profit. After testing process, the recover amount of goodwill is not lower than 2,395,820.87, thus no provision for impairment loss.

10. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets without off-set

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets impairment provision	13,855,280.84	3,463,820.21	19,949,182.32	4,987,295.58
Total	13,855,280.84	3,463,820.21	19,949,182.32	4,987,295.58

(2) Unrecognized deferred tax assets

Item	Closing balance	Opening balance
Assets impairment provision	20,259,246.64	20,278,022.48
Unrecognized deductible losses	41,522,565.37	91,934,969.88
Total	61,781,812.01	112,212,992.36

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

Year	Closing balance	Opening balance
2015		54,428,856.68
2016	3,205,969.16	3,205,969.16
2017	661,650.60	661,650.60
2018	19,429,361.72	19,429,361.72
2019	14,209,131.72	14,209,131.72
2020	4,016,452.17	
Total	41,522,566.37	91,934,969.88

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

11. Trade payables

Item	Closing balance	Opening balance
Payments for goods	1,594,036.50	242,376.88
Payments for projects	-	2,799,093.37
Other	-	247,408.11
Total	1,594,036.50	3,288,878.36

(1) Significant trade payables aging over 1 year

Name	Amount	Character	Unpaid reason
Naught			
Total			

12. Advance payment

Item	Closing balance	Opening balance
Payments for goods	14,718,891.99	11,863,451.97
Payments for property	-	2,100,000.00
Total	14,718,891.99	13,963,451.97

(1) Significant advance payment aging over 1 year

Name	Amount	Character	Unclosed reason
KEENZONE LIMITED	12,466,126.19	advanced payment for goods	Unfinished business
Total	12,466,126.19		

Note: advanced payment from KEENZONE LIMITED have not been transferred to income at the end of the year because of no products being sold.

13. Accrued payroll

(1) In classification

Item	Opening balance	Increase	Decrease	Closing balance
Short-term remuneration	481,299.21	3,869,177.44	3,900,703.75	449,772.90

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Post-employment benefit-defined contribution plans	-	219,059.30	219,059.30	-
Termination benefits				
Other benefits due within one year				
Total	481,299.21	4,088,236.74	4,119,763.05	449,772.90

(2) Short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
(1)Salary, bonus, allowance, subsidy	447,801.47	3,236,690.48	3,251,861.79	432,630.16
(2) Employee welfare	33,497.74	499,196.90	515,551.90	17,142.74
(3) Social insurance	-	94,440.61	94,440.61	-
including : ① Medical insurance premiums		80,823.23	80,823.23	
② Work-related injury insurance		5,378.61	5,378.61	
③Maternity insurance		8,238.77	8,238.77	
(4) Housing welfare fund		38,849.45	38,849.45	
(5) Union fund and employee education fund				
(6)Short-term absence with payment				
(7) Short-term profit sharing plan				
(8)other				
Total	481,299.21	3,869,177.44	3,900,703.75	449,772.90

(3) Defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		207,579.86	207,579.86	
Unemployment insurance premium		11,059.44	11,059.44	

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Total		219,059.30	219,059.30	
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14. Current tax liabilities

Categories	Closing balance	Opening balance
VAT	-8,675,656.06	56,322.13
Business tax	926,208.12	9,319,412.89
Corporate income tax	16,912,953.04	16,569,296.66
Land appreciation tax	-	6,939,646.67
Other	3,633,274.35	4,275,082.30
Total	12,796,779.45	37,159,760.65

15. Other payables

(1) In characters

Item	Closing balance	Opening balance
Transaction	48,457,826.22	16,431,432.00
Payment on behalf	448,708.25	385,090.53
Other	98,796.03	92,402.41
Total	47,162,773.39	48,935,319.16

16. Share capital

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

Note: details refer to note I Company Profile

17. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	52,129,496.58			52,129,496.58
Including: Capital contributed by investors				

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Total	52,129,496.58			52,129,496.58
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18. Surplus reserve

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

19. Retained earnings

Item	Amount for the current period	Amount for the prior period
Retained earnings as to 31 Dec.2014 without adjustment	-84,077,977.39	-94,265,581.12
Total adjustment to Retained earnings as to 31 Dec.2015 (add +, less-)		
Adjusted retained earnings as to 31 Dec.2014	-84,077,977.39	-94,265,581.12
Add: Profit attributable to owners of the company	-8,251,099.58	10,187,603.73
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Transfer to risk reserve		
Payment of dividends		
Transfer to share capital (Bonus shares)		
Retained earnings as to 31 Dec.2015	-92,329,076.97	-84,077,977.39

20. Revenue and cost of sales

(1) Revenue and cost of sales

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities	355,850,460.27	335,895,248.88	187,802,777.01	122,170,592.95

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Other activities	287,704.72	71,032.15	611,290.00	233,050.70
Total	356,138,164.99	335,966,281.03	188,414,067.01	122,403,643.65

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

Industry	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Real estate	32,642,864.00	22,567,054.09	179,153,450.00	114,335,237.71
Gold and jewelry	323,207,596.27	313,328,194.79		
Stone			8,649,327.01	7,835,355.24
Subtotal	355,850,460.27	335,895,248.88	187,802,777.01	122,170,592.95
Off-set internal transactions				
Total	355,850,460.27	335,895,248.88	187,802,777.01	122,170,592.95

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

Region	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Puning real estate sales	32,642,864.00	22,567,054.09	179,153,450.00	114,335,237.71
Shenzhen gold and jewelry sales	323,207,596.27	313,328,194.79		
Domestic stone sale			8,649,327.01	7,835,355.24
Subtotal	355,850,460.27	335,895,248.88	187,802,777.01	122,170,592.95
Off-set internal transactions				
Total	355,850,460.27	335,895,248.88	187,802,777.01	122,170,592.95

(4) The total sales to Top 5 customers of the Company amounted to RMB220,302,175.79, accounting for 61.86% of total revenue of the Company this year.

