

深圳中恒华发股份有限公司

SHENZHEN ZHONGHEN HUAFA CO., LTD.

SEMI-ANNUAL REPORT 2021

August 2021

Section I. Important Notice, Contents and Interpretation

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shenzhen Zhongheng HUAFA Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Li Zhongqiu, Principal of the Company, Yang Bin, person in charger of accounting works and Chuai Guoxu, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2021 Semi-Annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors. Majority investors are advised to exercise caution of investment risks.

Risks factors are being well-described in the Report, found more in risks factors and countermeasures disclosed in Prospects for Future Development of the Board of Directors' Report.

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

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Documents Available for Reference

- I. Text of the Annual Report carrying signature of the Chairman;
- II. Financial statement carrying the signatures and seals of the person in charge of the Company, principal of the accounting works and person in charge of accounting organ;
- III. All documents of the Company and manuscripts of public notices that disclosed in the China Securities journal, Securities Times and Hong Kong Commercial Daily designated by CSRC in the report period;
- IV. Article of Association
- V. Other relevant files.

Interpretation

Items	Refers to	Contents
Company, Shen HUAFA	Refers to	SHENZHEN ZHONGHENG HUAFA CO., LTD.
Hengfa Technology	Refers to	Wuhan Hengfa Technology Co., Ltd.
HUAFA Property	Refers to	Shenzhen Zhongheng HUAFA Property Co., Ltd
HUAFA Lease	Refers to	Shenzhen HUAFA Property Lease Management Co., Ltd
Wuhan Zhongheng Group	Refers to	Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd
HK Yutian	Refers to	Hong Kong Yutian International Investment Co., Ltd.
Hengsheng Photo-electricity	Refers to	Wuhan Hengsheng Photo-electricity Industry Co., Ltd.
Hengsheng Yutian	Refers to	Wuhan Hengsheng Yutian Industrial Co., Ltd.
Yutian Henghua	Refers to	Shenzhen Yutian Henghua Co., Ltd.
HUAFA Hengtian	Refers to	Shenzhen HUAFA Hengtian Co., Ltd.
HUAFA Hengtai	Refers to	Shenzhen HUAFA Hengtai Co., Ltd.
Shenzhen Vanke	Refers to	Shenzhen Vanke Real Estate Co., Ltd, now renamed as Shenzhen Vanke Development Co., Ltd.
Vanke Guangming	Refers to	Shenzhen Vanke Guangming Real Estate Development Co., Ltd
V& T Law Firm	Refers to	Shenzhen V& T Law Firm
Zhongheng Semiconductor (former “Huafa Technology”)	Refers to	Shenzhen Zhongheng Semiconductor Co., Ltd. (former “Zhongheng Huafa Technology Co., Ltd”)

Section II. Company Profile and Main Financial Indexes

I. Company profile

Short form of the stock	Shen HUAFA A, Shen HUAFA B	Stock code	000020, 200020
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳中恒华发股份有限公司		
Short form of the Company (in Chinese) (if applicable)	深华发		
Foreign name of the Company (if applicable)	SHENZHEN ZHONGHENG HUAFA CO., LTD.		
Legal representative	Li Zhongqiu		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Niu Zhuo	
Contact add.	618, 6/F, East Tower, Huafa Building, No.411 Building, Huafa (N) Road, Futian District, Shenzhen	
Tel.	0755-86360201	
Fax.	0755-86360201	
E-mail	huafainvestor@126.com.cn	

III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2020.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2020.

VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

	Current period	Same period of last year	Changes over last year
Operating income(RMB)	391,633,808.55	300,703,421.38	30.24%
Net profit attributable to shareholders of the listed company(RMB)	6,989,362.48	3,165,597.55	120.79%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	7,034,198.78	3,167,896.46	122.05%
Net cash flow arising from operating activities(RMB)	-21,818,369.59	21,200,212.24	-202.92%
Basic earnings per share(RMB/Share)	0.0248	0.0112	121.43%
Diluted earnings per share(RMB/Share)	0.0248	0.0112	121.43%
Weighted average ROE	2.07%	0.96%	1.11%
	Current period-end	period-end of last year	Changes over period-end of last year
Total assets(RMB)	673,347,527.18	627,779,621.06	7.26%
Net assets attributable to shareholder of listed company(RMB)	343,238,099.77	336,248,737.29	2.08%

V. Difference of the accounting data under accounting rules in and out of China

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

VI. Items and amounts of extraordinary profit (gains)/loss

√Applicable □ Not applicable

In RMB

Item	Amount	Note
Gain/loss of entrusted investment or assets management	149,767.58	
Other non-operating income and expenditure except for the aforementioned items	-194,603.88	
Total	-44,836.30	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

□ Applicable √ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section III Management Discussion and Analysis

I. Main businesses of the company in the reporting period

After years of development, the company has gradually formed two main businesses in industry and property management. Among them, the industrial business mainly includes injection molding, polyton (light-weight packaging materials), and complete machine production and sales of liquid crystal display, property management business is mainly the lease of its own property.

In the first half of 2021, the company achieved operating income of 391,633,800 yuan, up 30.24% year on year; Operating profit was 8,552,400 yuan, up 115.69% year on year; Net profit was 7,023,100 yuan, up 121.86% year on year. In the first half of the year, the operating income of industrial production was 366,572,800 yuan, up 30.37% year on year; the operating profit was 887,700 yuan, up 189.91% year on year; and the net profit was 814,400 yuan, up 198.77% year on year. Property leasing business in the first half of the year achieved operating income of 250.61 million yuan, 34.01% more than the same period last year, operating profit of 756.35 million yuan, 52.7% more than the same period last year, net profit of 6.1079 million yuan, 53.06% more than the same period last year.

II. Core competitiveness analysis

All industrial lands of the Company located in Shenzhen were taken into the first batch of plan under 2010 Shenzhen urban upgrade planning. In the future, development and operation of self-owned land resources would become the income source of the Company on a long-term and stable basis.

III. Main business analysis

See the “I. Main businesses of the company in the reporting period”

Change of main financial data on a y-o-y basis

In RMB

	Current period	Same period of last year	y-o-y changes (+,-)	Reasons
Operation income	391,633,808.55	300,703,421.38	30.24%	Video incomes increased
Operation cost	334,523,805.25	263,959,652.63	26.73%	
Sales expenses	14,094,617.96	9,100,079.39	54.88%	After-sales service fee increased
Administrative expenses	22,680,307.24	17,082,362.66	32.77%	Repair fee increased
Financial cost	5,241,702.86	3,484,228.81	50.44%	Exchange increased

Income tax expense	1,584,720.39	837,369.58	89.25%	Profit growth
R&D investment	3,955,647.50	2,423,425.26	63.23%	Increase new products in the Period
Net cash flow arising from operation activities	-21,818,369.59	21,200,212.24	-202.92%	The inventory increased in the Period due to the epidemic in the first half year of last year
Net cash flow arising from investment activities	-2,316,374.60	-1,338,379.56	-73.07%	Investment for fixed assets increased
Net cash flow arising from financing activities	23,182,219.89	-34,838,186.71	166.54%	Bank loans increased in the period
Net increase of cash and cash equivalent	-1,355,867.36	-14,832,093.81	-90.86%	The inventory and account receivable increased

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

No major changes on profit composition or profit resources occurred in reporting period

Constitution of operation income

In RMB

	Current period		Same period of lat year		Increase/decrease y-o-y(+,-)
	Amount	Ratio in operation income	Amount	Ratio in operation income	
Total operation income	391,633,808.55	100%	300,703,421.38	100%	30.24%
According to industries					
Display	198,422,034.91	50.67%	163,278,927.45	48.63%	4.21%
Plastic injection hardware	106,953,726.74	27.31%	85,278,752.42	28.36%	-3.22%
Foam parts	22,259,297.79	5.68%	19,908,274.02	6.62%	-0.94%
Property leasing	25,060,998.64	6.40%	18,701,335.82	6.22%	0.18%
Scrap income	38,492,780.64	9.83%	12,121,666.69	4.03%	5.80%
Utilities and others	444,969.83	0.11%	1,414,464.98	0.47%	-0.36%
According to products					
Display	198,422,034.91	50.67%	163,278,927.45	48.63%	4.21%
Plastic injection	106,953,726.74	27.31%	85,278,752.42	28.36%	-3.22%

hardware					
Foam parts	22,259,297.79	5.68%	19,908,274.02	6.62%	-0.94%
Property leasing	25,060,998.64	6.40%	18,701,335.82	6.22%	0.18%
Scrap income	38,492,780.64	9.83%	12,121,666.69	4.03%	5.80%
Utilities and others	444,969.83	0.11%	1,414,464.98	0.47%	-0.36%
According to region					
Hong Kong and Taiwan	95,569,502.38	22.37%	105,186,479.34	34.98%	-12.61%
Central China	203,317,499.60	51.92%	136,683,631.65	45.45%	6.67%
East China	87,594,449.15	22.37%	39,318,383.66	13.08%	9.29%
South China	5,152,357.42	1.32%	19,514,926.73	6.49%	-5.17%

The industries, products, or regions accounting for over 10% of the company's operating revenue or operating profit

√Applicable □ Not applicable

In RMB

	Operation income	Operation cost	Gross profit ratio	Increase/decrease of operation income y-o-y	Increase/decrease of operation cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Display	198,422,034.91	181,998,855.63	8.28%	22.00%	19.00%	1.69%
Plastic injection hardware	106,953,726.74	96,354,708.77	9.91%	25.00%	22.00%	2.25%
According to products						
Display	198,422,034.91	181,998,855.63	8.28%	22.00%	19.00%	1.69%
Plastic injection hardware	106,953,726.74	96,354,708.77	9.91%	25.00%	19.00%	2.25%
According to region						
Hong Kong and Taiwan	95,569,502.38	79,562,859.88	16.75%	-8.97%	-19.29%	10.62%
Central China	203,317,499.60	190,785,789.29	6.16%	67.15%	70.48%	-1.84%
East China	87,594,449.15	80,998,643.40	7.53%	122.78%	120.08%	1.14%
South China	5,152,357.42	6,030,530.61	-17.04%	-72.26%	195.58%	-106.06%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

□ Applicable √ Not applicable

Reasons for y-o-y relevant data with over 30% changes

√Applicable □Not applicable

Item	2021-6-30	2021-1-1	Y-o-y changes (+,-)	Causes
Note receivable	491,683.78	20,240,464.79	-98%	Discounting of note receivable increased in the period
Receivable financing	5,774,948.69	10,057,385.11	-43%	Discounting of note receivable increased in the period
Other account receivable	22,540,779.20	4,466,949.96	405%	Current accounts increased
Inventory	129,877,952.00	70,166,013.49	85%	Inventory has significantly increased from Hengfa
Other current assets	741,380.21	4,255,643.19	-83%	The input tax to be deducted declined
Long-term deferred expenses	623,601.59	77,445.31	705%	Contract renewal of SAP
Short-term loans	51,089,579.00	12,527,808.00	308%	Loans of Hengfa increased
Contractual liabilities	765,555.97	287,140.66	167%	Account received in advance increased
Wages payable	3,886,717.29	5,737,366.59	-32%	Last year's year-end bonus distributed
Interest payable	179,523.72	26,335.66	582%	Loans increased
Other current liability	211,799.13	18,322,972.81	-99%	Notes already endorsed and outstanding declined
Item	Jan.- Jun. 2021	Jan.- Jun. 2020	Y-o-y changes (+,-)	Causes
Operation tax and surcharge	1,428,361.92	1,004,056.05	42%	Additional tax increased
Interest income	189,945.55	11,856.69	1502%	Loan subsidies
Other income	3,553.35	348,540.00	-99%	Government subsidy
Investment income	149,767.58	66,780.40	124%	Wealth management income
Non-operation revenue	276,599.04	45,200.06	512%	Government subsidy
Non-operation expense	215,202.92	7,302.38	2847%	Penalty expenses

IV. Analysis of the non-main business

√Applicable □Not applicable

In RMB

	Amount	Ratio in total profit	Description of formation	Whether be sustainable (Y/N)
Investment income	149,767.58	1.74%	Interest settlement	Y
Asset impairment	1,350,000.00	15.67%	Inventory reduction provision	N
Non-operation revenue	276,599.04	3.21%	Government subsidy	N
Non-operation expense	215,202.92	2.50%	Penalty	N

V. Assets and liability analysis

1. Major changes of assets composition

In RMB

	End of the current period		End of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	59,612,186.22	8.85%	60,968,053.58	9.71%	-0.86%	
Account receivable	135,750,939.59	20.16%	128,063,911.79	20.40%	-0.24%	
Inventory	129,877,952.00	19.29%	70,166,013.49	11.18%	8.11%	Inventory from Hengfa increased
Investment real estate	46,360,497.13	6.88%	47,224,662.27	7.52%	-0.64%	
Fixed assets	191,477,026.08	28.43%	193,605,444.53	30.84%	-2.41%	
Construction in process	740,000.00	0.11%	740,000.00	0.12%	-0.01%	
Short-term loans	51,089,579.00	7.59%	12,527,808.00	2.00%	5.59%	Loans increased in the period
Contractual liabilities	765,555.97	0.11%	287,140.66	0.05%	0.06%	
Long-term loans	61,000,000.00	9.06%	61,000,000.00	9.72%	-0.66%	

2. Major foreign assets

Applicable Not applicable

3. Assets and liability measured by fair value

Applicable Not applicable

4. Assets right restriction till end of reporting period

Monetary fund	42,990,989.02	Security deposit
Fixed assets	12,375,571.51	Collateral for borrowing
Intangible assets	6,752,967.68	Collateral for borrowing
Disposal of fixed assets	92,857,471.69	Court seizure
Investment real estate	11,503,400.02	Collateral for borrowing
Total	166,480,399.92	

VI. Investment analysis

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

Applicable Not applicable

3. The major non-equity investment doing in the reporting period

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The Company has no securities investment in the Period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period.

VII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

Applicable Not applicable

VIII. Analysis of main holding company and stock-jointly companies

Applicable Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hengfa Technology Company	Subsidiary	R&D, production and sales of the products as well as export business	181,643,111.00	517,551,000.92	227,012,996.37	366,572,809.91	887,707.92	813,963.14
HUAFA Property Company	Subsidiary	Leasing and management of own property	1,000,000.00	6,324,584.38	421,786.50	2,914,794.33	1,253,727.86	1,043,626.48

Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Explanation of main holding company and stock-jointly companies

Nil

IX. Structured vehicle controlled by the Company

Applicable Not applicable

X. Risks and countermeasures

(1) Business analysis

Wuhan Hengfa Technology, as an important subsidiary of the company, is faced with increasing pressure under the influence of intensifying market competition and tight supply of raw and auxiliary materials and other factors, the key to solve the dilemma is to upgrade technology, enhance the added value of technology, and improve profitability; In the context of downstream consumer demand upgrading, it improves production efficiency by increasing the research and development of new products, adjusting and improving the product structure, and improving the production process; At the same time, it expands upstream supply channels of raw and auxiliary materials to avoid material shortage affecting production.

For a certain period of time, property leasing is still another important business for the development of the company. Making full use of the self-owned property to provide operation, leasing and service businesses will bring a certain contribution to the company's cash flow. After the gradual implementation of the urban renewal project, it will bring long-term and stable sources of income for the company.

(2) Business plan

◆ Industrial Business Upgrade

The epidemic of COVID-19 is not over yet, and all colleagues in the company continued to work hard to serve existing customers, vigorously expanded the market, and gained more market share; Meanwhile, the Company will intensify the development of raw & auxiliary materials suppliers in shortage within the market, try to avoid the negative impact of upstream material shortage on the Company's production. On the basis of maintaining customers, actively looked for high-quality technology projects in consumer electronics, and gradually realized industrial upgrading through technology optimization and management optimization; at the same time, it strengthened management, improved production efficiency, improved product quality, and made full use of the geographical advantages of the company to make the business bigger and stronger.

◆ Promote the urban renewal project

Speed up the promotion of renewal unit project of Huafa District, Gongming Street, Guangming New District, Shenzhen and the renewal project renovation progress of Huafa Building, Huaqiang North Street, Futian District, Shenzhen, accelerate the settlement of project procedures, and strive to make stage progress as early as possible.

◆ Continue to focus on strengthening the company's internal control

In 2021, the company will further optimize the corporate governance structure and improve the internal control system and process and strictly implement and improve the executive ability of relevant system in accordance with the governance requirements of listed companies, the company's management and relevant departments will execute the administrative provisions for approval procedures of fund utilizing, management system of related transactions, working system of internal audit, internal reporting system of major information in strict accordance with the requirements of internal control documents.

Section IV Corporate Governance

I. In the report period, the Company held annual general meeting and extraordinary shareholders' general meeting

1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolutions
Annual General Meeting of 2020	AGM	48.98%	20 May 2021	21 May 2021	Juchao Website(http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000020&stockCode=000020&announcementId=1207845176&announcementTime=2020-05-22)

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

II. Changes of directors, supervisors and senior executives

Applicable Not applicable

Directors, supervisors and senior executives of the Company has no changes during the reporting period, found more in the Annual Report of 2020.

III. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the midterm.

IV. Implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

The Company had no stock incentive plan, employee stock ownership plan or other employee incentive in the reporting period.

Section V. Environmental and Social Responsibility

I. Important environmental issues

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Yes No

Administrative penalties imposed for environmental issues during the reporting period

The company or subsidiary	Reasons for penalty	Violations	Penalty results	Impact on the production & operation of listed company	Corrective measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed with reference to the key emission units

N/A

Reasons for not disclosed other environmental information

N/A

II. Social responsibility

Not applicable

Section VI. Important Matters

I. Commitments that the actual controller, shareholders, related party, offeror and committed party as the Company etc. have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

During the reporting period of the company, there are no commitments made by the actual controller, shareholders, related parties, purchasers and the company that have been completed in the reporting period or have not been completed by the end of the reporting period.

II. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

III. Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

IV. Appointment and non-reappointment (dismissal) of CPA

Whether the financial report has been audited or not

Yes no

The company's semi-annual report has not been audited.