Name	Revenue	Percent in total revenue of the Company (%)
Guizhou Xinfujiu Jewelry Marketing Co., Ltd	78,891,100.05	22.15
Yunan Aoliu Jewelry Co., Ltd	50,127,491.97	14.08
Guizhou Quanfuyuan Jewelry Co., Ltd	33,789,901.08	9.49
Fujian Hengfuguang International Trade Co., Ltd	29,334,666.00	8.24

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Shenzhen Fuhengtong Jewelry Co.,Ltd	28,159,016.69	7.91
Total	220,302,175.79	61.86

21. Business tax and surcharges

Item	Amount for the current period	Amount for the prior period
Consumption tax	1,184.90	
Business tax	2,194,282.73	8,988,237.00
Urban maintenance and construction tax	255,660.89	639,671.51
Education expenses and surcharges	190,645.47	455,336.35
Land appreciation tax	1,136,442.60	6,317,814.85
Total	3,778,216.59	16,401,059.71

Note: Details of business taxes and surcharges please refer to Note V Taxation

22. Sales expenses

Item	Amount for the current period	Amount for the prior period
Advertising expense	11,433.00	6,924.00
Remuneration	590,971.39	105,300.00
office expense	83,326.06	1,496.00
Postage expense	3,711.62	9,009.59
Depreciation amount	12,258.33	7,365.41
Automobile expense	253.00	6,293.00
Entertainment expense	102,710.83	750.00
Business Propagandize Fee	103,201.40	-
Rental	238,000.00	-
Packaging	42,347.86	-
Travel expense	33,577.30	
Testing expense	41,196.00	
Traffic expense	17,597.60	
Printing expense	25,986.33	
freight and insurance fee	34,020.00	-
Other expense	105,497.43	23,862.48

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Total	1,446,088.15	161,000.48
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23. Administration expense

Item	Amount for the current period	Amount for the prior period
Depreciation amount	3,751,102.68	3,808,101.56
Remuneration	2,467,053.03	3,115,843.35
Automobile expense	857,396.47	1,099,404.26
Property tax	1,264,176.92	1,310,931.68
Rental expense	1,173,945.61	919,440.94
Land use tax	730,842.00	871,842.00
Employee benefits	506,119.10	829,624.73
Auditing expense	1,050,000.00	800,000.00
Entertainment expense	1,290,819.02	749,364.20
Office expense	756,154.79	703,985.41
Amortization expense	673,188.24	647,047.27
Other	3,618,412.37	3,294,211.88
Total	18,139,210.23	18,149,797.28

24. Finance costs

Item	Amount for the current period	Amount for the prior period
Interest expenses	1,372,411.11	1,352,975.00
Less: Interest incomes	67,993.39	6,819.24
Exchange losses	322,975.74	51,730.59
Less: Exchange gains	38,603.57	41,085.58
Commission charges and other	50,224.85	18,044.40
Total	1,639,014.74	1,374,845.17

25. Asset impairment loss

Item	Amount for the current period	Amount for the prior period
Bad debt allowance	825,367.30	5,725,254.26
Inventories allowance		

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

PPE impairment loss		117,339.56
Materials held for construction impairment loss	-	54,526.00
Total	825,367.30	5,897,119.82

26. Gain or loss from investment

(1) Details

Item	Amount for the current period	Amount for the prior period
Investment income on disposing of available for sale financial assets	9,507,297.71	-
Investment income on disposing long-term equity investments	4,777,303.71	1,758.52
Total	14,284,601.42	1,758.52

(2) Note

Puning Hengda Real Estate Development Co., Ltd was disposed in 2015, details refers to note VII.1.(1).

27. Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Gains on disposal of non-current assets	6,156.03	-	6,156.03
Including: Gains on disposal of PPE	6,156.03	-	6,156.03
Gains on disposal of intangible assets			
Gains on debt restructuring			
Gains on Non-monetary transactions			
Donations			
Government grants			
Other	959,424.21	2,033.00	959,424.21
Total	965,580.24	2,033.00	965,580.24

Note: ‘other’ was the indemnity income.

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

28. Non-operating expense

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
1.Losses on disposal of non-current assets	253,047.27	-	253,047.27
Including: Losses on disposal of PPE	253,047.27	-	253,047.27
Losses on disposal of intangible assets			
2. Losses on debt restructuring			
3. Losses on Non-monetary transactions			
4. Donations		20,000.00	
5.Loss of assets			
6. Fines	107,209.01	1,502.03	107,209.01
7.Other	50,684.40	330,000.00	50,684.40
Total	410,940.68	531,502.03	410,940.68

Note: ‘other’ the expense as a sponsor.