V. Explanation from Board of Directors and Supervisory Committee for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Explanation from the Board for “Qualified Opinion” of last year’s

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

VIII. Lawsuits

Significant lawsuits and arbitration

√Applicable □Not applicable

The basic situation of litigation (Arbitration)	Amount of money involved (in 10 thousand Yuan)	Predicted liabilities (Y/N)	Advances in litigation (Arbitration)	The results and effects of litigation (Arbitration)	Execution of the litigation (Arbitration)	Disclosure date	Disclosure index
In September 2016, Wuhan Zhongheng Group Co., Ltd. and the Company and Shenzhen Vanke were applied for arbitration due to the dispute case of "Contract for the Cooperative Operation of the Old Projects at Huafa Industrial Park, Gongming Street, Guangming New District".	46,460	No	Ruling on 16 August 2017; put forward the application for dismantling by the Company and controlling shareholder, the application was rejected by the court	Found more in announcement of the Company	In September 2018, Shenzhen Vanke applied for compulsory execution. In October 2019, due to the outsider's application of "objection to execution" and "non-enforcement", the execution procedure was terminated. If the outsider's application was rejected by the Shenzhen Intermediate People's Court, Shenzhen Vanke would have the right to continue to apply for the resumption of compulsory execution.	2018-02-09	http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1204406606?announceTime=2018-02-09 ; http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&stockCode=000020&announcementId=1205326846&announcementTime=2018-08-25
In March 2016, the Company and HUAFA Property suit	947.26	No	The second trial decides the Company wins the	Execution completed	Execution completed in March 2021	2016-09-14	http://www.cninfo.com.cn/cninfo-new/disclosure/szse_main/bulletin_detail/true/1202702423?announceTime=2016-09-14

against Shenzhen Huayongxing Environmental Technology Co., Ltd., and Shenzhen Yidaxin Technology Co., Ltd. for contract violation and refuse to move the site			lawsuit on 15 March 2018, and has applied for enforcement				16-09-14 07:41
Application for arbitration in case of contract dispute between the V&T (Shenzhen) Law Firm and Shenzhen Zhongheng Huaafa Co., Ltd. and Wuhan Zhongheng Group	1,940.2	No	Arbitration has been heard for adjudication	A decision was issued and the Company's motion to dismiss was denied.	Under implementation	2018-11-14	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&stockCode=000020&announcementId=1205602053&announcementTime=2018-11-14
Shenzhen Zhongheng Huaafa Semiconductor Co., Ltd bring a suit against Shenzhen Zhongheng Huaafa Co.,	5,200	No	The judgment (2020) Yue 03 Min Chu No.17 was issued in May 2021, all claims of Semiconductor Company	Semiconductor Company has filed an appeal	Trial in progress	2021-06-03	http://www.cninfo.com.cn/new/disclosure/detail?stockCode=000020&announcementId=1210151395&orgId=gssz000020&announcementTime=2021-06-03

Ltd for the ownership transfer, performance of asset replacement contract and compensation			were rejected				
--	--	--	---------------	--	--	--	--

Other lawsuits

Applicable Not applicable

IX. Penalty and rectification

Applicable Not applicable

The Company has no penalty and rectification in the period

X. Integrity of the company and its controlling shareholders and actual controllers

Applicable Not applicable

XI. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limit or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
HK	Unde	Purchas	Purcha	Synchroniz	3,77	3,775		15,69	N	Tele	The average		

Yutian	Under the same control	Purchase of raw materials from related parties	Purchasing LCD monitors	In principle, the transaction price of purchased raw materials is determined at approximately 1% lower than the prevailing average market price, with reference to the respective bargaining power of both parties.	5,186.05	5,186.05		7.92	N	Telegraphic transfer	market price refers to the price of same specifications which is searched from through the world famous professional market survey company website http://www.witsview.com recognized authority in the industry and LCD professional market survey company website http://www.witsview.com		
Hengsheng Photo-electricity	Under the same control	Purchase of raw materials from related parties	Purchasing LCD monitors	In principle, the transaction price of purchased raw materials is determined at approximately 1% lower than the prevailing average market price, with reference to the respective bargaining power of both parties.	5,066.05	5,066.05		13,081.6	N	Telegraphic transfer	Ditto		

Hengsheng Photo-electricity	Under the same control	Purchase of finished goods from related parties	Purchase of LCD display	Based on the customer purchase order price and reduce 1 yuan per unit as operation fee	984.89	984.89		6,540.8	N	Telegraphic transfer	Ditto		
HK Yutian	Under the same control	Sales of products to related parties	Sales of LCD display	Determined on the basis of the customer's sales order price	6,210.03	6,210.03		19,622.4	N	Telegraphic transfer	Ditto		
Hengsheng Photo-electricity	Under the same control	Sales of products to related parties	Sales of LCD display	Determined on the basis of the customer's sales order price	1,561.22	1,561.22		6,540.8	N	Telegraphic transfer	Ditto		
Hengsheng Photo-electricity	Under the same control	Sales of products to related parties	Relevant products of LCD display, plastic injection hardware	Determined on the basis of the customer's sales order price	126.07	126.07		654.08	N	Telegraphic transfer	Ditto		
Hengsheng Photo-electricity	Under the same control	Sales of products to related parties	LCD glass	Determined on the basis of the customer's sales order price	44.69	44.69		457.86	N	Telegraphic transfer	Ditto		
Total				--	--	17,76	--	62,59	--	--	--	--	--

			8.13		5.46					
Detail of sales return with major amount involved	N/A									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period(if applicable)	In the reporting, Hengfa Technology purchased LCD monitors from HK Yutian with US \$ 5.6445 million approximately, 23.52% of the annual amount predicted at the beginning of the year; purchased LCD monitor from Hengsheng Photo-electricity with US \$ 6.9138 million approximately, 34.57% of the annual amount predicted at the beginning of the year; purchasing LCD Display from Hengsheng Photo-electricity with about US\$ 1.339 million, 13.39% of the annual amount predicted at the beginning of the year; sold LCD Display whole machine to HK Yutian with US\$ 9.5462 million approximately, 31.82% of the annual amount predicted at the beginning of the year; sold LCD display to Hengsheng Photo-electricity with about US\$ 1.4541 million, 14.54% of the annual amount predicted at the beginning of the year; and sold LCD glass to Hengsheng Photo-electricity with about US\$ 68100, 9.73% of the annual amount predicted at the beginning of the year									
Reasons for major differences between trading price and market reference price	N/A									

2. Related transactions by assets acquisition and sold

Applicable Not applicable

No above mentioned transactions occurred

3. Main related transactions of mutual investment outside

Applicable Not applicable

No main related transactions of mutual investment outside for the Company in reporting period.

4. Contact of related credit and debt

Applicable Not applicable

No contact of related credit and debt during the reporting period.

5. Contact with the related finance companies and finance companies that controlled by the Company

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the Company and the finance companies with related relationships or between the finance companies controlled by the Company and related parties

6. Other significant related transactions

Applicable Not applicable

The company had no other significant related transactions in reporting period.

XII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period.

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period.

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

Applicable Not applicable

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee of the Company and the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Wuhan Hengfa Technology Co., Ltd.	2021-04-27	30,000			Joint and several liability guarantee			1 year	N	Y
Total amount of approving guarantee		30,000		Total amount of actual occurred guarantee for		3,480.09				

for subsidiaries in report period (B1)			subsidiaries in report period (B2)							
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		30,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		2,788.96					
Guarantee of the subsidiaries for the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Complete implementation or not	Guarantee for related party
Total amount of guarantee of the Company (total of three above mentioned guarantee)										
Total amount of approving guarantee in report period (A1+B1+C1)		30,000	Total amount of actual occurred guarantee in report period (A2+B2+C3)							3,480.09
Total amount of approved guarantee at the end of report period (A3+B3+C2)		30,000	Total balance of actual guarantee at the end of report period (A4+B4+C4)							2,788.96
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)									8.12%	
Including:										

Explanation on compound guarantee

3.Trust financing

Applicable Not applicable

No trust financing occurred in the reporting period

4.Material contracts for daily operations

Applicable Not applicable

5. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period.

XIII. Explanation on other significant events

√ Applicable □ Not applicable

(i) The Company signed Asset Exchange Contract with Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd (hereinafter referred to as Wuhan Zhongheng Group) on 29 April 2009 (details were referred to in the announcement dated 30 April 2009), and pursuant to the contract, since part of the assets of the Company (namely two parcel of industrial lands located at Huaafa road, Gongming town, Guangming new district, Shenzhen (the property certificate No. were SFDZ No.7226760 and SFDZ No.7226763, No. of parcels were A627-005 and A627-007, and the aggregate area was 48,200 sq.m) were the lands listed in the first batch of plan for 2010 Shenzhen urbanization unit planning preparation plan. For promotion of such urbanization project and joint cooperation, the Company has not completed the transfer procedures in respect of the aforesaid land.

The Company convoked the first extraordinary meeting of the Board in 2015 on February 16, 2015 and the first extraordinary general meeting of the Board in 2015 on March 4, 2015, which considered and approved the “Motion on promoting and implementing the urban renewal project for the renewal units of Huaafa area at Gongming street, Guangming new district, Shenzhen”, specified that the Company and Wuhan Zhongheng Group shall obtain the corresponding compensatory consideration for removal from the respectively owned project plots and the respectively contributed and constructed above-ground buildings before the land development, it is estimated that the compensatory consideration obtained by the Company accounts for 50.5% of the total consideration and Wuhan Zhongheng Group accounts for 49.5% by calculation.

The sixth extraordinary meeting of the board of directors in 2015 and the third extraordinary general meeting of 2015 have considered and adopted the “Proposal on the project promotion and implementation of urban renewal and the progress of related transactions of ‘the updated units at Huaafa Area, Gong Ming Street, Guangming New District, Shenzhen’”, the company has signed the “Agreement on the cooperation of urban renewal project of the updated units at Huaafa Area, Gong Ming Street, Guangming New District, Shenzhen”, “Contract for the cooperative venture of reconstruction project for Huaafa Industrial Park, Gong Ming Street, Guangming New District” on 26 August 2015, and “Agreement on housing acquisition and removal compensation and resettlement” with Wuhan Zhongheng Group, Shenzhen Vanke Real Estate Co., Ltd. (hereinafter referred to as “Shenzhen Vanke”), and Shenzhen Vanke Guangming Real Estate Development Co., Ltd. (hereinafter referred to as “Vanke Guangming”).

On 12 September 2016, Shenzhen Vanke applied for arbitration in respect of “Agreement on the cooperation of urban renewal project of the updated units at Huaafa Area, Gong Ming Street, Guangming New District, Shenzhen” against the Company and Wuhan Zhongheng Group. Shenzhen Court of International Arbitration (SCIA) has given a ruling in August 2017. On August 29, 2018, the court accepted the compulsory execution application of Shenzhen Vanke. In October 2019, as a number of outsiders filed an “execution objection” and applied for “no execution” to Shenzhen Intermediate People’s Court, the Shenzhen Intermediate People’s Court ruled to terminate the enforcement procedure on March 20, 2020. If the “execution objection” and “no execution” proposed by

outsiders are rejected according to law, Shenzhen Vanke may continue to apply to the Shenzhen Intermediate People's Court to resume execution. In April 2020, Zhongheng Semiconductor sued the company to Shenzhen Intermediate People's Court, and requested the company to transfer the above mentioned two pieces of lands and compensate the economic loss of 52 million yuan, the company received the first trial verdict in the case in May 2021. and the company appealed to the supreme people's court against the judgment, which has not yet entered into force. Progress of the case found more in the Notices released on Juchao website dated 14 Sept. 2016, 1 Nov. 2016, 16 Nov. 2016, on 18 Feb. 2017, 24 March 2017, 25 April 2017, 1 July 2017, 18 August 2017, 9 Feb. 2018, 25 Aug. 2018, 7 Sept. 2018, 21 Apr. 2020, 3 Jun, 2021 and 22 Jul. 2021 respectively.

(ii) On 31 December 2015, the 88,750,047 shares held by Wuhan Zhongheng Group, are pledge to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. On 1 Feb. 2016, Wuhan Zhongheng Group pledge the 27,349,953 shares held to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. The above-mentioned pledged shares are deferred by Wuhan Zhongheng Group; pledge expired on 31 December 2017. The trading day for repurchase put off to the date when pledge actually removed. Till end of this period released, controlling shareholder still not removed the pledge and the Company has apply by letter, relevant Notice of Presentment on Stock Pledge from Controlling Shareholder was released. Found more in notice released on Juchao website date 2 Feb. 2018.

(iii) The controlling shareholder Wuhan Zhongheng Group holds 119,289,894 shares of the Company' stock, accounting for 42.13% of the total share capital of the Company, of which 116,489,894 shares were judicially frozen by Shenzhen Intermediate People's Court (hereinafter referred to as "Shenzhen Intermediate Court") on September 27, 2016, which were frozen again by the Shenzhen Intermediate People's Court on December 14, 2018, with a frozen period of 36 months; the remaining 2,800,000 shares were frozen by the Shenzhen Intermediate People's Court on May 29, 2019, and were frozen again by the Higher People's Court of Guangdong Province on July 5, 2019. For details, please refer to the company's announcements published on Juchao Website dated October 27, 2016, January 11, 2019, May 31, 2019 and August 7, 2019.

(iv) Wuhan Zhongheng Group received the first-instance judgment of Guangdong Higher People's Court to the "pledged securities repurchase dispute" case sued by China Merchants Securities Asset Management Co., Ltd. in March 2021. Wuhan Zhongheng Group refused to accept the judgment and has appealed to the Supreme People's Court, the judgment of first instance has not yet taken effect. For details, please refer to the company announcement ("progress of the major litigation and arbitration cases of the controlling shareholder") issued by the company on www.cninfo.com.cn on March 19, 2021.

(v) On September 29, 2016, the company and its controlling shareholder, Wuhan Zhongheng Group, signed the "Agency Contract" with V&T Law Firm. On October 8, 2016, the three parties also signed the "Supplemental Agreement for Agency Contract", it was agreed that V&T acted as an agent for the company and Wuhan Zhongheng Group to deal with the arbitration case with Shenzhen Vanke. After losing the lawsuit, due to

differences in the payment of attorney fees, V&T sued our company and Wuhan Zhongheng Group to the Shenzhen Court of International Arbitration, and applied to the court to seize a bank account under our company's name and part of our company dormitories, please refer to "Other Announcements on the Progress Involving Litigation and Arbitration" (Announcement Numbers: 2018-43, 2019-02) released on Juchao Website dated November 14, 2018 and March 6, 2019. The Shenzhen Court of International Arbitration ruled that the company and Wuhan Zhongheng Group paid the corresponding fees. The loss of the arbitrament in this case was borne by Wuhan Zhongheng Group in whole, and found more on "Other Announcements on the Progress Involving Litigation and Arbitration" (Announcement No.: 2019-34) released on Juchao Website dated November 25, 2019.

XIV. Significant event of subsidiary of the Company

Applicable Not applicable

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares									
Including: Domestic legal person's shares									
Domestic natural person's shares									
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	283,161,227	100.00%	0	0	0	0	0	283,161,227	100.00%
1. RMB ordinary shares	181,165,391	63.98%	0	0	0	0	0	181,165,391	63.98%
2. Domestically listed foreign shares	101,995,836	36.02%	0	0	0	0	0	101,995,836	36.02%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	283,161,227	100.00%	0	0	0	0	0	283,161,227	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

Progress of shares buy-back

Applicable Not applicable

Implementation progress of reducing holdings of shares buy-back by centralized bidding

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

Other information necessary to disclose or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of lock-up stocks

Applicable Not applicable

II. Securities issuance and listing

Applicable Not applicable

III. Amount of shareholders of the Company and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	20,986	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see note 8)	0					
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of common shares held at the end of reporting period	Changes in report period	Amount of restricted common shares held	Amount of common shares held without restriction	Information of shares pledged, tagged or frozen	
							State of share	Amount
Wuhan Zhongheng Group	Domestic non-state-owned legal person	42.13%	119,289,894	0	0	119,289,894	Pledged	116,100,000
							Frozen	119,289,894

SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560	0	0	16,569,560	Pledged	0
							Frozen	0
GOOD HOPE CORNER INVESTMENTS LTD.	Overseas legal person	2.50%	7,072,000	0	0	7,072,000	Pledged	0
							Frozen	0
Changjiang Securities Brokerage (Hong Kong) Co., Ltd.	Overseas legal person	1.89%	5,355,249	0	0	5,355,249	Pledged	0
							Frozen	0
Guoyuan Securities Brokerage (Hong Kong) Limited	Overseas legal person	1.37%	3,870,117	0	0	3,870,117	Pledged	0
							Frozen	0
Li Zhongqiu	Overseas nature person	1.00%	2,830,000	0	0	2,830,000	Pledged	0
							Frozen	0
China Merchants Securities Hong Kong Co., Ltd.	State-owned legal person	0.85%	2,394,018	0	0	2,394,018	Pledged	0
							Frozen	0
Li Wei	Domestic nature person	0.58%	1,638,100	0	0	1,638,100	Pledged	0
							Frozen	0
Xu Xinfen	Domestic nature person	0.56%	1,585,300	0	0	1,585,300	Pledged	0
							Frozen	0
LI SHERYN ZHAN MING	Domestic nature person	0.51%	1,446,100	0	0	1,446,100	Pledged	0
							Frozen	0
Strategy investor or general legal person becoming the top 10 common shareholders by placing new shares (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, Li Zhongqiu is the actual controller of Wuhan Zhongheng New Technology Industry Group Co., LTD., and belongs to a man of concerted action. It is not known whether other shareholders of the company are related to each other, or whether they belong to							

	the concerted action stipulated in the "Management Measures for Disclosure of Information about Changes in Shareholders' Shareholding of Listed Companies".		
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A		
Special note on the repurchase account among the top 10 shareholders (if applicable) (see note 11)	N/A		
Particular about top ten shareholders with un-lock up common stocks held			
Shareholders' name	Amount of common shares held without restriction at Period-end	Type of shares	
		Type	Amount
Wuhan Zhongheng Group	119,289,894	RMB common share	119,289,894
SEG (HONG KONG) CO., LTD.	16,569,560	Domestically listed foreign shares	16,569,560
GOOD HOPE CORNER INVESTMENTS LTD.	7,072,000	Domestically listed foreign shares	7,072,000
Changjiang Securities Brokerage (Hong Kong) Co., Ltd.	5,355,249	Domestically listed foreign shares	5,355,249
Guoyuan Securities Brokerage (Hong Kong) Limited	3,870,117	Domestically listed foreign shares	3,870,117
Li Zhongqiu	2,830,000	Domestically listed foreign shares	2,830,000
China Merchants Securities Hong Kong Co., Ltd.	2,394,018	Domestically listed foreign shares	2,394,018
Li Wei	1,638,100	Domestically listed foreign shares	1,638,100
Xu Xinfen	1,585,300	RMB common share	1,585,300
LI SHERYN ZHAN MING	1,446,100	Domestically	1,446,100

		listed foreign shares	
Expiation on associated relationship or consistent actors within the top 10 un-lock up common shareholders and between top 10 un-lock up common shareholders and top 10 common shareholders	Among the top ten shareholders, Li Zhongqiu is the actual controller of Wuhan Zhongheng New Technology Industry Group Co., LTD., and belongs to a man of concerted action. It is not known whether other shareholders of the company are related to each other, or whether they belong to the concerted action stipulated in the "Management Measures for Disclosure of Information about Changes in Shareholders' Shareholding of Listed Companies".		
Explanation on top 10 common shareholders involving margin business (if applicable) (see note 4)	Among the top ten shareholders, Xu Xin Fen holds 400,400 shares through the general account and 1184,900 shares through the credit securities account, for a total of 1585,300 shares.		