29. Income tax expense

(1) Details

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax laws and relevant requirements	14,802,738.79	11,225,184.30
Deferred income tax expense	58,774.78	2,123,177.65
Total	14,861,513.57	13,348,361.95

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

Item	Amount for the current period	Account for the prior period
Consolidated profit this year	9,183,161.93	23,498,890.39
Income tax calculated at legal or applicable tax rate	2,295,790.48	5,874,722.60

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Impact of various tax rates applicable to subsidiaries		
Adjustment of impact on the income tax in the previous period		
Impact of non-taxable income		
Impact of non-deductible cost, expense and loss	412,588.81	253,823.10
Impact of deductible losses deferred income tax assets unconfirmed in the previous use period	-76,485.58	
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year.	1,004,113.04	6,983,947.50
Other	11,225,506.81	235,868.76
Income taxes	14,861,513.57	13,348,361.95

Note: According to the tax regulations, “Other” is the taxable income from the undistributed investment income due to the disposal of Puning Hengda Real Estate Development Co., Ltd

30. Note to statement of cash flows

(1) Other cash received from operating activities

Item	Amount for the current period	Account for the prior period
Proceeds from other corporations	639,976,612.54	54,291,340.83
Other proceeds from operating activities(excluding sales)	2,425,973.99	3,639,787.06
Total	642,402,586.53	57,931,127.89

(2) Other cash payment from operating activities

Item	Amount for the current period	Account for the prior period
Payments to other corporations	618,648,246.88	143,485,029.16
Payments to auditor or other services provider	4,321,550.00	42,148.52
Other payments in operating activities	13,031,697.50	6,578,285.68
Total	636,001,494.38	150,105,463.36

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

31. Supplementary information for statement of cash flows

(1) Indirect method of reporting cash flows from operating activities

Item	Amount for the current period	Account for the prior period
1.Reconciliation of profit to cash flows from operating activities:		
Profit for the year	-5,678,351.64	10,150,528.44
Add: Impairment loss	825,367.30	5,897,119.82
Depreciations of tangible non-current assets	3,882,887.45	4,027,768.63
Amortizations of intangible assets	673,188.24	673,188.24
Amortizations of long-term deferred expenses	-	241,200.00
Loss in disposal of property, plant and equipment, intangible assets, and other non-current assets. (“-” for gains)	253,047.27	-
Loss in scrapping property, plant and equipment. (“-” for gains)	-6,156.03	-
Loss in changes in fair value of related items (“-” for gains)	66.00	-
Finance costs (“-” for gains)	-497.6	1,352,975.00
Loss in investing (“-” for gains)	-14,284,601.42	-1,758.52
Decreases in deferred income tax assets (“-” for increase)	1,523,475.37	2,123,177.65
Increases in deferred income tax liabilities (“-” for decrease)		
Decreases in inventories (“-” for increase)	-28,126,508.35	114,785,500.17
Decreases in operating receivables (“-” for increase)	333,308,829.22	258,491,323.66
Increases in operating payables (“-” for decrease)	-264,814,944.57	-477,401,287.58
Other	-	399.09
Net cash flows generated by operating activities	27,555,801.24	-79,659,865.40
2. Significant investing and financing activities without cash flows:		
Liabilities transferring to capital		
Convertible bond matured in 12 months		
Property, plant and equipment acquired in a Finance lease		

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

3.Net increase in cash and cash equivalents:		
Closing balance of cash	301,471,305.21	16,669,591.58
Less: Opening balance of cash	16,669,591.58	56,330,640.22
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	284,801,713.63	-39,661,048.64

(2) Acquisition subsidiaries in Year ended 31 Dec.2015

Item	Amount for the current period	Account for the prior period
Cash and cash equivalents paid for enterprise combination in report period	30,000,000.00	-
Including: Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	30,000,000.00	-
Less: Cash and cash equivalents the subsidiaries held on purchase date	30,795,685.08	-
of which: Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	30,795,685.08	-
add: Cash and cash equivalents paid for enterprise combination in prior period		
of which: Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.		
Net cash from obtaining the subsidiaries	-795,685.08	-

(3) Net Cash paid of disposing the subsidiary

Item	Amount for the current period	Account for the prior period
Cash and cash equivalents received from the disposal of subsidiary in reporting period	194,723,800.00	1.00
Of which: Puning Hengda Real Estate Development Co.,Ltd	194,723,800.00	1.00
Less: Cash and cash equivalents held by the subsidiary on the date that losing control	5,326,672.78	1,191.57
Of which: Puning Hengda Real Estate Development Co.,Ltd	5,326,672.78	1,191.57
Add: Cash and cash equivalents received in reporting period from disposal of subsidiary in previous period		
Net cash received from disposal of subsidiary	189,397,127.22	-1,190.57

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

(4) Composition of cash and cash equivalents

Item	Amount for the current period	Account for the prior period
I. Cash	301,471,305.21	16,669,591.58
Including: cash on hand	370,113.31	675,941.00
Bank deposit on demand	301,074,751.72	15,993,650.58
Other deposits	26,440.18	-
II. Cash equivalents		
Including: Bond matured in less than 3 months		
III. Closing balance of cash and cash equivalents on	301,471,305.21	16,669,591.58
Including: Cash and cash equivalents under restriction held by parent company or subsidiaries.		

32. The assets with the ownership or use right restricted

Item	Closing balance	Reason
PPE	22,049,718.43	Performed as guarantee
Intangible assets	9,632,684.60	Performed as guarantee
Total	31,682,403.03	

33. Foreign currency monetary items

(1) Details

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Monetary fund			
Including: USD	25.66	6.4936	166.62
EUR			
HKD	1,216.48	0.83778	1,019.14
Trade receivables			
Including: USD	1,216,088.46	6.4936	7,896,792.03
EUR			
HKD			

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Other receivables			
Including: USD	20,000.00	6.4936	129,872.00
EUR			
HKD	55,780.00	0.83778	46,731.37

VII. Changes of merger scope

1. Business merger not under same control

(1) Business merger not under same control in reporting period

Name of acquiree	Cost of gaining the stock right	Proportion of stock rights	Way to gain the stock right	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period end
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	30,000,000.00	51.00%	Increase the capital	323,273,633.99	5,969,896.45

(Continues)

Name of acquiree	Date of gaining the stock right	Purchase date	Determining basis of the purchase date
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	14 May 2015	14 May 2015	Complete industrial and commercial registration

Note: The Company held 16th Meeting of the 6th Term of Board on 20 May 2015, and upon approval of <Guangdong Rieys Group Company Ltd- Report of selling materials assets and the related parties transactions (Draft) > in the 1st Extraordinary Shareholders's General meeting on 5 Jun.2015, of which: the Company increased capital to Shenzhen Chinese Gold Nobility Jewelry Co., Ltd, with RMB30 million on 14 May 2015. After increased capital, the Company took 51% share of Shenzhen Chinese Gold Nobility Jewelry Co., Ltd and became the controlling shareholder.

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

(2) Merger cost and goodwill

Item	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd
Merger cost	
Cash	30,000,000.00
Fair value of non-cash asset	
Fair value of issuing and undertaking the debts	
Fair value of issuing equity securities	
Fair value of contingent purchase price	
Fair value in the purchase date of the share obtaining before the purchase date	
Other	
Total merger cost	30,000,000.00
Less: Fair value obtaining of the invested entity's identifiable net assets	27,604,179.13
Goodwill	2,395,820.87

(3) Identifiable assets and liabilities of the invested entity in purchase date

Item	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd	
	Fair value in purchase date	Book value in purchase date
Monetary funds	50,795,685.08	50,795,685.08
Accounts receivable	2,748,319.65	2,748,319.65
Inventory	2,484,601.27	2,484,601.27
PPE	60,413.27	60,413.27
Deferred tax assets	12,007.57	12,007.57
Less: Accounts payable	1,949,900.73	1,949,900.73
Payroll payable	25,284.68	25,284.68
Net assets	54,125,841.43	54,125,841.43
Less: Minority interests	26,521,662.30	26,521,662.30
Net assets acquired	27,604,179.13	27,604,179.13

① Measured method of fair value of identifiable assets and liabilities

Based on the book value of the invested entity

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

② Undertake the contingent liabilities of the invested entity in the merger

Naught

2. Disposal of subsidiaries

(1) Single disposal of investment to subsidiary that losing control

Name	The equity disposal price	Equity Disposal proportion (%)	Method of equity disposal	Time of losing control	Recognitio n basis of the time of losing control	The differences enjoyed of net assets share of the subsidiary in corresponding consolidated statements between the disposal of price and the disposal of investment
Puning Hengda Real Estate Development Co., Ltd.	194,723.80 (thousa nd)	100.00	Equity Transfer	2015.7.03	Complete industrial and commercial change	4,777,303.71

(Continued)

Name	Residual equity Proportion on the date of losing control (%)	Book value of residual equity on the date of losing control	Fair value of residual equity on the date of losing control	Profits or losses of residual equity recalcula ted in line with fair value	Recognition method and main assumption of fair value of residual equity on the date of losing control	Amount related to other comprehensive income transfer into investment profits or loss of original subsidiary equity investment
Puning Hengda Real Estate Development Co., Ltd.						

The Company held the 16th Meeting of the 6th Term of Board on 20 May 2015. It has been adopted by the first extraordinary general shareholders meeting that: the Company sold 100% shares of Puning Hengda Real Estate Development Co., Ltd to Shenzhen City days Fuchang investment and Development Co. Ltd. After the completion of this transaction, the Company no longer held the shares of Puning Hengda Real Estate Development Co., Ltd. Both parties agree that the selling price of the shares of Puning Hengda Real Estate Development Co., Ltd referred the assessed value of assets issued by the asset appraisal institution with securities business qualification. The base date of asset appraisal is 31 Mar. 2015. According to *the Report on the Assessment of the Total Equity Value of All company's Shareholders Involved in the Share Transfer Intended to be*

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Conducted by *Puning Hengda Real Estate Development Co., Ltd* (Ya Ping Bao Zi [2015] No. 54) issued by Beijing Asian-pacific Lianhua Assets Appraisal Co., Ltd. on 16 May 2015, the assessed value of assets of 100% shares of Puning Hengda Real Estate Development Co., Ltd Company was RMB 232.8088 million. According to the written decision of the distribution the bonus of Puning Hengda Real Estate Development Co., Ltd, the profit distribution in 2014 was RMB 38.085 million. The transaction value of 100% share of Puning Hengda Real Estate Development Co., Ltd was based on the value of assessment but deducting the amount of profit distribution. Both parties have reached the agreement that the price of the underlying share transfer was RMB 194.7238 million.