Whether top ten common stock shareholders or top ten common stock shareholders with un-lock up shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-lock up shares held of the Company have no buy-back agreement dealing in reporting period.

IV. Changes of shares held by directors, supervisors and senior executives

Applicable Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2020.

V. Changes in controlling shareholders or actual controllers

Change of controlling shareholder during the reporting period

Applicable Not applicable

The Company had no change of controlling shareholder during the reporting period

Change of actual controller during the reporting period

Applicable Not applicable

The Company had no change of actual controller during the reporting period

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit report

Whether the semi annual report is audited

Yes No

The company's semi annual financial report has not been audited

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance Sheet

Prepared by SHENZHEN ZHONGHENG HUAFA CO., LTD.

In RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary funds	59,612,186.22	60,968,053.58
Settlement provisions		
Capital lent		
Trading financial assets		
Derivative financial assets		
Note receivable	491,683.78	20,240,464.79
Account receivable	135,750,939.59	128,063,911.79
Receivable financing	5,774,948.69	10,057,385.11
Accounts paid in advance	31,961,398.64	39,643,255.11
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	22,540,779.20	4,466,949.96
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	129,877,952.00	70,166,013.49
Contractual assets		

Assets held for sale		
Non-current asset due within one year		
Other current assets	741,380.21	4,255,643.19
Total current assets	386,751,268.33	337,861,677.02
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	46,360,497.13	47,224,662.27
Fixed assets	191,477,026.08	193,605,444.53
Construction in progress	740,000.00	740,000.00
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	39,945,399.92	40,820,657.80
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	623,601.59	77,445.31
Deferred income tax asset	7,383,734.13	7,383,734.13
Other non-current asset	66,000.00	66,000.00
Total non-current asset	286,596,258.85	289,917,944.04
Total assets	673,347,527.18	627,779,621.06
Current liabilities:		
Short-term loans	51,089,579.00	12,527,808.00
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	42,983,519.37	37,416,381.20
Account payable	116,056,638.57	98,318,239.88

Accounts received in advance		
Contractual liability	765,555.97	287,140.66
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	3,886,717.29	5,737,366.59
Taxes payable	12,933,110.63	14,204,642.62
Other account payable	37,074,456.45	27,608,281.01
Including: Interest payable	179,523.72	26,335.66
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year		12,000,000.00
Other current liabilities	211,799.13	18,322,972.81
Total current liabilities	265,001,376.41	226,422,832.77
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	61,000,000.00	61,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable		
Accrual liability	64,411.00	64,411.00
Deferred income	4,043,640.00	4,043,640.00
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	65,108,051.00	65,108,051.00
Total liabilities	330,109,427.41	291,530,883.77
Owner's equity:		
Share capital	283,161,227.00	283,161,227.00

Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	146,577,771.50	146,577,771.50
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	77,391,593.25	77,391,593.25
Provision of general risk		
Retained profit	-163,892,491.98	-170,881,854.46
Total owner's equity attributable to parent company	343,238,099.77	336,248,737.29
Minority interests		
Total owner's equity	343,238,099.77	336,248,737.29
Total liabilities and owner's equity	673,347,527.18	627,779,621.06

Legal Representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institute: Chuai Guoxu

2. Balance Sheet of Parent Company

In RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary funds	1,331,648.92	966,379.17
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable		
Receivable financing		
Accounts paid in advance	2,199,741.25	73,685.03
Other account receivable	87,948,585.04	93,922,057.92
Including: Interest receivable		
Dividend receivable		

Inventories	14,806.50	14,806.50
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets		
Total current assets	91,494,781.71	94,976,928.62
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	186,618,400.00	186,618,400.00
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	23,353,697.10	23,957,898.42
Fixed assets	96,806,187.37	96,674,476.52
Construction in progress	740,000.00	740,000.00
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	4,336,290.66	4,408,763.52
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	7,443,826.11	7,443,826.11
Other non-current assets		
Total non-current assets	319,298,401.24	319,843,364.57
Total assets	410,793,182.95	414,820,293.19
Current liabilities:		
Short-term borrowings	6,000,000.00	
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	9,740,367.33	10,745,840.16
Accounts received in advance	46,958.09	83,155.09

Contractual liability		
Wage payable	819,533.72	1,476,601.12
Taxes payable	7,316,798.88	7,892,878.33
Other accounts payable	20,487,078.43	21,304,919.43
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		12,000,000.00
Other current liabilities		
Total current liabilities	44,410,736.45	53,503,394.13
Non-current liabilities:		
Long-term loans	61,000,000.00	61,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities	64,411.00	64,411.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	61,064,411.00	61,064,411.00
Total liabilities	105,475,147.45	114,567,805.13
Owners' equity:		
Share capital	283,161,227.00	283,161,227.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	146,587,271.50	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	77,391,593.25	77,391,593.25

Retained profit	-201,822,056.25	-206,887,603.69
Total owner's equity	305,318,035.50	300,252,488.06
Total liabilities and owner's equity	410,793,182.95	414,820,293.19

3. Consolidated Profit Statement

In RMB

Item	2021 semi-annual	2020 semi-annual
I. Total operating income	391,633,808.55	300,703,421.38
Including: Operating income	391,633,808.55	300,703,421.38
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	381,924,442.73	297,053,804.80
Including: Operating cost	334,523,805.25	263,959,652.63
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	1,428,361.92	1,004,056.05
Sales expense	14,094,617.96	9,100,079.39
Administrative expense	22,680,307.24	17,082,362.66
R&D expense	3,955,647.50	2,423,425.26
Financial expense	5,241,702.86	3,484,228.81
Including: Interest expenses	3,774,381.48	4,018,202.27
Interest income	189,945.55	11,856.69
Add: Other income	3,553.35	348,540.00
Investment income (Loss is listed with "-")	149,767.58	66,780.40
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost		

Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)	-1,350,000.00	
Income from assets disposal (Loss is listed with “-”)		-99,867.53
III. Operating profit (Loss is listed with “-”)	8,512,686.75	3,965,069.45
Add: Non-operating income	276,599.04	45,200.06
Less: Non-operating expense	215,202.92	7,302.38
IV. Total profit (Loss is listed with “-”)	8,574,082.87	4,002,967.13
Less: Income tax expense	1,584,720.39	837,369.58
V. Net profit (Net loss is listed with “-”)	6,989,362.48	3,165,597.55
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	6,989,362.48	3,165,597.55
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	6,989,362.48	3,165,597.55
2.Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(D) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		

3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	6,989,362.48	3,165,597.55
Total comprehensive income attributable to owners of parent Company	6,989,362.48	3,165,597.55
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0248	0.0112
(ii) Diluted earnings per share	0.0248	0.0112

As for the enterprise combined under the same control, net profit of 780,210.91 Yuan achieved by the merged party before combination while -824,054.38 Yuan achieved last period.

Legal Representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institute: Chuai Guoxu

4. Profit Statement of Parent Company

In RMB

Item	Semi-annual of 2021	Semi-annual of 2020
I. Operating income	22,146,204.31	16,720,522.47
Less: Operating cost	4,439,887.16	2,040,226.11
Taxes and surcharge	572,280.19	542,709.33
Sales expenses		
Administration expenses	7,444,373.84	6,208,200.98
R&D expenses		
Financial expenses	3,381,988.26	4,015,977.09

Including: Interest expenses	3,385,557.02	4,018,202.27
Interest income		6,881.46
Add: Other income	3,306.96	
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)		
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	6,310,981.82	3,913,408.96
Add: Non-operating income	0.35	17,754.80
Less: Non-operating expense	8,500.00	
III. Total Profit (Loss is listed with “-”)	6,302,482.17	3,931,163.76
Less: Income tax	1,236,934.73	982,790.94
IV. Net profit (Net loss is listed with “-”)	5,065,547.44	2,948,372.82
(i) continuous operating net profit (net loss listed with “-”)		
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		

2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	5,065,547.44	2,948,372.82
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual of 2021	Semi-annual of 2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	244,756,106.28	251,602,049.92
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	2,152,394.35	
Other cash received concerning operating activities	16,266,093.74	3,743,255.21
Subtotal of cash inflow arising from operating activities	263,174,594.37	255,345,305.13

Cash paid for purchasing commodities and receiving labor service	180,586,052.16	179,132,887.12
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	38,342,263.84	24,991,943.90
Taxes paid	13,863,743.82	3,743,185.15
Other cash paid concerning operating activities	52,200,904.14	26,277,076.72
Subtotal of cash outflow arising from operating activities	284,992,963.96	234,145,092.89
Net cash flows arising from operating activities	-21,818,369.59	21,200,212.24
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	186,685.90	66,780.40
Net cash received from disposal of fixed, intangible and other long-term assets	21,750.00	411,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		35,000,000.00
Subtotal of cash inflow from investing activities	208,435.90	35,477,780.40
Cash paid for purchasing fixed, intangible and other long-term assets	2,524,810.50	1,816,159.96
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		35,000,000.00
Subtotal of cash outflow from investing activities	2,524,810.50	36,816,159.96
Net cash flows arising from investing activities	-2,316,374.60	-1,338,379.56
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	57,190,879.00	6,725,056.80
Other cash received concerning financing activities		

Subtotal of cash inflow from financing activities	57,190,879.00	6,725,056.80
Cash paid for settling debts	30,430,404.00	37,370,812.20
Cash paid for dividend and profit distributing or interest paying	3,578,255.11	4,192,431.31
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	34,008,659.11	41,563,243.51
Net cash flows arising from financing activities	23,182,219.89	-34,838,186.71
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-403,343.06	144,260.22
V. Net increase of cash and cash equivalents	-1,355,867.36	-14,832,093.81
Add: Balance of cash and cash equivalents at the period -begin	60,968,053.58	36,645,061.61
VI. Balance of cash and cash equivalents at the period -end	59,612,186.22	21,812,967.80

6. Cash Flow Statement of Parent Company

In RMB

Item	Semi-annual of 2021	Semi-annual of 2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	2,336,572.26	17,825,898.30
Write-back of tax received		
Other cash received concerning operating activities	12,794,492.62	7,210,631.17
Subtotal of cash inflow arising from operating activities	15,131,064.88	25,036,529.47
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	548,093.93	2,100,854.64
Taxes paid	3,454,113.92	1,790,646.36
Other cash paid concerning operating activities	1,380,064.32	11,480,046.39
Subtotal of cash outflow arising from operating activities	5,382,272.17	15,371,547.39
Net cash flows arising from operating activities	9,748,792.71	9,664,982.08
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other		

long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets		
Cash paid for investment		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities		
Net cash flows arising from investing activities		
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts	6,000,000.00	6,000,000.00
Cash paid for dividend and profit distributing or interest paying	3,383,290.96	3,366,124.47
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	9,383,290.96	9,366,124.47
Net cash flows arising from financing activities	-9,383,290.96	-9,366,124.47
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		2,210.11
V. Net increase of cash and cash equivalents	365,501.75	301,067.72
Add: Balance of cash and cash equivalents at the period -begin	966,379.17	2,046,143.44
VI. Balance of cash and cash equivalents at the period -end	1,331,880.92	2,347,211.16

7. Statement of Changes in Owners' Equity (Consolidated)

Current Amount

In RMB

Item	Semi-annual of 2021											Min ority inter ests	Tota l own ers'
	Owners' equity attributable to the parent Company												
	Sha re	Other equity instrument	Capi tal	Less :	Othe r	Reas onab	Surp lus	Prov ision	Reta ined	Othe r	Subt otal		

	cap ital	Pre fer red sto ck	Per pet ual cap ital sec urit ies	Ot her	reser ve	Inve ntor y shar es	com preh ensi ve inco me	le reser ve	reser ve	of gene ral risk	profi t				equit y	
I. The ending balance of the previous year	283,161,227.00				146,577,771.50				77,391,593.25		-170,881,854.46			336,248,737.29		336,248,737.29
Add: Changes of accounting policy																
Error correction of the last period																
Enterprise combine under the same control																
Other																
II. The beginning balance of the current year	283,161,227.00				146,577,771.50				77,391,593.25		-170,881,854.46			336,248,737.29		336,248,737.29
III. Increase/Decrease in the period (Decrease is listed with “-”)											6,989,362.48			6,989,362.48		6,989,362.48
(i) Total comprehensive income											6,989,362.48			6,989,362.48		6,989,362.48
(ii) Owners’ devoted and decreased																

capital															
1.Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(iii) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)															
4. Other															
(iv) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															

2. Surplus reserves converted to capital (share capital)														
3. Remedying loss with surplus reserve														
4. Carry-over retained earnings from the defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Other														
(v) Reasonable reserve														
1. Withdrawal in the report period														
2. Usage in the report period														
(vi) Others														
IV. Balance at the end of the period	283,161,277.00			146,577,771.50				77,391,593.25		-163,892,491.98		343,238,099.77		343,238,099.77

Amount of the previous period

In RMB

Item	Semi-annual of 2020			
	Owners' equity attributable to the parent Company			Total

	Share capital	Other equity instrument			Capital reserve	Less : Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal	Minority interests	Owners' equity
		Preferred stock	Perpetual capital securities	Other											
I. The ending balance of the previous year	283,161,227.00				146,587,271.50				77,391,593.25		-177,712,041.86		329,428,049.89		329,428,049.89
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. The beginning balance of the current year	283,161,227.00				146,587,271.50				77,391,593.25		-177,712,041.86		329,428,049.89		329,428,049.89
III. Increase/Decrease in the period (Decrease is listed with											3,165,597.55		3,165,597.55		3,165,597.55

“-”)															
(i) Total comprehensive income										3,165,755				3,165,755	
(ii) Owners' devoted and decreased capital															
1. Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(iii) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)															
4. Other															

(iv) Carrying forward internal owners' equity																			
1. Capital reserves converted to capital (share capital)																			
2. Surplus reserves converted to capital (share capital)																			
3. Remedying loss with surplus reserve																			
4. Carry-over retained earnings from the defined benefit plans																			
5. Carry-over retained earnings from other comprehensive income																			
6. Other																			
(v) Reasonable reserve																			
1. Withdrawal in the report period																			
2. Usage in																			

the report period																
(vi) Others																
IV. Balance at the end of the period	283,161,277.00				146,587,271.50				77,391,593.25			-174,546,444.31			332,593,647.44	332,593,647.44

8. Statement of Changes in Owners' Equity (Parent Company)

Current Amount

In RMB

Item	Semi-annual of 2021											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	283,161,227.00				146,587,271.50				77,391,593.25	-206,887,603.69		300,252,488.06
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	283,161,227.00				146,587,271.50				77,391,593.25	-206,887,603.69		300,252,488.06
III. Increase/Decrease in the period										5,065.54		5,065.54

(Decrease is listed with “-”)												
(i) Total comprehensive income										5,065,547.44		5,065,547.44
(ii) Owners’ devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(iv) Carrying forward internal owners’ equity												
1. Capital reserves conversed to												

capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	283,161,227.00				146,587,271.50				77,391,593.25	-201,822,056.25		305,318,035.50

Amount of the previous period

In RMB

Item	Semi-annual of 2020											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory	Other comprehensive	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred	Perpetual	Other								

	al	d stoc k	capit al secu ritie s		e	shares	incom e					
I. The ending balance of the previous year	283,161,227.00				146,587,271.50				77,391,593.25	-208,863,486.54		298,276,605.21
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning balance of the current year	283,161,227.00				146,587,271.50				77,391,593.25	-208,863,486.54		298,276,605.21
III. Increase/Decrease in the period (Decrease is listed with “-”)										2,948,372.82		2,948,372.82
(i) Total comprehensive income										2,948,372.82		2,948,372.82
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of												

other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over												

retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	283,161,227.00				146,587,271.50				77,391,593.25	-205,915,113.72		301,224,978.03

III. Company profile

1. The registration place of the enterprise, the form of organization and the headquarters address

Shenzhen Zhongheng HUAFU Company Limited (hereinafter referred to as Company or the Company), established on 8 December 1981. Uniform social credit code 91440300618830372G.

Registered place and head office of the Company: 411 Bldg., Huafa (N) Road, Futian District, Shenzhen

Legal representative: Li Zhongqiu

Registered capital: RMB 283,161,227.00

2. The nature of the business and the main business activities

The Company belongs to the computer, telecommunication and manufacturing of other electronic equipment. Business scope: producing and sales of vary color TV set, liquid crystal display, LCD (operates in branch), radio-recorder, sound equipment, electronic watch, electronic game and computers, the printed wiring board, precision injection parts, light packaging material (operates in Wuhan) and hardware (including tool and mould)

for various electronic products and supporting parts, plating and surface treatment and tin wire, development and operation of real estate (Shen Fang Di Zi No.: 7226760) and property management. Funded affiliated companies in Wuhan and Jilin. Setting up branches in capital of the province (Lhasa City excluded) in China and municipality directly under the central government.

3. Relevant party offering approval reporting of financial statements and date thereof

The financial statement has been deliberated and approved by BOD on 20 August 2021. According to Article of Association, the statement shall be submitted for deliberation in shareholders general meeting.

Consolidate scope in the Period including: subsidiaries including Shenzhen HUAFA Property Lease Management Co., Ltd (no annual inspection in 2011, and business license revoke on 1 April 2014), Shenzhen Zhongheng HUAFA Property Co., Ltd, Wuhan Hengfa Technology Co., Ltd., Shenzhen HUAFA Hengtian Co., Ltd. and Shenzhen HUAFA Hengtai Co., Ltd. More of subsidiaries found in “Note VIII. Equity in other subjects”.

IV. Preparation basis of Financial Statements

1. Preparation basis

Base on the running continuously and actual transactions and events, in line with the Accounting Standards for Business Enterprise – Basic Standards and specific principle of accounting standards issued by the Ministry of Finance (hereinafter collectively referred to as Accounting Standards for Business Enterprise), the Company prepared and formulate the financial statement lies on the followed important accounting policy and estimation.

2. Going concern

The Company expects that the production and sales will be in a virtuous cycle within 12 months from the end of the reporting period, and there is no risk that affects the continued operations.

V. Important accounting policy and estimation

Notes on specific accounting policies and accounting estimation:

The following disclosure has covered the specific accounting policies and accounting estimates formulated by the Company according to the actual production and operation characteristics.

1. Declaration of obedience to Accounting Standards for Business Enterprise

The Financial Statements of the Company are up to requirements of *Accounting Standards for Business Enterprise* and also a true and thorough reflection to the relevant information as the Company’s financial position dated 30th June 2021 and the operation results as well as cash flow for the first half year of 2021.