VIII. Equities in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiary	Main operating place	Registration place	Business Nature
Shenzhen Rieys Industrial Co. Ltd.	Shenzhen	Shenzhen	Trading
Puning Tianhe Garment Manufacturing Factory Co., Ltd.	Puning	Puning	Manufacture
Tianrui (HK) Trading Co., Ltd.	Hong Kong	Hong Kong	Trading
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	Shenzhen	Shenzhen	Sales of gold and jewelry

(Continues)

Name of the subsidiary	Proportion of shareholding (%)		Method of acquiring
	Directly	Indirectly	
Shenzhen Rieys Industrial Co. Ltd.	90.00		Establishing
Puning Tianhe Garment Manufacturing Factory Co., Ltd.	75.00	25.00	Establishing
Tianrui (HK) Trading Co., Ltd.	100.00		Investing
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	51.00		Investing

(2) Significant not wholly owned subsidiary

Name	Shareholding proportion of minority shareholder (%)	Voting right of minority shareholder (%)	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at losing period
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GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Shenzhen Rieys Industrial Co. Ltd.	10	10	-254,476.99	-	4,008,823.72
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.	49	49	2,827,224.93	-	29,348,887.23

(Continues)

Closing balance

Item	Shenzhen Rieys Industrial Co. Ltd.	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.
Current assets	70,145,637.20	55,530,823.27
Non-current assets	1,723,464.38	163,654.25
Total Assets	71,869,101.58	55,694,477.52
Current liabilities	31,780,864.41	-4,201,210.71
Non-current liabilities		
Total liabilities	31,780,864.41	-4,201,210.71
Operating revenue	-	326,334,869.41
Net profits	-2,544,769.93	5,576,755.47
Total comprehensive income	-2,544,769.93	5,576,755.47
Cash flow of operating activities	51,729,179.26	-50,445,401.24

(Continues)

Opening balance

Item	Shenzhen Rieys Industrial Co. Ltd.	Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.
Current assets	41,209,031.26	6,250,922.59
Non-current assets	1,977,835.28	79,049.54
Total Assets	43,186,866.54	6,329,972.13
Current liabilities	553,859.44	2,011,039.37
Non-current liabilities		
Total liabilities	553,859.44	2,011,039.37
Operating revenue	8,649,327.01	14,137,296.64
Net profits	-370,752.87	12,947.99
Other comprehensive income	-370,752.87	12,947.99

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Cash flow of operating activities	-49,562,352.43	-741,131.72-
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IX. Fair value

1. Financial instruments not measured at fair value

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

2. Financial instruments measured at fair value

The Company listed the book value of financial assets instruments measured at fair value on 31 Dec. 2015. according to three levels of fair value, when the overall fair value classified in three levels were in line with the first level of three levels of each significant input value used in the calculation of fair value. The definitions of three levels were as follows:

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

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

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

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

3. Closing fair value measurement

(1) Consistent fair value measurement

Subtotal of available for sale financial assets	Level 1	Level 2	Level 3	Total
Debt instruments investment				
Equity instruments investment	4,400.00	-	-	4,400.00
Derivative financial assets				
Other				
Total assets	4,400.00	-	-	4,400.00

4. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

According to the transaction prices listed in the Shenzhen Stock Exchange and Shanghai Stock Exchange.

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

X. Related party

1. Parent company of the Company

Name of parent company	Registered place	Registered capital (RMB million)	Business nature
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	No. 403, Build A, Qinggong Changfang,Nanshang Road, Nanshang District, Shenzhen	98.00	Trading

(Continue)

Name of parent company	Shares holding of the Company (%)	Voting right of the Company (%)	Ultimate controller
Shenzhen Shenghengchang Huifu Industrial Co., Ltd.	36.99	36.99	Hongcheng Chen

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

2. Subsidiaries of the Company

Details refer to note VIII.

3. No equities in joint ventures or associated enterprises

4. Other related parties of the Company

Name	Relationship
Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.	Holding 10.68% shares of the Company, affiliate controlled under Hongcheng Chen’s family
Shenzhen Lianhua Huiren Industrial Co., Ltd.	Holding 3.81% shares of the Company, affiliate controlled under Hongcheng Chen’s family
Xuwen Chen	Direct relatives of Hongcheng Chen
Lihong Ding	Vice-Board chairman of the Company, relative of Hongcheng Chen, the legal representative of parent company and Shenzhen Risheng Chuangyuan Asset Management Co., Ltd.
Shenzhen Tianfuchang Investment Development Co., Ltd.	Shenzhen Risheng Chuangyuan Asset Management Co., Ltd (“Risheng Chuangyuan”) holds 100% share of the company. The actual controller of Risheng Chuangyuan and Rieys Group is Hongchen Chen.

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

5. Related parties transactions

(1) Purchasing goods, providing and accepting services

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

i Information on acquisition of goods and reception of labor service

Naught

ii Sale of commodities and provide services

Naught

(2) Contracting and trusteeship among related parties

Naught

(3) Leasing among related parties

Naught

(4) Guarantees among related parties

Naught

(5) Inter-bank borrowing among related parties

Naught

(6) Asset transfer and debt restructuring among related parties

Related parities	Content of Transactions	Reporting period	Same period of last year
Shenzhen Tianfuchang Investment Development Co., Ltd.	Material sale of assets	194,723,800.00	-

Note: details refer to note VII 2

(7) The remuneration of key management personnel

The number of key management personnel was 8 in 2015, and 8 in 2014.

Item	Amount for the current period	Amount for the prior period

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Remuneration of key management personnel	498,750.00	486,000.00
Total	498,750.00	486,000.00

6. Amounts due from / to related parties

(1) No Amounts due from related parties

(2) No Amounts due to related parties

7. Commitments of related parties

Naught

XI. Commitments and contingencies

1. Significant commitments

Naught

2. Contingencies

(1) Assets mortgage and guarantee

In order to support Puning Yalilai Trade Co., Ltd. to obtain maximum amount mortgage contract, the Company mortgaged its real estate to Jieyang Rongcheng Branch, ICBC, in current period. The maximum amount mortgage contract (GDZ No. 3943 (2014) issued by, Rongcheng Branch, ICBC) detailed that the secured principle credit was from 14 Apr. 2014 to 14 Apr. 2019, the estimated value of the collateral is 39.43 million. Besides, Puning Jinlilai Trade Co., Ltd. provided counter guarantee for the Company with RMB 24 million which was borrowed from Jieyang Rongcheng Branch, ICBC on 13 Jul. 2015, and the expire date of borrowing is 13 Jul. 2016.

In order to support Puning Huafengqiang Trade Co., Ltd. to obtain maximum amount mortgage contract, the Company continually mortgaged its real estate to Jieyang Rongcheng ICBC in current period. The maximum amount mortgage contract (GDZ No. 3632 (2014) issued by Rongcheng Branch, ICBC) detailed that the secured principle credit was from 11 Nov. 2014 to 11 Nov. 2019, the estimated value of the collateral is 36.32 million. Besides, Puning Huafengqiang Trade Co., Ltd. provided counter guarantee for the Company with RMB 17 million which was borrowed from Rongcheng Branch, on 17 Nov. 2015, and the expire date of borrowing is 17 Nov. 2016.

Details of assets mortgage and guarantee to non-related parties in current year:

Name	Content	Amount	Time limit
Puning Yalilai Trade Co., Ltd.	Bank loan on mortgage	2,400.00	13 Jul. 2015-13 Jul. 2016

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Puning Huafengqiang Trade Co., Ltd.	Bank loan on mortgage	1,700.00	17 Nov. 2015-17 Nov. 2016
Total		4,100.00	

(2) Up to 31 Dec., 2015, no unsettled litigation or arbitration needs to be disclosed. No other contingencies need to be disclosed excepted the above.

XII. Events after the reporting period

Up to 24 Apr. 2015, no events after the reporting period need to be disclosed.

XIII. Other significant events

The Company has signed the asset sale agreement with Guangdong Taihengyuan Industry Co., Ltd. According to the agreement, the Company, at the price of RMB 60 million, sold the Company's industrial land, workshop building and other assets located in Puning Junbu Lianyun village (among which: the area of the workshop building is 31,451.93 square meters and the area of land use right within the scope of the workshop building is 81,787.00 square meters). The numbers of the property right certificate of the real estate include: Pu Fu Guo Yong (2006) Special No. 01371. Yue property right certificate of Pu Zhan Gu Zi No. 059. Yue property right certificate of Pu Zhan Gu Zi No. 060. Yue property right certificate of Pu Zhan Gu Zi No. 61.

Due to local policies, the financial strain of Guangdong Taihengyuan Industry Co., Ltd and other reasons, the Company and Guangdong Taihengyuan Industry Co., Ltd failed to complete ownership transfer formalities within the reporting period in accordance with the above signed asset sale agreement. In view of the fact that the Company and Guangdong Taihengyuan Industry Co., Ltd still have the will of continuing to perform the above agreement and based on the principle of prudence, the assets signed to be sold (which had been transferred into the subject of " classifying into the held for sale assets" at the end of last reporting period) was transferred into the amount of depreciation in the subject of fixed assets and intangible assets in the current reporting period.

Up to 31 Dec. 2015, no events after the reporting period need to be disclosed excepted the above.

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

1. Trade receivables

(1) In categories

Category	Closing balance				
	Carrying amount	Proportion (%)	Write-down amount	Proportion (%)	Book value
Significant individual amount with individually	4,608,276.88	100.00	4,608,276.88	100.00	0.00

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

assessed of bad debts					
Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Among : aging group					
Subtotal					
Insignificant individual amount with individually assessed of bad debts					
Total	4,608,276.88	100.00	4,608,276.88	100.00	0.00

(Continued)

Category	Opening balance				
	Carrying Amount	Proportion (%)	Write-down amount	Proportion (%)	Book value
Significant individual amount with individually assessed of bad debts	4,608,276.88	100.00	4,608,276.88	100.00	0.00
Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Among : aging group					
Subtotal					
Insignificant individual amount with individually assessed of bad debts					
Total	4,608,276.88	100.00	4,608,276.88	100.00	0.00

i Significant individual amount with individually assessed of bad debts

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Names of balances	Closing balance			Reason
	Balances	Write-down amount	Proportion (%)	
Beijing Capital Airport	21,713.00	21,713.00	100.00	Long-term credit with little estimated recovery possibility
Ningbo Industrial and Commercial Bureau	26,354.45	26,354.45	100.00	Long-term credit with little estimated recovery possibility
Shunqin Chen	335,904.80	335,904.80	100.00	Long-term credit with little estimated recovery possibility
Hongkong Jinhua Trading Company	4,224,304.63	4,224,304.63	100.00	Long-term credit with little estimated recovery possibility
Total	4,608,276.88	4,608,276.88	100.00	