2. Accounting period

The Company's accounting year is Gregorian calendar year, namely from 1st January to 31st December of every year.

3. Business cycle

The Company's business cycle is one year (12 months) as a normal cycle, and the business cycle is the determining criterion for the liquidity of assets and liabilities of the Company.

4. Bookkeeping standard currency

The Renminbi (RMB) is taken as the book-keeping standard currency.

5. Accounting methods for consolidation of enterprises under the same control or otherwise

5.1 Consolidation of enterprises under the same control

Where the Company for long term equity investment arising from business combination under common control satisfies the combination consideration by payment of cash, transfer of non-cash assets or assumption of debt, the carrying value of the net assets of the acquire in combined financial statement of the ultimate controller shared by the Company as at the combination date shall be deemed as the initial investment cost of such long term equity investment. If the equity instrument issued by combining party are consider as the combination consideration, than the total value of the issuing shares are consider as the share capital. The difference between the initial cost of long-term equity investment and book value of consideration (or total face value of the shares issued) paid, capital surplus adjusted; if the capital surplus not enough to written down, than retained earning adjusted.

5.2 Business combination not under common control

As for business combination not under common control, combination costs refer to the sum of the fair value of the assets paid, liabilities occurred or assumed as well as equity securities issued by the acquirer to obtain control over the acquire as at the acquisition date. As for acquiree that obtained by consolidation not under the same control, the qualified confirmation of identified assets, liability and contingency liabilities should calculated by fair value on day of purchased. If the consolidation cost larger than the fair value amount of identified net assets from acquiree's, the differences should be recognized as goodwill. If the consolidation cost less than the fair value amount of identified net assets from acquiree's, the differences should reckoned into current non-operating income.

6. Preparation methods for consolidated financial statements

6.1 Consolidation financial statement range

The Company includes all the subsidiaries (including the separate entities controlled by the Company) into

consolidated financial statement, including companies controlled by the Company, non-integral part of the investees and structural main body.

6.2 Centralize accounting policies, balance sheet dates and accounting periods of parent and subsidiaries.

As for the inconsistency between the subsidiaries and the Company in the accounting policies and periods, the necessary adjustment is made on the subsidiaries' financial statements in the preparation of the consolidated financial statements according to the Company's accounting policies and periods.

6.3 Offset of consolidated financial statement

The consolidated financial statements shall be prepared on the basis of the balance sheet of the parent company and subsidiaries, which offset the internal transactions incurred between the parent company and subsidiaries and within subsidiaries. The owner's equity of the subsidiaries not attributable to the parent company shall be presented as minority equity under the owner's equity item in the consolidated balance sheet. The long term equity investment of the parent company held by the subsidiaries, deemed as treasury stock of the corporate group as well as the reduction of owners' equity, shall be presented as "Less: treasury stock" under the owners' equity item in the consolidated balance sheet.

6.4 Accounting for acquisition of subsidiary through combination

For subsidiaries acquired under enterprise merger involving enterprises under common control, the assets, liabilities, operating results and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the financial year in which the combination took place. When preparing the consolidated financial statements, for the subsidiaries acquired from business combination not involving entities under common control, the identifiable net assets of the subsidiaries are adjusted on the basis of their fair values on the date of acquisition.

6.5 Accounting treatment of disposal subsidiaries

In the case of partial disposal of long-term equity investments in subsidiaries without loss of control, in the consolidated financial statements, the difference between the disposal price and the net asset share corresponding to the disposal of long-term equity investments and enjoying the subsidiaries' continued calculation from the purchase date or the merger date is used to adjust the capital reserve (capital premium or equity premium). If the capital reserve is insufficient to offset, the retained earnings are adjusted.

7. Classification of joint venture arrangement and accounting treatment of joint operation

8. Determination criteria of cash and cash equivalent

The cash recognized in the preparation of the cash flow statements, is the Company's storage cash and deposits available for payment anytime. The cash equivalents recognized in the preparation of the cash flow statements

refers to the investment held by the Company with characteristic of short-term, strong mobility, easy transfer to known sum cash and has slim risk from value changes.

9. Foreign currency exchange and the conversion of foreign currency statements

9.1 Foreign currency exchange

The approximate exchange rate of the spot exchange rate on transaction occurred should be used for standard money conversion while foreign currency exchange occurred. On the balance sheet day, the monetary items are converted on the current rate on the balance sheet day, concerning the exchange differences between the spot exchange rate on that date and initial confirmation or the sport exchange rate on previously balance sheet date, should reckoned in to current gains/losses except the capitalizing on exchange differences for foreign specific loans, which was reckoned into cost for capitalizing. The non-monetary items measured on the historic cost are still measured by the original bookkeeping rate with the sum of the bookkeeping standard currency unchanged. Items of non-monetary foreign currency which was calculated by fair value, should converted by spot exchange rate on the confirmation day of fair value, difference between the converted amount of bookkeeping currency and original amount of bookkeeping currency, was treated as changes of fair value (including exchange rate changed) reckoned into current gains/losses or recognized as other consolidated income.

9.2 Conversion of foreign currency financial statements

Upon the conversion of the foreign currency financial statements of the controlling subsidiaries, joint enterprises, and the affiliated enterprises on the bookkeeping standard currency different from the Company's, the accounting check and preparation of the consolidated financial statements are made. Assets and liabilities items in the balance sheet are converted on the current rate on the balance sheet day; owners' equity items besides the "retained profit" item, the other items are converted on the actual rate. Items of revenue and expenses in profit statement, should converted by the approximate exchange rate of spot exchange rate on occurring date. The conversion difference of the foreign currency financial statements is listed specifically in the owners' equity in the balance sheet. If the foreign cash flow determined by rational system method, the approximate exchange rate of spot exchange rate on occurring date should prevail. The cash influenced by the rate fluctuation is listed specifically in the cash flow statement. As for the foreign operation, the conversion difference of the foreign currency statement related to the foreign operation is transferred in proportion into the disposal of the current loss/gain.

10. Financial instrument

10.1 Category and recognition of financial instrument

Financial instrument is the contract that taken shape of the financial asses for an enterprise and of the financial liability or equity instrument for other units.

(1) Financial assets

The Company classifies financial assets that meet the following conditions as financial assets measured at amortized cost: ① The Company's business model for managing financial assets is to collect contractual cash flows as its goal; ② The contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount.

For investment in non-trading equity instruments, the Company may irrevocably designate it as a financial asset measured at fair value and its changes included in other comprehensive income at initial recognition. The designation is made on the basis of a single investment, and the relevant investment meets the definition of equity instruments from the perspective of the issuer.

Except for financial assets classified as financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income, the Company classifies the financial assets as financial assets measured at fair value and whose changes are included in current profit or loss. At the initial recognition, if the accounting mismatch can be eliminated or reduced, the Company can irrevocably designate the financial asset as a financial asset measured at fair value and its changes are included in the current profit and loss.

(2) Financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value and whose changes are included in the current profit or loss, financial liabilities formed by the transfer of financial assets that does not meet the conditions for derecognition or continues to be involved in the transferred financial assets, and financial liabilities measured at amortized cost at initial recognition. All financial liabilities are not reclassified.

10.2 Measurement of financial instruments

The initial recognition of the Company's financial instruments is measured at fair value. For financial assets and financial liabilities measured at fair value and whose changes are included in the current profit and loss, the related transaction costs are directly included in the current profit and loss; for other types of financial assets or financial liabilities, the related transaction costs are included in the initial recognition amount. For the accounts receivable or bills receivable arising from the sale of products or the provision of labor services, not containing or not considering significant financing components, the Company shall use the amount of consideration expected to be received as the initial recognition amount. The subsequent measurement of financial instruments depends on their classification.

(1) Financial assets

① Financial assets measured at amortized cost. After initial recognition, such financial assets are measured at amortized cost by using the effective interest method. Gains or losses arising from financial assets that are measured at amortized cost and do not belong to any hedging relationship are included in the current profit or loss when they are derecognized, reclassified, amortized in accordance with the effective interest rate method, or

recognized for impairment.

② Financial assets measured at fair value and whose changes are included in the current profit and loss. After initial recognition, for such financial assets (except for a part of financial assets that belong to the hedging relationship), the fair value is used for subsequent measurement, and the resulting gains or losses (including interest and dividend income) are included in the current profit and loss.

③ Investment in debt instruments measured at fair value and whose changes are included in other comprehensive income. After initial recognition, the subsequent measurement of such financial assets is conducted at fair value. Interest, impairment losses or gains calculated by using the effective interest rate method and the exchange gains and losses are included in the current profit and loss, and other gains or losses are included in other comprehensive income. In derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

(2) Financial liabilities

① Financial liabilities measured at fair value and whose changes are included in the current profit and loss. Such financial liabilities include trading financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in the current profit and loss. After initial recognition, the subsequent measurement of such financial liabilities is at fair value, except for those related to hedge accounting, gains or losses (including interest expenses) resulting from changes in the fair value of trading financial liabilities are included in the current profit and loss. If a financial liability designated to be measured at fair value and whose changes are included in the current profit or loss, the amount of change in the fair value of the financial liability caused by changes in the enterprise's own credit risk is included in other comprehensive income, other changes in fair value are included in the current profit and loss. If the impact of changes in the financial liability's own credit risk included in other comprehensive income causes or expands the accounting mismatch in profit or loss, the Company will include all gains or losses on the financial liability in the current profit and loss.

② Financial liabilities measured at amortized cost. After initial recognition, such financial liabilities are measured at amortized cost by using the effective interest method.

10.3 The Company's methods for confirming the fair value of financial instruments

If the financial instrument has an active market, the fair value is determined by the quoted price in the active market; if the financial instrument doesn't have an active market, the fair value is determined by adopting the valuation technique. Valuation techniques mainly include market approach, income approach and cost approach. In limited circumstances, if the recent information used to determine fair value is insufficient, or the range of possible estimated amounts of fair value is widely distributed, and the cost represents the best estimate of fair value within this range, the cost may represent the appropriate estimates of fair value within this distribution range.

The Company uses all information on the performance and operation of the investee gettable after the initial recognition date to determine whether the cost represents the fair value or not.

10.4 Confirmation basis and measurement method for the transfer of liabilities of financial assets

(1) Financial assets

If the Company's financial asset meets one of the following conditions, it shall be terminated for confirmation: ① The contract right to receive the cash flow of the financial asset is terminated; ② The financial asset has been transferred, and the Company has transferred almost all risks and rewards of ownership of the financial asset; ③ The financial asset has been transferred, although the Company has neither transferred nor retained almost all the remuneration in the ownership of the financial asset, it has not retained control of the financial asset.

If the transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profit and loss: ① The book value of the transferred financial assets on the date of derecognition; ② The sum of the consideration received for the transfer of financial assets and the amount corresponding to the derecognized part of the cumulative amount of changes in fair value that was directly included in other comprehensive income (the financial assets involved in the transfer are classified as financial assets measured at fair value and their changes are included in other comprehensive income).

(2) Financial liability

If the current obligation of the financial liability (or part of it) has been discharged, the Company derecognizes the financial liability (or part of the financial liability).

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

11. Note receivable

11.1 How to determine expected credit losses

Based on expected credit losses, the Company makes impairment accounting treatment and confirm loss provisions for financial assets (including receivables) measured at amortized cost and financial assets (including receivables financing) that are measured at fair value and whose changes are included in other comprehensive income, and lease receivables.

The Company assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and divides the process of credit impairment of financial instruments into three stages, and adopts different accounting treatment methods for financial instruments

impairment at different stages: (1) In the first stage, if the credit risk of a financial instrument has not increased significantly since its initial recognition, the Company shall measure the loss provisions according to the expected credit losses of the financial instrument in the next 12 months, and calculate the interest income according to its book balance (i.e. without deducting impairment) and actual interest rate; (2) In the second stage, if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the Company shall measure the loss provisions according to the expected credit losses of the financial instrument during the entire duration, and calculate the interest income according to its book balance and actual interest rate; (3) In the third stage, if the credit impairment occurs after initial recognition, the Company shall measure loss provisions based on the expected credit losses of the financial instrument for the entire duration, and calculate the interest income according to its book balance and actual interest rate.

(1) Methods of measuring loss provisions for financial instruments with lower credit risk

For financial instruments with lower credit risk on the balance sheet date, the Company can directly make the assumption that the credit risk of the instrument has not increased significantly since the initial recognition without comparing with the credit risk at the initial recognition.

If the default risk of financial instruments is low, the debtor's ability to fulfill its contractual cash flow obligations is strong in the short term, and even if there are adverse changes in the economic situation and operating environment over a long period of time, it may not necessarily reduce the borrower's ability to fulfill the contractual cash flow obligations, the financial instrument shall be considered to have lower credit risk.

(2) Methods of measuring loss provisions for accounts receivable and lease receivables

① Receivables that do not contain significant financing components. For the receivables formed by transactions regulated by "Accounting Standards for Business Enterprises No.14-Revenue" and without containing significant financing components, the Company adopts a simplified method, that is, it always calculates the loss provisions based on the expected credit losses for the entire duration.

Based on the nature of financial instruments, the Company assesses whether credit risk has increased significantly on the basis of individual financial assets or financial assets portfolios. The Company divides the notes receivable and accounts receivable into several portfolios based on the characteristics of credit risk, and calculates the expected credit losses on the basis of the portfolios, the basis for determining the portfolios is as follows:

Accounts receivable portfolio 1: A portfolio that uses the aging of accounts receivables as credit risk characteristics,

Accounts receivable portfolio 2: Combination of related parties included in the scope of consolidated statements

Notes receivable portfolio 1: Same as the division of accounts receivable portfolio

Notes receivable portfolio 2: Management evaluates that this type of fund is bank acceptance portfolio with lower credit risk

For the accounts receivable and notes receivable being divided into portfolio 1, the Company refers to the historical credit loss experience, combines with the current conditions and the prediction of future economic situation, and prepares a comparison table of the aging of accounts receivable and the expected credit loss rate of the entire duration, and calculates the expected credit losses.

For accounts receivable and notes receivable being divided into portfolio 2, the Company refers to historical credit loss experience, combines with the current conditions and the predictions of future economic conditions, and calculates the expected credit losses of 0% through default risk exposure and expected credit loss rate for the entire duration.

②Accounts receivables and leases receivables that contain significant financing components. For accounts receivables that contain significant financing components and leases receivables regulated by “Accounting Standards for Business Enterprises No. 21-Leases”, the Company measures loss provisions in accordance with the general method, that is, the “third stage” model.

(3) Methods of measuring loss reserves for other financial assets

For financial assets other than the above, such as debt investment, other debt investment, other receivables, long-term receivables other than lease receivables, etc., the Company uses the general method, that is, the three-stage model to measure loss reserves.

When measuring the credit impairment of financial instruments, the Company considers the following factors in assessing whether the credit risk has increased significantly:

The Company divides other receivables into a number of portfolios based on the nature of the money, and calculates the expected credit loss on the basis of the portfolio. The basis for determining the portfolio is as follows:

Other receivables portfolio 1: A portfolio of unrelated parties with provision for impairment in accordance with the expected loss rate

Other receivables portfolio 2: A portfolio of related parties included in the scope of the consolidated statement

For other receivables classified into portfolio 1, the Company refers to historical credit loss experience, combines with current conditions and forecasts of future economic conditions, compiles a comparison table of accounts receivable aging and expected credit loss rate of the entire duration, and calculates the expected credit loss.

For other receivables classified into portfolio 2, the Company refers to historical credit loss experience, combines with current conditions and forecasts of future economic conditions, and calculates an expected credit loss of 0% through the default risk exposure and the expected credit loss rate of the entire duration .

(4) Accrual method of bad debt provision for those accrual by account age as the portfolio

Account age	Expected credit loss rate of receivable (%)	Expected credit loss rate of other receivable (%)
Within one year (one year included)	0	0
1-2 years	5	5
2-3 years	10	10
Over 3 years	30	30

11.2 Accounting treatment methods of expected credit losses

In order to reflect the changes in the credit risk of financial instruments since initial recognition, the Company remeasures the expected credit losses on each balance sheet date, and the resulting increase or reversal of the loss provisions should be counted as an impairment loss or gain and included in the current profit and loss, and based on the type of financial instrument, offsets the book value of the financial asset listed in the balance sheet or includes in the estimated liability (loan commitment or financial guarantee contract) or includes in other comprehensive income (debt investments measured at fair value and whose changes are included in other comprehensive income).

12. Account receivable

Same as 10. Note receivable

13. Receivable financing

Same as 10. Note receivable

14. Other account receivable

Determination and accounting treatment on the expected credit losses of other account receivable

Same as 10. Note receivable

15. Inventory

15.1 Categories of inventory

The inventory is goods or manufactured products held for sale, products in process, and materials and matters utilized in the production or supply of labor. Mainly including raw material, revolving materials (wrapping and low-value consumption goods etc.), outside processing materials, goods in process, semi-finished goods, stocks and so on.

15.2 Accounting method for inventory delivery

When inventories are issued, the actual cost is determined by monthly weighted average method.

15.3 Accrual method inventory falling price reserves

On the balance sheet day, the inventory is measured on the lower one between the cost and the net realizable value, and the provision for the falling price reserves is accrued on each inventory item; however, as for the inventory of large quantity and low price, the provision is accrued on the inventory category.

15.4 Inventory system

Inventory system of the Company is perpetual inventory system

15.5 Amortization method for the low-value consumables and wrap page

Low-value consumables and packages are amortized by one-point method

16. Contractual assets

17. Contractual costs

18. Assets held for sale

19. Debt investment

20. Other debt investment

21. Long-term account receivable

22. Long-term equity investment

22.1 Recognition of initial investment cost

For a long-term equity investment obtained by a business combination, if it is a business combination under the same control, take the share of the combine party obtained in the book value of the net assets in the consolidated financial statements of the ultimate controlling party on the combination date as the initial investment cost; in the case of the consolidation of enterprises not under the same control, recognized as the initial cost is the recognized consolidation cost on the purchase day. As for the long term equity investment obtained by cash payment, the initial investment cost is the actual purchase payment. As for the long term equity investment obtained by the equity securities offering, the initial investment cost is the fair value of the equity securities. As for the long-term equity investment obtained by debt reorganization, initial investment cost of such investment should determine by relevant regulation of the “Accounting Standards for Business Enterprise No.12- Debt Reorganization”; as for the long term equity investment obtained by the exchange of the non-monetary assets, the initial investment cost is recognized on the relevant rules in the “Accounting Standards for Business Enterprise No. 7- Exchange of Non-Monetary Assets”

22.2 Subsequent measurement and profit or loss recognition

Where the company has a control over the investee, long-term equity investments are measured using cost method. Long-term equity investments in associates and joint ventures are measured using equity method. Where part of the equity investments of an investor in its associates are held indirectly through venture investment institutions, common fund, trust companies or other similar entities including investment linked insurance funds, such part of equity investments indirectly held by the investor shall be measured at fair value through profit or loss according to according to relevant requirements of Accounting Standards for Business Enterprises No.22—Recognition and measurement of Financial Instruments regardless whether the above entities have significant influence on such part of equity investments, while the remaining part shall be measured using equity method.