(2) Top 5 amounts of balances on 31 Dec.2015

Names of balances	Amount	Witten-down amount	Percentage in the total receivables (%)
Beijing Capital Airport	21,713.00	21,713.00	0.47
Ningbo Industrial and Commercial Bureau	26,354.45	26,354.45	0.57
Shunqin Chen	335,904.80	335,904.80	7.29
Hongkong Jinhua Trading Company	4,224,304.63	4,224,304.63	91.67
Total	4,608,276.88	4,608,276.88	100.00

2. Other receivables

(1) In categories

Category	Closing balance				
	Carrying amount	Proportion (%)	Write-down amount	Proportion (%)	Book value
Significant individual amount with individually assessed of bad debts	67,859,169.28	92.98	2,931,608.20	4.32	64,927,561.08

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Among : aging group	3,648,125.48	5.00	1,468,120.51	40.24	2,180,004.97
Subtotal	3,648,125.48	5.00	1,468,120.51	40.24	2,180,004.97
Insignificant individual amount with individually assessed of bad debts	1,478,227.36	2.02	1,478,227.36	100.00	
Total	72,985,522.12	100.00	5,877,956.07	8.05	67,107,566.05

(Continues)

Category	Closing balance				
	Carrying amount	Proportion (%)	Write-down amount	Proportion (%)	Book value
Significant individual amount with individually assessed of bad debts	67,859,169.28	75.32	2,931,608.20	4.32	64,927,561.08
Accounts receivable withdrawn bad debt provision according to credit risks characteristics					
Among : aging group	20,751,578.56	23.03	1,444,182.69	6.96	19,307,395.87
Subtotal	20,751,578.56	23.03	1,444,182.69	6.96	19,307,395.87

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Insignificant individual amount with individually assessed of bad debts	1,480,255.31	1.64	1,478,227.36	99.86	2,027.95
Total	90,091,003.15	100.00	5,854,018.25	6.50	84,236,984.90

i Significant individual amount with individually assessed of bad debts

Names of balances	Closing balance			Reason
	Balances	Write-down amount	Proportion (%)	
Tianrui (HK) Trading Co., Ltd.	64,927,561.08			In the merger scope
Export drawback receivable	2,331,608.20	2,331,608.20	100.00	Long-term credit with little estimated recovery possibility
Shenzhen Zhaotong Investment Co., Ltd.	600,000.00	600,000.00	100.00	Long-term credit with little estimated recovery possibility
Total	67,859,169.28	2,931,608.20		

ii Other receivable by aging balance

Age	Closing balance		
	Carrying amount	Write-down amount	Proportion (%)
0-1 year	1,705,524.23	34,110.48	2.00
1-2 years	13,298.65	1,329.87	10.00
2-3 years	894,770.13	447,385.07	50.00
Over 3 years	1,034,532.47	985,295.09	95.24
Total	3,648,125.48	1,468,120.51	40.24

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

(2) The reversed bad debt provision of 2015 was of RMB 23,937.82 the reversed or collected amount of 2015 was RMB 0.00.

(3) In characters

Item	Closing balance	Opening balance
Transaction among related parties	64,927,561.08	64,930,111.08
Transaction	4,997,439.43	22,567,764.43
Tax	2,331,608.20	2,331,608.20
Payment for others	728,913.41	264,069.44
Total	72,985,522.12	90,091,003.15

(4) Top 5 amounts of balances on 31 Dec.2015.

Name	Character	Closing Balance	Age	Percentage in the total other receivables (%)	Write-down amount
Tianrui (HK) Trading Co., Ltd.	Transaction among related parties	64,927,561.08	Over 5 years	72.07	
Export drawback receivable	Tax	2,331,608.20	Over 5 years	3.19	2,331,608.20
Shenzhen Shenhongda Trading Co., Ltd	Transaction	1,340,000.00	0-1 year	1.84	26,800.00
Puning Hufengqiang Trading Co., Ltd.	Transaction	18,804,475.00	0-1 year	20.88	376,089.50
Guangdong Yuanfeng Trading Co., Ltd.	Transaction	700,000.00	Over 5 years	0.78	700,000.00
Shenzhen Zhaotong Investment Co., Ltd.	Transaction	600,000.00	Over 5 years	0.67	600,000.00
Total		69,899,169.28		95.77	3,658,408.20

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

3. Long-term equity investments

Item	Closing balance		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	126,712,508.68		126,712,508.68
Total	126,712,508.68		126,712,508.68

(Continue)

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	243,312,509.68		243,312,509.68
Total	243,312,509.68		243,312,509.68

(1) Investments in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance
Shenzhen Rieys Industrial Co. Ltd.	45,000,000.00			45,000,000.00
Puning Tianhe Garment Manufacturing Factory Co., Ltd.	51,712,500.42			51,712,500.42
Tianrui (HK) Trading Co., Ltd.	8.26			8.26
Puning Hengda Real Estate Development Co., Ltd.	146,600,000.00		146,600,000.00	
Shenzhen Chinese Gold Nobility Jewelry Co., Ltd.		30,000,000.00		30,000,000.00
Total	243,312,508.68	30,000,000.00	146,600,000.00	126,712,508.68

(Continue)

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Investee	Provision for impairment	Closing balance of Provision for impairment
Shenzhen Rieys Industrial Co. Ltd.		
Puning Tianhe Garment Manufacturing Factory Co., Ltd.		
Tianrui (HK) Trading Co., Ltd.		
Puning Hengda Real Estate Development Co., Ltd.		
Shenzhen Yingda Chuangyuan Construction Investment Co., Ltd.		
Total		

4. Revenue and cost of sales

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities				
Other activities	221,667.00	71,032.15	611,290.00	233,050.70
Total	221,667.00	71,032.15	611,290.00	233,050.70

Note: the revenue from Other activities was the rental revenue.

5. Investment income

(1) Details of investment income

Item	Amount for the current period	Amount for the prior period
Long-term equity investment income accounted by cost method	38,085,000.00	-
Long-term equity investment income accounted by equity method		
Investment income arising from disposal of long-term equity investments	48,123,800.00	-
Investment income received from financial assets measured by fair value and the changes be included in the current profits and losses during holding period		

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

Investment income received from held-to-maturity investments during holding period		
Investment income received from available-for-sale financial assets during holding period		
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period	11,021,123.57	-
Investment income arising from disposal of held-to-maturity investments		
Investment income received from disposal of available-for-sale financial assets		
The gain generated from the remaining equity after losing control right in accordance with the fair value measured again		
Other		
Total	97,229,923.57	-

XV. Supplementary information

1. Statement of non-recurring gains or losses for the year ended 31 Dec.2015

Item	Amount for the current period	Remark
1. Profit or loss from disposal of non-current assets, including write-off impairment.	4,530,412.47	(1)Investment income from disposal of Puning Hengda Real Estate Development Co., Ltd : 4,777,303.71; (2)Gains from disposal of fixed assets: -246,891.24
2. Ultra vires approval, or without official approval, or occasional tax return or relief;		
3. Government subsidies through current profit or loss. (Excluding that could be continuously received in normal operations according to certain standard amount or quantities, due to being in accord national policies and regulations.		

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

4. Interest from non-financial enterprises		
5. Gain from acquiring subsidiaries or other entities with a consideration less than the fair value of the net assets.		
6. Non-monetary transactions profit or loss;		
7. Profit or loss from entrusting others to invest or manage assets;		
8. Various impairment losses made due to force majeure, such as natural disasters;		
9. Debt restructuring gains and losses;		
10. Corporate restructuring costs, such as the employees arrange expenses, integration costs, etc.;		
11. Profit or loss over the part of fair value generated by transactions with obviously unfair trading price;		
12. Profit or loss generated by subsidiaries acquired(under the same control before acquisition) from year beginning to the combination date;		
13. Profit or loss generated by contingencies unrelated to normal business;		
14. Profit or loss from changes in fair values of financial assets at fair value through profit or loss, and liabilities at fair value through profit or loss or from disposals of financial assets at fair value through profit or loss, liabilities at fair value through profit or loss and available-for-sale financial assets. Excluding effective hedging in normal operations.	9,507,297.71	Investment income from disposal of available for sale financial assets
15. Reversal of write-off of receivables through separate impairment test;		
16. Profit or loss from entrusted loans lend to other entities;		
17. Profit or loss generated from changes in fair value of investment property that using fair value method for subsequent measurement;		

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

18. According to tax, accountancy law and other regulations, one-time adjustment on current profit or loss;		
19. Commission Income obtained from commission operation;		
20. Other non-operating income and expenditure in addition to the above items;	801,530.80	
21. Other profit or loss items meet the definition of non-recurring gains and losses.		
Subtotal	14,839,240.98	
Less: Income tax expense that should be deducted from aforementioned non-recurring gains and losses	3,670,336.90	
Net non-recurring gains and losses	11,168,904.08	
Less: Effects attributable to minority interests (after tax)	40,036.33	
Total	11,128,867.75	

2. ROE, basic EPS and diluted EPS

Profit of year ended31 Dec.2015	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	-0.0224	-0.0259	-0.0259
Net profit attributable to ordinary shareholders after deducting non-recurring gain or loss	-0.0526	-0.0608	-0.0608

The above data is calculated using the following formula:
Weighted average return on net asset

Weighted average return on net asset = $P_0 / (E_0 + NP \div 2 + E_i \times M_i \div M_0 - E_j \times M_j \div M_0 \pm E_k \times M_k \div M_0)$
Where: P_0 is net profit attributable to ordinary shareholders of the Company or net profit attributable to ordinary shareholders of the Company after deducting non-recurring gain or loss; E_0 is the year beginning equity attributable to ordinary shareholders of the Company; E_i is increased equity attributable to ordinary shareholders of the Company which arises from new issuance of shares or conversion of debt instruments to stocks in the reporting period; E_j is reduced equity attributable to ordinary shareholders of the Company due to stock repurchase or cash dividend in the reporting period; M_0 is the number of months of the reporting period; M_i is the number of accumulative months from the next month that equity is increased to the year end of the reporting period; M_j is the number of months from the next month that equity is decreased to the year end of the reporting period; E_k is the change of equity resulting from other transactions or events and attributable to ordinary shareholders; M_k is the number of accumulative months from the next month that other change of equity occurs to the year end of the reporting period.
Basic earnings per share
Basic earnings per share = $P_0 \div S$
 $S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
(Monetary unit is RMB Yuan unless otherwise stated)

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

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

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

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

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

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

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

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

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

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

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

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

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

GUANGDONG RIEYS GROUP COMPANY LTD
Notes of 2015 Financial Statements
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Guangdong Rieys Group Company Ltd
25 Apr. 2016

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