22.3 Basis of conclusion for common control and significant influence over the investee

Joint control over an investee refers to where the activities which have a significant influence on return on certain arrangement could be decided only by mutual consent of the investing parties sharing the control, which includes the sales and purchase of goods or services, management of financial assets, acquisition and disposal of assets, research and development activities and financing activities, etc.; Significant influence on the investee refers to that: significant influence over the investee exists when holding more than 20% but less than 50% of the shares with voting rights or even if the holding is below 20%, there is still significant influence if any of the following conditions is met: there is representative in the board of directors or similar governing body of the investee; participation in the investee's policy setting process; assign key management to the investee; the investee relies on the technology or technical information of the investing company; or major transactions with the investee.

23. Investment real estate

Measurement for investment real estate

Cost method

Depreciation or amortization method

The types of investment real estate of the Company include the leased land use rights, leased buildings, and land use rights held and prepared for transfer after appreciation. Investment real estate is initially measured at cost and subsequently measured by using the cost model.

The leased buildings in the Company's investment property adopts straight-line depreciation to calculate and distill depreciation, specific accounting policy are same as part of the fixed assets. The leased land use rights in the investment property and the land use rights to be transferred after appreciation adopt straight-line amortization, specific accounting policy are same as part of the intangible assets.

24. Fixed assets

(1) Recognition

Fixed assets refers to the tangible assets holding for purpose of producing goods, providing labor services, leasing or operation management, which has one accounting fiscal year of using life. Meanwhile as up to the following conditions, they are recognized: the economic interest related to the fixed assets probably flow into the Company; the cost of the fixed assets can be measured reliably.

(2) Depreciation method

Category	Depreciation method	Depreciation life (year)	Salvage rate	Annual depreciation rate
House building	Straight-line depreciation	20-50	10	1.8-4.5
Machinery equipment	Straight-line depreciation	10	10	9
Mold equipment	Straight-line depreciation	3	10	30
Transportation equipment	Straight-line depreciation	5	10	18
Instrument equipment	Straight-line depreciation	5	10	18
Tool equipment	Straight-line depreciation	5	10	18
Office equipment	Straight-line depreciation	5	10	18

N/A

(3) Recognition basis, valuation and depreciation method for fixed assets under financing lease

The fixed assets under financing lease are the lease that has substantially transferred all the risks and rewards associated with asset ownership. The initial valuation of the fixed assets under financing lease is to take the lower one between the fair value of the leased assets and the present value of the minimum lease payments on the start date of the lease period as the entry value; the subsequent valuation of the fixed assets under financing lease adopts the depreciation policy consistent with the own fixed assets to make depreciation and impairment provision.

25. Construction in process

Construction in process of the Company divided as self-run construction and out-bag construction. The Construction in process of the Company carried forward as fixed assets while the construction is ready for the intended use. Criteria of the expected condition for use should apply one of the follow conditions: The substance construction (installation included) of the fixed assets has completed all or basically; As the projects have been in test production or operation, and the results show that the assets can operate properly and produce the qualified products stably, or the test operation result shows the assets can operate or open properly. The expenditure of the fixed assets on the construction is a little or little. The fixed assets of the project constructed have been up to the requirements of the design or contract, or basically up to.

26. Borrowing expenses

26.1 Recognition principle on capitalization of borrowing expenses

As for the Company's actual borrowing expenses directly attributable to the assets construction or production, it is capitalized and reckoned into the relevant assets cost; as for other borrowing expenses, it is recognized on the actual sum and reckoned into the current loss/gain. The assets up to the capitalization are assets as the capital assets, investment real estate, and inventory reaching the expectant availability or sale ability.

26.2 Calculation of the capitalization

Capitalization term: the period from the time starts to capitalization to the time the capitalization ends. The period of capitalization suspended is not included. The capitalization of borrowing expenses should be suspended while the abnormal interrupt, which surpass three months continuously, in the middle of acquisition or construction or production.

As for the borrowing of the specific borrowing, the capitalization sum is recognized on the current actual interest expenses less the interest income of the borrowing capital not utilized but deposited in the bank or the return of the temporary investment; As for the appropriation of the general borrowing, the capitalization sum is recognized on the weighted average of, the accumulative assets expenditure above the specific borrowing, and times the capitalization rate of the appropriation; As for the discount or premium of the borrowing, the discount or premium to be diluted in every accounting period is recognized in the actual rate method.

The effective interest method is the method for the measurement of the diluted discount or premium or interest expenses on the actual interest rate; and the actual interest rate is the interest rate used in the discount of the future cash flow in the expectant duration period as the current book value of the borrowing.

27. Biological assets

28. Oil and natural gas assets

29. Right-of-use assets

30. Intangible assets

(1) Accounting method, service life and impairment test

1. Recognition principle on capitalization of borrowing expenses

As for the Company's actual borrowing expenses directly attributable to the assets construction or production, it is capitalized and reckoned into the relevant assets cost; as for other borrowing expenses, it is recognized on the actual sum and reckoned into the current loss/gain. The assets up to the capitalization are assets as the capital assets, investment real estate, and inventory reaching the expectant availability or sale ability.

2. Calculation of the capitalization

Capitalization term: the period from the time starts to capitalization to the time the capitalization ends. The period of capitalization suspended is not included. The capitalization of borrowing expenses should be suspended while the abnormal interrupt, which surpass three months continuously, in the middle of acquisition or construction or production.

As for the borrowing of the specific borrowing, the capitalization sum is recognized on the current actual interest expenses less the interest income of the borrowing capital not utilized but deposited in the bank or the return of the temporary investment; As for the appropriation of the general borrowing, the capitalization sum is recognized on the weighted average of, the accumulative assets expenditure above the specific borrowing, and times the capitalization rate of the appropriation; As for the discount or premium of the borrowing, the discount or premium to be diluted in every accounting period is recognized in the actual rate method.

The effective interest method is the method for the measurement of the diluted discount or premium or interest expenses on the actual interest rate; and the actual interest rate is the interest rate used in the discount of the future cash flow in the expectant duration period as the current book value of the borrowing.

(2) Accounting policies for internal research and development expenditure

Specific criteria for the research phase and development phase of internal R&D projects, and specific criteria for development phase expenditures to qualify for capitalization

Expenditures for internal research and development projects at the research phase shall be included in the current

profit or loss when incurred; expenditures incurred at the development phase and recognized as intangible assets shall be transferred to intangible assets accounting.

31. Long-term assets impairment

Long-term equity investments, investment properties measured at cost and long-term assets such as fixed assets, construction in progress, productive biological assets at cost method, oil and gas assets, intangible assets and goodwill are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill arising from a business combination is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

32. Long-term deferred expenses

The Company's long-term deferred expenditure are expenses paid out and with one year above (one-year excluded) benefit period. The long-term deferred expenses are diluted by periods according to the benefit period. As the long-term deferred expenses cannot enable the accounting period's beneficiary, all dilution values of the project undiluted yet, are transferred into the current loss/gain.

33. Contractual liabilities

The company presents the obligation to transfer goods or provide services to customers for consideration received or receivable as a contract liability.

34. Employees remuneration

(1) Accounting for short-term benefits

In the period of employee services, short-term benefits are actually recognized as liabilities and charged to profit or loss, or if otherwise required or allowed by other accounting standards, to the related costs of assets for the current period. At the time of actual occurrence, The Company's employee benefits are recorded into the profits and losses of the current year or assets associated costs according to the actual amount. The non-monetary employee benefits are measured at fair value. Regarding to the medical and health insurance, industrial injury insurance, maternity insurance and other social insurances, housing fund and labor union expenditure and personnel education that the Company paid for employees, the Company should recognize corresponding employees benefits payable according to the appropriation basis and proportion as stipulated by relevant requirements and recognize the corresponding liabilities and include these expenses in the profits or losses of the current period or recognized as respective assets costs.

(2) Accounting for post-employment benefits

During the accounting period in which an employee provides service, the amount payable calculated under defined contribution scheme shall be recognized as a liability and recorded in profit and loss of the current period or in assets. In respect of the defined benefit scheme, the Company shall use the projected unit credit method and attribute the welfare obligations calculated using the formula stipulated by the defined benefit scheme to the service period of the employee, and record the obligation in the current profit and loss or related assets cost.

(3) Accounting for termination benefits

The Company recognizes a liability and expenses in the current profit or loss for termination benefits at the earlier of the following dates: when the Company can no longer withdraw the offer of those benefits; and when the Company recognizes costs for restructuring involving the payment of termination costs.

(4) Accounting for other long-term employee benefits

The Company provides other long-term employee benefits to its employees. For those falling within the scope of defined contribution scheme, the Company shall account for them according to relevant requirements of the defined contribution scheme. In addition, the Company recognizes and measures the net liabilities or net assets of the other long-term employee benefits according to relevant requirements of the defined contribution scheme.

35. Lease liability

36. Accrual liability

The obligation related to contingencies is the current obligation assumed by the company, and performing this obligation may result in an outflow of economic benefits, and this obligation can be determined as the estimated liabilities when the amount can be reliably measured. The Company makes initial measurement in accordance with the best estimate for performing the related current obligation, if the expenditure as needed has a continuous range, and the likelihood of occurrence of various results in this range is the same, the best estimate is determined by the median value within the range; if a number of items are involved, the best estimate is determined by the calculation of various possible outcomes and related probabilities.

At the balance sheet date, the book value of estimated liabilities should be rechecked, if there is conclusive evidence indicates that this book value cannot truly reflect the current best estimate, and then the book value should be adjusted in accordance with the current best estimate.

37. Share-based payment

38. Other financial instrument as preferred shares and perpetual bonds

39. Revenue (income)

Accounting policy for recognition and measurement of revenue(income)

The Company recognizes revenue based on the transaction price allocated to the performance obligations at the time when it has fulfilled the performance obligations in the contract, that is, when the customer obtains control rights of the relevant goods or services. Obtaining control rights of related goods means being able to lead the use of the goods and obtain almost all economic benefits from them. Performance obligations refer to the Company's commitment to transfer clearly distinguishable goods to customers in the contract. The transaction price refers to the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods to the customer, not including the amount collected on behalf of a third party and the amount that the Company expects to return to the customer.

Whether the performance obligation is to be performed within a certain period of time or at a certain point of time depends on the terms of the contract and relevant legal provisions. If the performance obligation is performed within a certain period of time, the Company recognizes revenue in accordance with the progress of the performance. Otherwise, the Company recognizes revenue at a certain point when the customer obtains control rights of the relevant assets.

The Company's specific revenue recognition methods:

The sales contract between the Company and the customer usually only contains the performance obligation for the transferred goods. The Company's performance obligation for the transfer of goods does not meet the three conditions for performance within a certain period of time, therefore, the Company usually recognizes revenue at the time-point of completion of the inspection of incoming on the basis of comprehensive consideration of the following factors, i.e. for domestic sales, the revenue is recognized when the product has been sent out and the other party has signed for confirmation. For export sales, the revenue is recognized by the relevant customs declaration documents when the product has been shipped and customs declaration procedures have been completed.

The house lease contract signed by the Company and the customer usually only contains the performance obligation for the provision of lease and property services, the Company recognizes revenue according to the progress of performance when a performance obligation is performed within a certain period of time, i.e. as agreed in the lease contract, revenue is recognized when related payments are received or evidence of collections is obtained.

Different business models of similar business resulted in different accounting policies for revenue recognition

N/A

40. Government subsidy

40.1 Category of government subsidy and accounting treatment

Governments subsidy of the Company refer to the monetary and non-monetary assets obtained from government for free (excluding the capital invested by government as an owner). If the government grants are monetary assets, it shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, it shall be measured at fair value; if the fair value cannot be obtained reliably, it shall be measured at the nominal amount.

Government grants related to daily activities are included in other income in accordance with the economic business. Government grants not related to daily activities are included in the non-operating income and expenditure.

Government grants that the government documents clearly stipulate to be used for the purchase and establishment or forming long-term assets in other way are recognized as government grants related to assets. For the government grants that the government documents do not clearly specify the subsidy target and can form long-term assets, the part corresponding to the asset value is recognized as the government grants related to the assets, and the rest is recognized as the government grants related to the income. For the government grants which are difficult to be distinguished, recognize the whole as the government grants related to the income. Government grants related to assets are recognized as deferred income. The amount recognized as deferred income is included in the current profit and loss in a reasonable and systematic manner within the useful life of the relevant asset.

Government grants other than government grants related to assets are recognized as government grants related to income. If the government grants related to the income are used to compensate the related expenses or losses of the enterprise in the future period, recognize them as deferred income and include them in the current profit and loss during the period of recognizing the related expenses. The government grants used to compensate the relevant expenses or losses incurred by the enterprise are directly included in the current profit and loss.

The Company obtained the policy preferential loan interest subsidy, and the finance allocated the interest subsidy funds to the loan bank, and the loan bank provides loans to the Company at a preferential interest rate, take the actual amount of the loan received as the entry value of the loan, and calculate the relevant borrowing costs according to the loan principal the policy preferential interest rate. If the finance directly appropriates the interest subsidy funds to the Company, the Company will offset the relevant borrowing costs with the corresponding interest subsidy.

40.2 Time points to recognize the government grants

Government grants are recognized when they meet the conditions attached to government grants and can be received. Government grants measured in accordance with the amount receivable are recognized when there is conclusive evidence at the end of the period that it meets the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds. Other government grants other than government grants measured in accordance with the receivable amount are recognized when the grant is actually received.

41. Deferred income tax asset / deferred income tax liability

41.1 Where there is difference between the carrying amount of the assets or liabilities and its tax base, (as for an item that has not been recognized as an asset or liability, if its tax base can be determined in light of the tax law, the tax base shall recognized as the difference) the deferred income tax and deferred income tax liabilities shall be determined according to the applicable tax rate in period of assets expected to recover or liability expected to pay off.

41.2 The deferred income tax assets shall be recognized to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference. On balance sheet date, if there have concrete evidence of obtaining, in future period, enough taxable amounts to deduct the deductible temporary difference, the un-confirmed deferred income tax assets in previous accounting period shall be recognized. If there has no enough taxable amounts, obtained in future period, to deducted the deferred income tax assets, book value of the deferred income tax assets shall be kept in decreased.

41.3 The taxable temporary differences related to the investments of subsidiary companies and associated

enterprises shall be recognized as deferred income tax liability, unless the Company can control the time of the reverse of temporary differences and the temporary differences are unlikely to be reversed in the expected future. As for the deductible temporary difference related to the investment of the subsidiary companies and associated enterprises, deferred income tax assets shall be recognized while the temporary differences are likely to be reversed in the expected future and it is likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences.

42. Leasing

(1) Accounting treatment for operating lease

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period.

(2) Accounting treatment for finance lease

Accounting treatment for finance lease: At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charge, using the effective interest method amortization during the lease term. Minimum lease payments deducting unrecognized financing charges are listed as long-term payable.

43. Other important accounting policy and estimates

N/A

44. Changes in important accounting policies and estimates

(1) Changes in important accounting policies

Applicable Not applicable

Content and reason of changes in accounting policies	Approval procedure	Note
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44.1 Change in accounting policies and basis

The revised Accounting Standards for Business Enterprise No. 14- Revenue (hereinafter referred to as New Revenue Standard) was released by the Ministry of Finance in 2017. the Company implemented the New Revenue Standards and Notice since 1 Jan. 2020. and relevant content of the accounting policies are adjusted.

The new revenue standards replaced the "Accounting Standards for Business Enterprises No. 14-Revenue" and "Accounting Standards for Business Enterprises No. 15-Construction Contracts" (collectively referred to as the "original revenue standards") promulgated by the Ministry of Finance in 2006. Under the original revenue standards, the Company used the transfer of risk rewards as the judgment standard for the timing of revenue recognition. The new revenue standards introduce the "five-step method" of revenue recognition and measurement, and provide more guidance for specific transactions or events. Under the new revenue standards, the Company uses the transfer of control as the judgment standard for revenue recognition. For the specific accounting policies of revenue recognition and measurement, please refer to "Note III. (22) Revenue".

The Company has adjusted relevant accounting policies in accordance with the specific provisions of the new revenue standards on specific matters or transactions. According to the provisions of the new revenue standards, the contract assets or contract liabilities are listed in the balance sheet based on the relationship between performance obligations and customer payments. At the same time, the Company provides more disclosures on income-related information disclosure requirements in accordance with the new revenue standards, such as information related to important contracts or business and performance obligations and information related to transaction prices allocated to the remaining performance obligations, including the usual performance time of performance obligations, the important payment terms, the nature of the goods the company promises to transfer (including the explanation of whether the company is an agent), the company's expected return to customers and other similar obligations, the expected refund to the customer assumed by the company and other similar obligations, the type of quality assurance and related obligations.

The Company reviews revenue sources and customer contract procedures to assess the impact of the new revenue standards on financial statements. The Company's revenue is mainly derived from the sale of goods, and revenue is recognized when the goods are delivered or the service acceptance is completed. The adoption of the new revenue standards has no significant impact on the Company except for the presentation of financial statements.

(2) Changes in important accounting estimates

Applicable Not applicable

(3) Adjustment the financial statements at the beginning of the first year of implementation of new leasing standards since 2021

Applicable

Whether needs to adjust the balance sheet at the beginning of the year

Yes No

Explanation of reasons for not requiring the adjustment of beginning balance sheet account

No impact items

(4) Retrospective adjustment of early comparison data description when initially implemented the new leasing standards since 2021

Applicable Not applicable

45. Other

VI. Taxes

1. Major tax and tax rate

Taxes	Taxation basis	Tax rate
VAT	Sales revenue	13%, 9%, 6%, 5%, 3%
Consumption tax	Turnover tax payable	7%
Corporate income tax	Taxable income	25%, 15%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%, 1.5%
Property tax	70% of original value of the property	1.2%

Explain the different taxation entity of the enterprise income tax

Taxation entity	Income tax rate

2. Tax preferences

According to the “Measures for the Determination of High-tech Enterprises”, and through the enterprise application, expert review, and public announcement and other procedures, the Company’s wholly-owned subsidiary, Wuhan Hengfa Technology Co., Ltd., has been identified as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” jointly issued by the Science and Technology Department of Hubei Province, Hubei Provincial Finance Department, Hubei Provincial Office, SAT, and Local Taxation Bureau of Hubei Province on December 1, 2020, the certificate number is GR202042003237, which is valid for 3 years. The applicable corporate income tax rate of the subsidiary Wuhan Hengfa Technology Co., Ltd. for 2021 was 15%.

3. Other

Nil

VII. Notes to main items in consolidated financial statement

1. Monetary fund

In RMB

Item	Ending balance	Opening balance
Cash on hand	903.40	138,673.02
Bank deposit	16,620,293.80	30,141,013.39
Other monetary fund	42,990,989.02	30,688,367.17
Total	59,612,186.22	60,968,053.58

Other explanation

Other currency funds are bank acceptance bill margin

2. Trading financial assets

In RMB

Item	Ending balance	Opening balance
Including:		
Including:		

Other note:

3. Derivative financial assets

In RMB

Item	Ending balance	Opening balance

Other note:

4. Note receivable

(1) Category

In RMB

Item	Ending balance	Opening balance
Commercial acceptance bill	491,683.78	20,240,464.79
Total	491,683.78	20,240,464.79

In RMB

Category	Ending balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value

	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Including:										
Including:										

Accrual of bad debt provision on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Accrual of bad debt provision on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of note receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	

Including major amount bad debt provision that collected or reversal in the period:

Applicable Not applicable

(3) Notes receivable that the company has pledged at the end of the period

In RMB

Item	Amount pledge at period-end

(4) Notes endorsement or discount and undue on balance sheet date

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Commercial acceptance bill		211,799.13
Total		211,799.13

(5) Notes transfer to account receivable due for failure implementation by drawer at period-end

In RMB

Item	Amount transfer to account receivable at period-end
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Other note

(6) Note receivable actually written-off in the period

In RMB

Item	Written-off amount
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Written-off situation of important notes receivable:

In RMB

Name	Nature of notes receivable	Written-off amount	Written-off reason	Written-off procedure performed	Whether the payment is generated by related party transactions
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Notes receivable written-off description:

5. Account receivable

(1) Category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	13,146,290.18		13,156,183.96	100.00%	0.00	13,146,290.18	9.31%	13,146,290.18	100.00%	0.00
Including:										
Account receivable with bad debt provision accrual by combination	135,770,727.15		9,893,788	0.01%	135,750,939.59	128,073,805.57	90.69%	9,893,788	0.01%	128,063,911.79
Including:										
Combination 1:	135,770,727.15		9,893,788	0.01%	135,750,939.59	128,073,805.57	90.69%	9,893,788	0.01%	128,063,911.79

Take account ages of receivables as a combination of credit risk characteristics	0,727.15		8		0,939.59	3,805.57		8		911.79
Total	148,917,017.33		13,166,077.74		135,750,939.59	141,220,095.75	100.00%	13,156,183.96	8.66%	128,063,911.79

Accrual of bad debt provision on single basis: 13,146,290.18

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Shenzhen Portman Bowling Club Co., Ltd.	2,555,374.75	2,555,374.75	100.00%	Uncollectible
Hong Kong Haowei Industrial Co., Ltd.	1,870,887.18	1,870,887.18	100.00%	Uncollectible
TCL ACE ELECTRIC APPLIANCE (HUIZHOU) CO., LTD.	1,325,431.75	1,325,431.75	100.00%	Uncollectible
Qingdao Haier Parts Procurement Co., Ltd.	1,225,326.15	1,225,326.15	100.00%	Uncollectible
SKYWORTH Multimedia (Shenzhen) Co., Ltd.	579,343.89	579,343.89	100.00%	Uncollectible
Shenzhen Huixin Video Technology Co., Ltd.	381,168.96	381,168.96	100.00%	Uncollectible
Shenzhen Wandelai Digital Technology Co., Ltd.	351,813.70	351,813.70	100.00%	Uncollectible
Shenzhen Dalong Electronic Co., Ltd.	344,700.00	344,700.00	100.00%	Uncollectible
Shenzhen Keya Electronic Co., Ltd.	332,337.76	332,337.76	100.00%	Uncollectible
Shenzhen Qunping Electronic Co., Ltd.	304,542.95	304,542.95	100.00%	Uncollectible
China Galaxy Electronics (Hong	288,261.17	288,261.17	100.00%	Uncollectible

Kong) Co., Ltd.				
Dongguan Weite Electronic Co., Ltd.	274,399.80	274,399.80	100.00%	Uncollectible
Chuangjing	247,811.87	247,811.87	100.00%	Uncollectible
Hong Kong New Century Electronics Co., Ltd.	207,409.40	207,409.40	100.00%	Uncollectible
Shenyang Beitai Electronic Co., Ltd.	203,304.02	203,304.02	100.00%	Uncollectible
Beijing Xinfang Weiye Technology Co., Ltd.	193,000.00	193,000.00	100.00%	Uncollectible
TCL Electronics (Hong Kong) Co., Ltd.	145,087.14	145,087.14	100.00%	Uncollectible
Huizhou TCL Xinte Electronics Co., Ltd.	142,707.14	142,707.14	100.00%	Uncollectible
Sky Worth – RGB Electronic Co., Ltd.	133,485.83	133,485.83	100.00%	Uncollectible
Other	2,039,896.72	2,039,896.72	100.00%	Uncollectible
Total	13,146,290.18	13,146,290.18	--	

Accrual of bad debt provision on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Accrual of bad debt provision on portfolio: 9893.78

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Within one year			
1-2 years	50,840.84	2,542.04	5.00%
2-3 years	65,934.11	6,593.41	10.00%
Over 3 years	2,527.77	758.33	30.00%
Total	119,302.72	9,893.78	--

Explanation on portfolio basis:

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB

Account ages	Book balance
Within one year (one year included)	135,313,612.32
1-2 years	316,209.95
2-3 years	65,934.11
Over 3 years	13,221,260.95
3-4 years	74,970.77
Over 5 years	13,146,290.18
Total	148,917,017.33

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	

Including major amount bad debt provision that collected or reversal in the period:

In RMB

Company	Amount collected or reversal	Way of collection

(3) Actual written-off accounts receivable in the current period

In RMB

Item	Written-off amount

Including the important accounts receivable written-off situation:

In RMB

Name	Nature of accounts receivable	Written-off amount	Written-off reason	Written-off procedure performed	Whether the payment is generated by related party transactions

Written-off description of accounts receivable:

(4) Top 5 account receivables collected by arrears party at ending balance

In RMB

Company	Ending balance of account receivable	Proportion in total account receivables at period-end	Ending balance of bad debt provision

Qingdao Haidayuan Purchasing Service Co., Ltd.	55,398,955.61	41.00%	
Hong Kong Yutian International Investment Co., Ltd.	29,037,251.56	21.00%	
Hefei Hangjia Display Technology Co., Ltd.	20,818,896.99	15.00%	
TCL Air Conditioner (Wuhan) Co., Ltd.	17,304,577.43	13.00%	
Viewsonic International Copera	9,050,774.07	7.00%	
Total	131,610,455.66	97.00%	

(5) Account receivable derecognition due to financial assets transfer

Nil

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Nil

Other note:

Nil

6. Receivable financing

In RMB

Item	Ending balance	Opening balance
Haier Electronic Acceptance	5,774,948.69	10,057,385.11
Total	5,774,948.69	10,057,385.11

Receivable financing Changes in the period and changes in fair value

Applicable Not applicable

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

Other explanation:

7. Accounts paid in advance

(1) By account age

In RMB

Account ages	Ending balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within one year	31,776,308.14	99.42%	39,458,164.61	99.52%
1-2 years	102,781.00	0.32%	102,781.00	0.27%
2-3 years	82,309.50	0.26%	82,309.50	0.21%
Over 3 years	0.00			
Total	31,961,398.64	--	39,643,255.11	--

Explanation on reasons of failure to settle on important account paid in advance with age over one year:

Nil

(2) Top 5 account paid in advance at ending balance by prepayment object

Company	Ending balance	Proportion in accounts paid in advance
Hefei Hangjia Display Technology Co., Ltd.	10,981,759.00	34%
AU Optronics Co., Ltd.	8,231,592.52	26%
Nanjing CEC Panda LCD Technology Co., Ltd.	3,243,380.00	10%
Guangzhou Houxiang Electronic Technology Co., Ltd.	820,800.00	3%
Gree Precision Mold (Wuhan) Co., Ltd.	745,620.00	2%

Other explanation:

Nil

8. Other account receivable

In RMB

Item	Ending balance	Opening balance
Other account receivable	22,540,779.20	4,466,949.96
Total	22,540,779.20	4,466,949.96

1) Category of interest receivable

In RMB

Item	Ending balance	Opening balance
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2) Significant overdue interest

In RMB

Borrower	Ending balance	Overdue time	Reason for overdue	Whether there is impairment and its judgment basis

Other note:

Nil

3) Accrual of bad debt provision

Applicable Not applicable

(2) Dividend receivable

1) Category of dividend receivable

In RMB

Item (or invested unit)	Ending balance	Opening balance

2) Important dividend receivable with account age over one year

In RMB

Item (or invested unit)	Ending balance	Account age	Reasons for non-recovery	Whether there is impairment and its judgment basis

3) Accrual of bad debt provision

Applicable Not applicable

Other note:

(3) Other account receivable

1) Other account receivable by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin & deposit	1,381,560.00	1,681,688.00
Borrow money	2,889,381.44	2,124,073.12
Intercourse funds	23,785,393.79	8,924,093.42

Rental receivable	8,311,911.11	6,224,167.48
Other	1,024,034.71	364,429.79
Less: Bad debt provision	-14,851,501.85	-14,851,501.85
Total	22,540,779.20	4,466,949.96

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on 1 Jan. 2021		117.75	14,812,059.79	14,851,501.85
Balance of 1 Jan. 2021 in the period	—	—	—	—
Balance on Dec. 31, 2021		117.75	14,812,059.79	14,851,501.85

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB

Account ages	Book balance
Within one year (one year included)	21,174,519.27
1-2 years	297,671.40
2-3 years	312,212.44
Over 3 years	15,607,877.94
3-4 years	1,446,706.00
4-5 years	943,020.00
Over 5 years	13,218,151.94
Total	37,392,281.05

3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening	Amount changed in the period	Ending balance

	balance	Accrual	Collected or reversal	Written-off	Other	
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Including the important amount collected or switches back in the period:

In RMB

Company	Amount collected or switches back	Way of collection
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4) The actual written-off other receivables in the current period

In RMB

Item	Written-off amount
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Including the important written-off situation of other receivables:

In RMB

Name	Nature of other receivables	Written-off amount	Written-off reason	Written-off procedure performed	Whether the payment is generated by related party transactions
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Description of other receivables written-off:

5) Top 5 other receivables collected by arrears party at ending balance

In RMB

Company	Nature	Ending balance	Account ages	Proportion in total other receivables at period-end	Ending balance of bad debt provision
Portman	Rental receivable	4,021,734.22	Over 3 years	18.00%	4,021,734.22
Shenzhen Jifang Investment Co., Ltd	Rental receivable	1,380,608.00	Over 3 years	6.00%	1,380,608.00
Fujian Jielian Electronics Co., Ltd.	Margin & deposit	800,000.00	Over 3 years	4.00%	240,000.00
Compensation for traffic accidents	Intercourse funds	555,785.81	Over 3 years	2.00%	555,785.81
Hebei Botou Court	Intercourse funds	520,021.00	Over 3 years	2.00%	520,021.00
Total	--	7,278,149.03	--		6,718,149.03

6) Receivables involving government subsidies

In RMB

Name	Government subsidy item	Ending balance	Ending account age	Estimated time, amount and basis of receipt
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7) Other receivable for termination of confirmation due to the transfer of financial assets

8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Other note:

9. Inventories

Whether companies need to comply with the disclosure requirements of the real estate industry

No

(1) Category

In RMB

Item	Ending balance			Opening balance		
	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value
Raw materials	67,070,060.38	2,191,320.92	64,878,739.46	39,735,101.27	1,691,320.92	38,043,780.35
Inventory goods	55,755,568.27	2,523,369.82	53,232,198.45	27,562,913.38	1,673,369.82	25,889,543.56
Homemade semi-finished products	11,750,725.54	29,363.73	11,721,361.81	6,213,029.56	29,363.73	6,183,665.83
Low priced and easily worn articles	156,274.66	110,622.38	45,652.28	159,646.13	110,622.38	49,023.75
Total	134,772,337.36	4,854,676.85	129,877,952.00	73,670,690.34	3,504,676.85	70,166,013.49

(2) Inventories fall provision or contract performance costs impairment provision

In RMB

Item	Opening	Current increased	Current decreased	Ending balance
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	balance	Accrual	Other	Reversal or write-off	Other	
Raw materials	1,691,320.92	500,000.00				2,191,320.92
Inventory goods	1,673,369.82	850,000.00				2,523,369.82
Homemade semi-finished products	29,363.73					29,363.73
Low priced and easily worn articles	110,622.38					110,622.38
Total	3,504,676.85	1,350,000.00				4,854,676.85

Nil

(3) Explanation on capitalization of borrowing costs at ending balance of inventory

Nil

(4) Assets completed without settlement from construction contract at period-end

Nil

10. Contract assets

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

The amount and reasons for major changes in the book value of contract assets during the current period:

In RMB

Item	Change amount	Reason for change

If the provision for bad debts of contract assets is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

Accrual provision for impairment of contract assets in the current period

In RMB

Item	Current accrual	Current reversal	Current resell/Written-off	Reason

Other note:

11. Assets held for sale

In RMB

Item	Ending book balance	Provision for impairment	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time

Other note:

12. Non-current assets due within one year

In RMB

Item	Ending balance	Opening balance

Important debt investment/other debt investment

In RMB

Creditor's Rights Item	Ending balance				Opening balance			
	Face value	Coupon rate	Real interest rate	Expiry date	Face value	Coupon rate	Real interest rate	Expiry date

Other note:

13. Other current assets

In RMB

Item	Ending balance	Opening balance
Reclassification of input tax to be deducted	741,380.21	4,255,643.19
Total	741,380.21	4,255,643.19

Other explanation:

14. Debt investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Important debt investment

In RMB

Creditor's Rights Item	Ending balance				Opening balance			
	Face value	Coupon rate	Real interest rate	Expiry date	Face value	Coupon rate	Real interest rate	Expiry date

Provision for impairment accrual

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of 1 Jan. 2021 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other note:

15. Other debt investment

In RMB

Item	Opening balance	Accrued interest	Fair value changes in this period	Ending balance	Cost	Cumulative fair value changes	Accumulated loss reserves recognized in other comprehensive income	Note
Important other debt investment								

In RMB

Other Creditor's Rights Item	Ending balance				Opening balance			
	Face value	Coupon rate	Real interest rate	Expiry date	Face value	Coupon rate	Real interest rate	Expiry date
Provision for impairment accrual								

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of 1 Jan. 2021 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other note:

16. Long-term receivables

(1) Long-term receivables

In RMB

Item	Ending balance			Opening balance			Discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

Bad debt provision impairment

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of 1 Jan. 2021 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

(2) Long-term receivables derecognized due to the transfer of financial assets

(3) The amount of assets and liabilities formed by the transfer of long-term receivables and continued involvement

Other note

17. Long-term equity investment

In RMB

Enterprise	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of depreciation reserves
		Additional investment	Capital reduction	Investment gain/losses recognized under	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		

				equity							
I. Joint venture											
II. Associated enterprise											

Other note

18. Other equity instrument investment

In RMB

Item	Ending balance	Opening balance
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Itemized disclosure of investment in non-trading equity instruments for the current period

In RMB

Item	Recognized dividend income	Cumulative gain	Accumulated loss	The amount of comprehensive income transferred to retained earnings	Reasons designated as fair value measurement and its changes included in other comprehensive income	Reason for transferring comprehensive income to retained income
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Other note:

19. Other non-current financial assets

In RMB

Item	Ending balance	Opening balance
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Other note:

20. Investment real estate

(1) Investment real estate measured at cost

Applicable Not applicable

In RMB

Item	House and building	Land use right	Construction in process	Total
I. Original book value				
1. Opening balance	133,661,686.94			133,661,686.94
2. Current increased				
(1) Outsourcing				

(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	133,661,686.94			133,661,686.94
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	86,437,024.67			86,437,024.67
2. Current increased	864,165.14			864,165.14
(1) Accrual or amortization	864,165.14			864,165.14
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	87,301,189.81			87,301,189.81
III. Impairment provision				
1. Opening balance				
2. Current increased				
(1) Accrual				
3. Current decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				

IV. Book value				
1. Ending book value	46,360,497.13			46,360,497.13
2. Opening book value	47,224,662.27			47,224,662.27

(2) Investment real estate measured by fair value

Applicable Not applicable

(3) Investment real estate without property certification held

In RMB

Item	Book value	Reason without property certification held
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Other note

Nil

21. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	98,619,554.39	100,747,972.84
Disposal of fixed assets	92,857,471.69	92,857,471.69
Total	191,477,026.08	193,605,444.53

(1) Fixed asset

In RMB

Item	House building	Machinery equipment	Means of transportation	Office equipment	Instrument equipment	Tool equipment	Mold equipment	Total
I. Original book value								
1. Opening balance	73,200,617.41	95,162,467.54	3,589,808.82	7,286,291.60	3,231,378.03	9,160,548.05	24,950,960.45	216,582,071.90
2. Current increased		11,482,624.28	132,653.66	144,179.07	149,485.44	1,310,026.38	1,896,734.15	15,115,702.98
(1) Purchasing		11,482,624.28	132,653.66	144,179.07	149,485.44	1,310,026.38	1,896,734.15	15,115,702.98
(2) Constructio								

n in process transfer-in								
(3) Increased by combination								
3. Current decreased		10,836,574.68	122,034.19	53,535.27	37,852.46	818,967.34		11,868,963.94
(1) Disposal or scrapping								
Transfer to Zhengzhou branch		10,836,574.68	122,034.19	53,535.27	37,852.46	818,967.34		11,868,963.94
4. Ending balance	73,200,617.41	94,906,526.35	3,600,428.29	7,376,935.40	3,343,011.01	9,651,607.09	26,847,694.60	218,926,820.15
II. Accumulative depreciation								
1. Opening balance	20,835,498.92	62,315,100.16	2,530,234.21	6,270,774.21	2,684,698.25	4,790,714.70	16,407,078.61	115,834,099.06
2. Current increased	952,782.69	3,955,263.27	96,067.63	78,981.69	78,665.44	767,933.59	1,894,766.49	7,824,460.80
(1) Accrual	952,782.69	3,955,263.27	96,067.63	78,981.69	78,665.44	767,933.59	1,894,766.49	7,824,460.80
3. Current decreased		2,194,672.60	44,847.64	29,287.01	9,781.57	170,714.49		2,449,303.31
(1) Disposal or scrapping								
Transfer to Zhengzhou branch		2,194,672.60	44,847.64	29,287.01	9,781.57	170,714.49		2,449,303.31
4. Ending	21,788,281	64,075,690	2,581,454	6,320,468	2,753,582	5,387,933	18,301,845	121,209,25

balance	.61	.83	20	89	12	80	.10	6.55
III. Depreciation reserves								
1. Opening balance								
2. Current increased								
(1) Accrual								
3. Current decreased								
(1) Disposal or scrapping								
4. Ending balance								
IV. Book value								
1. Ending book value	51,412,335.80	31,732,826.31	1,018,974.09	1,056,466.51	589,428.89	4,263,673.29	8,545,849.50	98,619,554.39
2. Opening book value	52,365,118.49	32,847,367.38	1,059,574.61	1,015,517.39	546,679.78	4,369,833.35	8,543,881.84	100,747,972.84

(2) Temporarily idle fixed assets

In RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Note
House building					

(3) Fixed assets leasing-out by operational lease

In RMB

Item	Ending book value
House building	

(4) Fixed assets without property certification held

In RMB

Item	Book value	Reason without property certification held

Other note

(5) Disposal of fixed assets

In RMB

Item	Ending balance	Opening balance
Renovation of Gongming Huafa Electric Town	92,857,471.69	92,857,471.69
Total	92,857,471.69	92,857,471.69

Other explanation

22. Construction in process

In RMB

Item	Ending balance	Opening balance
Construction in process	740,000.00	740,000.00
Total	740,000.00	740,000.00

(1) Construction in process

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Huafa Building Reconstruction Project	240,000.00		240,000.00	240,000.00		240,000.00
Gongming Electronic City Reconstruction Project	500,000.00		500,000.00	500,000.00		500,000.00
Total	740,000.00		740,000.00	740,000.00		740,000.00

(2) Changes of major projects under construction

In RMB

Item	Budget	Opening balance	Current increased	Fixed assets transfer-in in the Period	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated amount of interest capitalization	including: interest capitalization amount of the year	Interest capitalization rate of the year	Source of funds

(3) The provision for impairment of construction projects

In RMB

Item	Current accrual amount	Accrual reason

Other note

(4) Engineering materials

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Other note:

23. Productive biological assets

(1) Productive biological assets measured by cost

Applicable Not applicable

(2) Productive biological assets measured by fair value

Applicable Not applicable

24. Oil and gas assets

Applicable Not applicable

25. Right to use assets

In RMB

Item		Total
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Other note:

26. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	Patent right	Non-patented technology	Computer software	Total
I. Original book value					
1. Opening balance	55,415,814.36			3,113,396.41	58,529,210.77
2. Current increased					
(1) Purchasing					
(2) Internal R&D					
(3) Increased by combination					
3. Current decreased					
(1) Disposal					
4. Ending balance					
II. Accumulated amortization					
1. Opening balance	16,651,035.42			948,089.65	17,599,125.07
2. Current increased					
(1) Accrual	662,350.40			150,518.73	
3. Current					

decreased					
(1) Disposal					
4. Ending balance	17,313,385.82			1,098,608.38	18,413,988.90
III. Depreciation reserves					
1. Opening balance				109,427.90	109,427.90
2. Current increased					
(1) Accrual				62,388.75	62,388.75
3. Current decreased					
(1) Disposal					
4. Ending balance				171,816.65	171,816.65
IV. Book value					
1. Ending book value	38,102,428.54			1,842,971.38	39,945,399.92
2. Opening book value	38,764,778.94			2,055,878.86	40,820,657.80

The proportion of intangible assets form by internal R&D in total book value of intangible assets at period-end 0.00%

(2) The situation of land use rights that have not completed the ownership certificate

In RMB

Item	Book value	Reason without property certification held

Other note:

27. Development expenditure

In RMB

Item	Opening balance	Increase in the current period			Decrease in the current period			Ending balance
		Internal development expenditure	Other		Recognized as intangible	Transferred into current profit and		

		e			assets	loss		
Total								

Other note

28. Goodwill

(1) Goodwill original book value

In RMB

Invested name or matters forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Ending balance
		Formed by business combination		Dispose		
Total						

(2) Goodwill provision for impairment

In RMB

Invested name or matters forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual		Dispose		
Total						

Information about the asset group or combination of asset groups where the goodwill is located

Explain the process of goodwill impairment testing, key parameters (such as the growth rate of the forecast period when the present value of future cash flows are expected, the growth rate of the stable period, the profit rate, the discount rate, the forecast period, etc.) and the confirmation method of the impairment loss of goodwill:

The impact of goodwill impairment testing

Other note

29. Long-term deferred expenses

In RMB

Item	Opening balance	Current increased	Amortized in Period	Other decreased	Ending balance
Amortization of cloud service fees	77,445.31	660,284.00	114,127.72		623,601.59

Total	77,445.31	660,284.00	114,127.72		623,601.59
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Other explanation

New contract renewal this year

30. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets without offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for assets impairment	28,458,252.74	6,761,085.38	28,458,252.74	6,761,085.38
Accrual liability	64,411.00	16,102.75	64,411.00	16,102.75
Deferred income	4,043,640.00	606,546.00	4,043,640.00	606,546.00
Total	32,566,303.74	7,383,734.13	32,566,303.74	7,383,734.13

(2) Deferred income tax liabilities that are not offset

In RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities

(3) Amount of deferred income tax asset and deferred income tax liability after trade-off

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		7,383,734.13		7,383,734.13

(4) Deferred income tax asset without recognized

In RMB

Item	Ending balance	Opening balance
Deductible temporary differences	3,163,837.81	3,163,837.81

Deductible loss	4,098,904.69	4,098,904.69
Total	7,262,742.50	7,262,742.50

(5) Deductible losses of un-recognized deferred income tax assets expired on the followed year

In RMB

Year	Ending amount	Opening amount	Note
2021			
2022	742,401.79	742,401.79	
2023	404,207.57	404,207.57	
2024	1,318,067.59	1,318,067.59	
2025	1,634,227.74	1,634,227.74	
Total	4,098,904.69	4,098,904.69	--

Other explanation:

31. Other non-current assets

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advance payment for equipment	66,000.00		66,000.00	66,000.00		66,000.00
Total	66,000.00		66,000.00	66,000.00		66,000.00

Other explanation:

32. Short-term borrowings

(1) Category

In RMB

Item	Ending balance	Opening balance
Loan in pledge	51,089,579.00	12,527,808.00
Total	51,089,579.00	12,527,808.00

Explanation on category of short-term loans:

(2) Short-term loans that have been overdue and have not been repaid

The total amount of short-term loans that were overdue and not repaid at the end of the period was RMB 0.00, and the important short-term loans that were overdue and not repaid are as follows:

In RMB

Borrower	Ending balance	Borrowing rate	Overdue time	Overdue interest rate
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Other note:

33. Trading financial liabilities

In RMB

Item	Ending balance	Opening balance
Including:		
Including:		

Other note:

34. Derivative financial liabilities

In RMB

Item	Ending balance	Opening balance
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Other note:

35. Notes payable

In RMB

Category	Ending balance	Opening balance
Bank acceptance draft	42,983,519.37	37,416,381.20
Total	42,983,519.37	37,416,381.20

Totally 0 Yuan due note payable are paid at period-end

36. Account payable

(1) Account payable

In RMB

Item	Ending balance	Opening balance
Within one year	112,291,685.77	85,862,573.31
Over one year	3,764,952.80	12,455,666.57
Total	116,056,638.57	98,318,239.88

(2) Major account payable over one year

In RMB

Item	Ending balance	Reasons for non-payment or carry over
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Guangdong Yizumi Precision Injection Technology Co., Ltd.	1,020,000.00	Without settlement
Guangdong Jinhua Rili Polymer Material Co., Ltd.	1,140,800.00	Without settlement
Kunshan Zhongji Mould Co., Ltd.	379,068.97	Without settlement
Wuhan Jufutai Technology Co., Ltd.	486,188.78	Without settlement
Total	3,026,057.75	--

Other explanation:

37. Accounts received in advance

(1) Accounts received in advance

In RMB

Item	Ending balance	Opening balance
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(2) Important accounts received in advance with account age over one year

In RMB

Item	Ending balance	Reasons for outstanding or carry-over
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Other note:

38. Contract liabilities

In RMB

Item	Ending balance	Opening balance
Sales received in advance	79,195.32	79,195.32
Lease received in advance	686,360.65	207,945.34
Total	765,555.97	287,140.66

Amount and reasons for significant changes in book value during the reporting period

In RMB

Item	Change Amount	Reason for change
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39. Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
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I. Short-term benefits	5,704,816.53	31,508,630.69	33,359,279.99	3,854,167.23
II. Post-employment benefits-defined contribution plans	32,550.06	2,773,868.82	2,773,868.82	32,550.06
III. Dismiss welfare		434,715.43	434,715.43	
Total	5,737,366.59	34,717,214.94	36,567,864.24	3,886,717.29

(2) Short-term benefits

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
1. Wages, bonuses, allowances and subsidies	4,709,654.92	26,915,030.12	28,779,016.40	2,845,668.64
2. Employee benefits	754.00	2,531,354.04	2,518,017.06	14,090.98
3. Social insurance premium	37,267.03	2,018,031.09	2,018,031.09	37,267.03
Including: Medical insurance	35,408.95	1,328,799.44	1,328,799.44	35,408.95
Work injury insurance	768.30	74,744.97	74,744.97	768.30
Maternity insurance	1,089.78	116,269.95	116,269.95	1,089.78
4. Housing accumulation fund	24,310.00	44,215.44	44,215.44	24,310.00
5. Labor union expenditure and personnel education expense	932,830.58			932,830.58
Total	5,704,816.53	31,508,630.69	33,359,279.99	3,854,167.23

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
1. Basic endowment insurance	31,361.59	2,657,598.87	2,657,598.87	31,361.59
2. Unemployment	1,188.47	116,269.95	116,269.95	1,188.47

insurance				
Total	32,550.06	2,773,868.82	2,773,868.82	32,550.06

Other explanation:

40. Taxes payable

In RMB

Item	Ending balance	Opening balance
VAT	4,823,733.87	2,980,992.11
Corporate income tax	5,545,879.97	6,558,810.68
Individual income tax	4,493.98	25,195.14
Urban maintenance and construction tax	532,508.80	1,902,436.52
Property tax	520,220.76	318,618.51
Land use tax	297,696.51	33,280.48
Educational surtax	229,248.99	816,098.15
Local educational surtax	122,702.85	418,611.03
Dike fee	1,665.00	1,665.00
Stamp tax	33,429.90	28,895.00
Disposal fund of waste electrical products	821,530.00	1,120,040.00
Total	12,933,110.63	14,204,642.62

Other explanation:

41. Other accounts payable

In RMB

Item	Ending balance	Opening balance
Interest payable	179,523.72	26,335.66
Other payable	36,894,932.73	27,581,945.35
Total	37,074,456.45	27,608,281.01

(1) Interest payable

In RMB

Item	Ending balance	Opening balance
Interest of short-term loans payable	179,523.72	26,335.66
Total	179,523.72	26,335.66

Significant overdue and unpaid interest:

In RMB

Loan unit	Overdue amount	Reason for overdue
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Other explanation:

Nil

(2) Dividend payable

In RMB

Item	Ending balance	Opening balance
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Other note, including important dividends payable that have not been paid for more than 1 year, should disclose the reasons for the non-payment:

Nil

(3) Other accounts payable

1) Other account payable by nature

In RMB

Item	Ending balance	Opening balance
Margin & deposit	14,026,279.22	11,523,316.67
Lease management fee		3,227,985.19
Intercourse funds	20,346,239.47	5,546,586.51
After sale and repairment	1,027,879.01	1,454,341.68
Energy consumption		1,443,603.28
Shipping	1,494,535.03	902,242.26
Reserve fund		1,346,345.00
Other		2,137,524.76
Total	36,894,932.73	27,581,945.35

2) Significant other account payable with over one year age

In RMB

Item	Ending balance	Reasons for non-payment or carry over
Shenzhen SED Property Development Co., Ltd.	1,853,393.35	Without settlement
Shenzhen Huayongxing Environmental Protection Technology Co., Ltd.	1,000,000.00	Electricity fee deposit
Linghang Technology (Shenzhen) Co., Ltd	656,345.28	Without settlement

Shenzhen Tongxing Electronics Co., Ltd.	578,259.83	Without settlement
Total	4,087,998.46	--

Other explanation

Nil

42. Liabilities held for sale

In RMB

Item	Ending balance	Opening balance
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Other note:

43. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
Long-term loans due within one year		12,000,000.00
Total		12,000,000.00

Other explanation:

Nil

44. Other current liabilities

In RMB

Item	Ending balance	Opening balance
Unterminated confirmation on note receivable	211,799.13	18,309,336.77
Pending sales tax		13,636.04
Total	211,799.13	18,322,972.81

Changes in short-term bonds payable:

In RMB

Name of bond	Face value	Issue date	Bond maturity	Issue Amount	Opening balance	Current issue	Interest accrued at face value	Premium and discount amortization	Repayment in the current period	Ending balance
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Other explanation:

Nil

45. Long-term loans

(1) Category

In RMB

Item	Ending balance	Opening balance
Mortgage loan	61,000,000.00	61,000,000.00
Total	61,000,000.00	61,000,000.00

Description of Long-term loans classification:

Other explanation, including interest rate range:

46. Bonds payable

(1) Bonds payable

In RMB

Item	Ending balance	Opening balance

(2) Changes in increase or decrease in bonds payable (excluding preferred stocks, perpetual bonds and other financial instruments classified as financial liabilities)

In RMB

Name of bond	Face value	Issue date	Bond maturity	Issue Amount	Opening balance	Current issue	Interest accrued at face value	Premium and discount amortization	Repayment in the current period	Closing balance
Total	--	--	--							

(3) Description of the conditions and time for the conversion of convertible corporate bonds

(4) Description of other financial instruments classified as financial liabilities

Basic situation of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Changes in financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

In RMB

Financial instruments issued	Beginning of period		Increase in the current period		Decrease in the current period		Ending of period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Explanation of the basis for the classification of other financial instruments into financial liabilities

Other note

47. Lease liabilities

In RMB

Item	Ending balance	Opening balance
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Other note

48. Long-term payables

In RMB

Item	Ending balance	Opening balance
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(1) List long-term payables according to the nature of the payment

In RMB

Item	Ending balance	Opening balance
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Other note:

(2) Special accounts payable

In RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance	Cause of formation
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Other note:

49. Long-term Wages payable

(1) Long-term Wages payable

In RMB

Item	Ending balance	Opening balance
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(2) Changes in defined benefit plans

Present value of defined benefit plan obligations:

In RMB

Item	The Period	Last Period
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Plan assets:

In RMB

Item	The Period	Last Period
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Defined benefit plan net liabilities (net assets)

In RMB

Item	The Period	Last Period
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Description of the content of the defined benefit plan and related risks, the impact on the company's future cash flow, time and uncertainty:

Explanation of major actuarial assumptions and sensitivity analysis results of defined benefit plans:

Other note:

50. Accrual liability

In RMB

Item	Ending balance	Opening balance	Causes
Pending action	64,411.00	64,411.00	
Total	64,411.00	64,411.00	--

Other explanations, including important assumptions and estimation about important estimated liabilities:

51. Deferred income

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance	Causes
Industrial transformation subsidy	4,043,640.00			4,043,640.00	
Total	4,043,640.00			4,043,640.00	

Items involving Government subsidy:

In RMB

Liability	Opening balance	New subsidy increased in the period	Amount reckoned in non-operating income in the period	Amount included in other income in the current period	Amount of cost and expense offset in the current period	Other change	Ending balance	Assets-related/Income-related
The transformation and upgrading of	1,600,000.00						1,600,000.00	Assets-related

provincial traditional industries in 2018								
Intelligent transformation in 2019	472,640.00						472,640.00	Assets-related
Industrial transformation and intelligence in 2020	1,971,000.00						1,971,000.00	Assets-related
Total	4,043,640.00						4,043,640.00	

Other explanation:

52. Other non-current liabilities

In RMB

Item	Ending balance	Opening balance
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Other note:

53. Share capital

In RMB

	Opening balance	Changes in the Period (+,-)					Ending balance
		Issuing new shares	Bonus shares	Shares transfer from public reserves	Other	Subtotal	
Total shares	283,161,227.00						283,161,227.00

Other explanation:

54. Other equity instruments

(1) Basic information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

(2) Changes in financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

In RMB

Financial instruments issued	Beginning of period		Increase in the current period		Decrease in the current period		Ending of period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Other equity instruments' changes in the current period, explanations of the reasons for the changes, and the basis for related accounting treatments:

Other note:

55. Capital public reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
Capital premium (equity premium)	96,501,903.02			96,501,903.02
Other capital public reserve	50,075,868.48			50,075,868.48
Total	146,577,771.50			146,577,771.50

Other explanation, including changes and reasons of changes:

56. Treasury stocks

In RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance

Other note, including changes in the current period and explanations of the reasons for the changes:

57. Other comprehensive income

In RMB

Item	Opening balance	The Period						Ending balance
		Account before	Less: written in	Less: written	Less: income	Belong to parent	Belong to minority	

		income tax in the year	other comprehensive income in previous period and carried forward to gains and losses in current period	in other comprehensive income in previous period and carried forward to retained earnings in current period	tax expense	company after tax	shareholders after tax	e
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Other explanation, including the adjustment on initial recognition for arbitrage items that transfer from the effective part of cash flow hedge profit/loss:

58. Reasonable reserve

In RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
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Other explanation, including changes and reasons for changes:

59. Surplus public reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
Statutory surplus reserves	21,322,617.25			21,322,617.25
Discretionary surplus reserve	56,068,976.00			56,068,976.00
Total	77,391,593.25			77,391,593.25

Other explanation, including changes and reasons for changes:

Nil

60. Retained profit

In RMB

Item	Current period	Last period
Retained profit at the end of the previous period before adjustment	-170,881,854.46	-177,712,041.86
Retained profit at period-begin after adjustment	-170,881,854.46	-177,712,041.86
Add: net profit attributable to owners of the parent company	6,989,362.48	3,165,597.55
Retained profit at period-end	-163,892,491.98	-174,546,444.31

Details about adjusting the retained profits at the beginning of the period:

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 2) The changes in accounting policies affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 3) The major accounting error correction affects the retained profits at the beginning of the period amounting to 0 Yuan
- 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 5) Other adjustments affect the retained profits at the beginning of the period amounting to 0 Yuan

61. Operating revenue and cost

In RMB

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	323,468,602.68	287,075,943.86	268,465,953.89	249,723,766.92
Other business	68,165,205.87	47,447,861.39	32,237,467.49	14,235,885.71
Total	391,633,808.55	334,523,805.25	300,703,421.38	263,959,652.63

Information relating to revenue:

In RMB

Category	Branch 1	Branch 2	Total	
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information relating to performance obligations:

Nil

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but

have not yet been fulfilled or have not done with fulfillment is 0.00 yuan, among them, yuan of revenue is expected to be recognized in YEAR, yuan of revenue is expected to be recognized in YEAR, and yuan of revenue is expected to be recognized in YEAR.

Other explanation

Nil

62. Tax and surcharges

In RMB

Item	Current Period	Last Period
Urban maintenance and construction tax	53,181.85	61,315.21
Educational surtax	23,402.05	27,476.42
Property tax	671,892.72	463,763.85
Land use tax	380,897.71	247,776.03
Stamp tax	283,562.58	187,803.80
	15,425.01	15,920.74
Total	1,428,361.92	1,004,056.05

Other explanation:

63. Sales expense

In RMB

Item	Current Period	Last Period
Employee compensation	1,940,607.71	1,544,285.76
Freight	4,858,694.34	3,120,326.41
Commodity inspection fee	894,098.13	512,749.42
Customs fee	204,766.55	30,322.36
Commodity loss	3,005,591.44	2,042,886.52
Other	3,190,859.79	1,849,508.92
Total	14,094,617.96	9,100,079.39

Other explanation:

Other is the after-sales service fee, low value and easy consumption, office expenses, etc.

64. Administrative expense

In RMB

Item	The Period	Last Period
Salary	6,033,625.10	4,290,516.96
Depreciation	1,259,331.29	1,094,911.50

Social security fee	1,182,922.32	307,654.93
Communication fee	1,829,623.45	2,149,616.64
Employee benefits	1,205,669.37	975,973.80
Travel expenses	705,255.91	997,820.46
Amortization of intangible assets	863,491.01	911,802.71
Transportation expenses	220,781.91	728,044.47
Consultation fee	1,448,658.63	154,420.23
Security costs	460,539.40	826,723.53
Repair cost	3,428,358.44	1,186,397.36
Audit fees	714,487.27	703,883.50
Office expenses	1,075,155.32	534,213.91
Communication fee	61,127.20	66,922.51
Amortization of low-value consumables	6,196.30	204,519.80
Securities Information Disclosure Fee	46,361.00	247,008.75
Employee education expenses	12,689.53	123,799.49
Utility bill	284,729.15	194,204.27
Rental fees	521,230.00	496,532.52
Environmental protection fee	47,617.53	202,101.81
Other fees	1,272,457.11	685,293.51
Total	22,680,307.24	17,082,362.66

Other explanation:

65. R& D expenses

In RMB

Item	Current Period	Last Period
Personnel labor costs	3,424,760.68	1,801,065.20
Depreciation and amortization expense	437,009.74	499,584.18
Other related expenses	93,877.08	122,775.88
Total	3,955,647.50	2,423,425.26

Other explanation:

66. Financial expense

In RMB

Item	Current Period	Last Period
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Interest costs	3,731,443.17	4,755,143.83
Less: Interest income	203,041.26	529,170.31
Exchange loss	4,068,036.84	800,845.19
Less: exchange gains	2,461,568.22	
Handing expense	105,672.13	59,100.48
Other	1,160.00	
Total	5,241,702.86	3,484,228.81

Other explanation:

Inquiry letter courier fee

67. Other income

In RMB

Sources	Current Period	Last Period
Three-agency handling fee	3,553.35	
Industrial Transformation Item		348,540.00
Total	3,553.35	348,540.00

68. Investment income

In RMB

Item	Current Period	Last Period
Financial income	149,767.58	66,780.40
Total	149,767.58	66,780.40

Other explanation:

69. Net exposure hedging income

In RMB

Item	The Period	Last Period

Other note:

70. Fair value change income

In RMB

Sources of income from changes in Fair value	The Period	Last Period

Other note:

71. Credit impairment loss

In RMB

Item	Current Period	Last Period
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Other explanation:

72. Losses on assets impairment

In RMB

Item	Current Period	Last Period
II. Inventory falling price loss and impairment loss of contract performance cost	-1,350,000.00	
Total	-1,350,000.00	

Other explanation:

73. Asset disposal income

In RMB

Source of asset disposal income	Current Period	Last Period
Dispose income of fixed assets	0.00	-99,867.53
Total	0.00	-99,867.53

74. Non-operating income

In RMB

Item	Current Period	Last Period	Amount included in current non-recurring profits or losses
Government subsidy	256,000.00		
Disposal of assets	2,786.47		2,786.47
Fine	1,400.00	1,976.00	1,400.00
Other	16,412.57	43,224.00	16,412.57
Total	276,599.04	45,200.06	20,599.04

Government subsidy reckoned into current gains/losses:

In RMB

Item	Issuing subject	Offering causes	Nature	Subsidy impact current gains/losse	The special subsidy (Y/N)	Amount in the Period	Amount in last period	Assets-related/Income-related
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				s (Y/N)				
C		Award	Subsidies received for research and development, technological renewal and transformation, etc.	N	N	256,000.00		Income-related

Other explanation:

75. Non-operating expenditure

In RMB

Item	Current Period	Last Period	Amount included in current non-recurring profits or losses
Dealing with fixed assets	22,804.31		22,804.31
Fine expenditure	191,386.99	7,302.38	191,386.99
Total	215,202.92	7,302.38	215,202.92

Other explanation:

Nil

76. Income tax expense

(1) Statement of income tax expense

In RMB

Item	Current Period	Last Period
Current income tax expense	1,584,720.39	982,790.94
Deferred income tax expense		-145,421.36
Total	1,584,720.39	837,369.58

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current Period

Total profit	8,574,082.87
Income tax based on statutory/applicable rate	2,490,947.85
Impact by different tax rate applied by subsidies	230,760.37
Impact of deductible loss of un-recognized deferred income tax assets in the prior period of use	-145,421.36
Income tax expense	1,584,720.39

Other explanation

Nil

77. Other comprehensive income

See note

78. Annotation of cash flow statement

(1) Cash received with other operating activities concerned

In RMB

Item	The Period	Last Period
Unit intercourse account	15,891,476.38	423,061.34
Collection management fee and utilities etc.		870,339.55
Repayment from employees	81,510.67	538.70
Margin	3,420.00	178,441.66
Interest income	30,133.34	80,873.96
Government subsidy	259,553.35	2,190,000.00
Total	16,266,093.74	3,743,255.21

Note of cash received with other operating activities concerned:

Nil

(2) Cash paid with other operating activities concerned

In RMB

Item	The Period	Last Period
Unit intercourse account	19,499,576.94	12,099,293.44
Employee loan	47,686.67	1,518,843.50
Deposit and security deposit	1,804,581.00	777,760.00
Communication fee	165,926.34	2,225,069.64

Utility bill	4,662,103.00	195,404.27
Travel expenses	1,168,068.54	631,364.12
Shipping fee	2,706,778.65	2,885,107.75
Transportation expenses		708,540.18
Repair cost	1,369,952.77	1,186,397.36
Consultation fee	1,400,000.00	700,000.00
Security fee		363,200.00
Financial institution fee		54,316.41
Office expenses	19,086.70	184,663.65
Communication fee	437,439.91	66,922.51
Rental fees		496,532.52
Other	18,919,703.62	2,183,661.37
Total	52,200,904.14	26,277,076.72

Note of cash paid with other operating activities concerned:

(3) Cash received with other investment activities concerned

In RMB

Item	Current Period	Last Period
Redemption of principal of financial products		35,000,000.00
Total		35,000,000.00

Note of cash received with other investment activities concerned:

(4) Cash paid related with investment activities

In RMB

Item	Current Period	Last Period
Purchasing financial products		35,000,000.00
Total		35,000,000.00

Note of cash paid related with investment activities:

(5) Other cash received related to financing activities

In RMB

Item	The Period	Last Period
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Description of other received cash related to financing activities:

(6) Cash paid related with financing activities

In RMB

Item	Current Period	Last Period
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Note of cash paid related with financing activities:

79. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	7,023,114.72	3,165,597.55
Add: Assets impairment provision		
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	5,855,066.65	6,364,464.64
Depreciation of right-of-use assets		
Amortization of intangible assets	875,257.88	911,802.71
Amortization of long-term deferred expenses	114,127.72	116,167.92
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain is listed with “-”)		-156,701.09
Losses on scrapping of fixed assets (gain is listed with “-”)		
Gain/loss of fair value changes (gain is listed with “-”)		
Financial expenses (gain is listed with “-”)	5,241,702.86	3,786,650.62
Investment loss (gain is listed with “-”)	-149,767.58	-66,780.40
Decrease of deferred income tax asset ((increase is listed with “-”)		-145,421.36
Increase of deferred income tax liability (decrease is listed with “-”)		

Decrease of inventory (increase is listed with “-”)	-61,101,647.02	-3,086,479.34
Decrease of operating receivable accounts (increase is listed with “-”)	97,224,785.91	-15,138,062.21
Increase of operating payable accounts (decrease is listed with “-”)	-76,901,010.73	25,448,973.20
Other		
Net cash flows arising from operating activities	-21,818,369.59	21,200,212.24
2. Material investment and financing not involved in cash flow	--	--
Conversion of debt into capital		
Switching Company bonds due within one year		
Financing lease of fixed assets		
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	59,612,186.22	21,812,967.80
Less: Balance of cash equivalent at year-begin	60,968,053.58	36,645,061.61
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increase of cash and cash equivalents	-1,355,867.36	-14,832,093.81

(2) Net cash payment for the acquisition of a subsidiary in the period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other note:

(3) Net cash received from the disposal of subsidiaries

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other note:

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	59,612,186.22	60,968,053.58
Including: Cash on hand	903.40	136,673.02
Bank deposit available for payment at any time	16,620,293.80	29,912,316.31
Other currency funds available for payment at any time	42,990,989.02	
III. Balance of cash and cash equivalent at period-end	59,612,186.22	60,968,053.58

Other explanation:

80. Note of the changes of owners' equity

Explain the items and amount at period-end adjusted for "Other" at end of the last year:

Nil

81. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Limited reason
Money funds	42,990,989.02	Margin
Fixed assets	12,375,571.51	Collateral for borrowing
Intangible assets	6,752,967.68	Collateral for borrowing
Fixed assets liquidation	92,857,471.69	Court seizure
Investment real estate	11,503,400.02	Collateral for borrowing
Accounts receivable financing	0.00	Bill pledge
Total	166,480,399.92	--

Other explanation:

82. Item of foreign currency

(1) Item of foreign currency

In RMB

Item	Ending balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary funds	--	--	
Including: USD	1,346,535.80	6.4705	8,810,879.28
Euro			
HKD			
Account receivable	--	--	
Including: USD	5,192,627.92	6.4705	604,526.76
Euro			
HKD			
Long-term loans	--	--	
Including: USD			
Euro			
HKD			

Other explanation:

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons

Applicable Not applicable

83. Hedging

According to the hedge classification, disclose the qualitative and quantitative information of hedging items, related hedging tools, and hedged risks:

84. Government subsidy

(1) Government subsidy

In RMB

Category	Amount	Item for presentation	Amount reckoned into current gains/losses
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(2) Government grants rebate

Applicable Not applicable

Other explanation:

85. Other

Nil

VIII. Changes of consolidation scope

1. Enterprise combine not under the same control

(1) Enterprise combination under the same control in Period

In RMB

Purchaser	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of purchaser from purchasing date to period-end	Net profit of purchaser from purchasing date to period-end
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Other note:

(2) Combination cost and goodwill

In RMB

Combination cost	
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The method of determining the fair value of the merger cost, contingent consideration and there changes:

The main reasons for the formation of large amounts of goodwill:

Other explanation:

(3) Identifiable assets and liability on purchasing date under the purchaser

In RMB

	Fair value on purchasing date
	Book value on purchasing date

Method for determining the fair value of identifiable assets and liabilities:

The contingent liabilities of the acquiree assumed in the business combination:

Other explanation:

(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

Yes No

(5) Notes relating to the purchase date or the end of the period in which the merger consideration or the fair value of the purchasee's identifiable assets and liabilities cannot be reasonable determined

(6) Other explanations

2. Enterprise combine under the same control

(1) Enterprise combination under the same control in Period

In RMB

Combined party	Percentage of equity acquired in enterprise combination	Constitute the basis for the enterprise combination under the same control	Combining date	Basis for determining the date of combination	Income of the combined party from the beginning of the period of combination to the date of combination	Net profit of the combined party from the beginning of the period of combination to the date of combination	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other note:

(2) Consolidation cost

In RMB

Consolidation cost	
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Contingent explanation of the consideration and its changes:

Other note:

(3) Book value of the assets/liabilities from combined party at date of combination

In RMB

	Combination date	At the end of the previous period

Contingent liabilities of the combined party assumed in the enterprise combination:

Other note:

3. Reverse purchase

Basic information of the transaction, the basis for the reverse purchase of the transaction, whether the assets and liabilities retained by the listed company constitute a business and its basis, the determination of the merger cost, the amount of equity adjusted in accordance with the equity transaction and its calculation:

4. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that resulted in a loss of control

Yes No

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the period

Yes No

5. Other reasons for consolidation range changed

Explain the reasons on consolidate scope changes (i.e. subsidiary newly established, subsidiary liquidation etc.) and relevant information:

6. Other

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main operation place	Registration place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
HUAFA Lease Company	Shenzhen	Shenzhen	Property management	60.00%		New investment acquisition
HUAFA Property Company	Shenzhen	Shenzhen	Property management	100.00%		New investment acquisition
Hengfa Technology	Wuhan	Wuhan	Production & sales	100.00%		New investment

Company						acquisition
HUAFA Hengtian Company	Shenzhen	Shenzhen	Property management	100.00%		New investment acquisition
HUAFA Hengtai Company	Shenzhen	Shenzhen	Property management	100.00%		New investment acquisition

Explanation on share-holding ratio in subsidiary different from ratio of voting right:

Nil

Basis for controlling the invested entity with half or below voting rights held and without controlling invested entity but with over half and over voting rights:

Nil

Major structured entity included in consolidates statement:

Nil

Basis of termination of agent or consignor:

Nil

Other explanation

Nil

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority

Explanation on holding ratio different from the voting right ratio for minority shareholders:

Other note:

(3) Main finance of the important non-wholly-owned subsidiary

In RMB

Subsidiary	Ending balance						Opening balance						
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	

In RMB

Subsidiary	The Period				Last Period			
	Operation Income	Net profit	Total comprehensive	Cash flow from	Operation Income	Net profit	Total comprehensive	Cash flow from

			sive income	operation activity			sive income	operation activity
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Other note:

Nil

(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

Nil

(5) Financial or other supporting offers to the structured entity included in consolidated financial statement range

Nil

Other note:

Nil

2. Transaction that has owners' equity shares changed in subsidiary but still with controlling rights

(1) Owners' equity shares changed in subsidiary

(2) Impact on minority's interest and owners' equity attributable to parent company

In RMB

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Other note

3. Equity in joint venture and associated enterprise

(1) Important joint venture and associated enterprise

Joint venture or associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	

Holding shares ratio different from the voting right ratio:

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

(2) Main financial information of the important joint venture

In RMB

	Ending balance /The Period	Opening balance /Last Period
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Other note

(3) Main financial information of the important associated enterprise

In RMB

	Ending balance /The Period	Opening balance /Last Period

Other note

(4) Financial summary for non-important Joint venture and associated enterprise

In RMB

	Ending balance /The Period	Opening balance /Last Period
Joint venture:	--	--
Amount based on share-holding ratio	--	--
Associated enterprise:	--	--
Amount based on share-holding ratio	--	--

Other note

(5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

(6) Excess loss occurred in joint venture or associated enterprise

In RMB

Name of joint venture or associated enterprise	Cumulative unrecognized loss accumulated in the previous period	Unrecognized loss in the current period (or net profit shared in the current period)	Accumulated unrecognized loss at the end of the period

Other note

(7) Unconfirmed commitment with joint venture investment concerned

(8) Intangible liability with joint venture or associated enterprise investment concerned

4. Major conduct joint operation

Joint business name	Principal place of business	Registration	Business nature	Shareholding ratio/shares enjoyed	
				Direct	Indirect

Explanation of the shareholding ratio or the share enjoyed in the joint operation is different from the voting rights ratio:

If a joint operation is a separate entity, the basis for classification as a joint operation:

Other note

5. Structured body excluding in consolidate financial statement

Relevant explanations for structured entities not included in the scope of the consolidated financial statements:

6. Other

X. Risk related with financial instrument

XI. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
II. Non-persistent measure	--	--	--	--

2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

3. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on second-order

4. The qualitative and quantitative information for the valuation technique and critical parameter that sustaining and non-persistent measured by fair value on third-order

5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book value and sensitivity analysis of unobservable parameters

6. Continuous fair value measurement items, if there is a conversion between various levels in the current period, the reasons for the conversion and the policy for determining the timing of the conversion

7. Changes in valuation technology during the current period and reasons for the changes

8. The fair value of financial assets and financial liabilities not measured by fair value

9. Other

XII. Related party and related party transactions

1. Parent company of the enterprise

Parent company	Registration place	Business nature	Registered capital	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd	Wuhan	Production and sales, real estate development and sales, housing leasing and management	138,000,000.00	42.13%	42.13%

Explanation on parent company of the enterprise

Nil

The ultimate control of the enterprise is Li Zhongqiu.

Other note:

Nil

2. Subsidiary of the Enterprise

Found more in VIII. Equity in other entity in the Note

3. Joint venture and associated enterprise

Found more in Note

Other associated enterprise or joint ventures which has related transaction with the Company in the period or occurred previous:

Name of joint venture or associated enterprise	Relationship with the company
--	-------------------------------

Other note

4. Other Related party

Other Related party	Relationship with the Enterprise
Wuhan Zhongheng Huafa Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Hengsheng Yutian Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Hengsheng Photo-electricity Industry Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hong Kong Yutian International Investment Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan New Oriental Real Estate Development Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Zhongheng Property Management Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Optical Valley Display System Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Yutian Industrial Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Yutian Dongfang Property Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Xiahua Zhongheng Electronics Co. Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Zhongheng Yutian Trading Co., Ltd	Control by same controlling shareholder and ultimate controller
Wuhan Yutian Hongguang Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Shenzhen Zhongheng Huayu Investment Holding Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Yutian Investment Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yutian International Co., Ltd.	Control by same controlling shareholder and ultimate

	controller
Hong Kong Zhongheng Yutian Co., Ltd.	Control by same controlling shareholder and ultimate controller
Shenzhen Yutian Henghua Co., Ltd.	Control by same controlling shareholder and ultimate controller
Shenzhen Zhongheng Yongye Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Shenzhen Yutian Hengrui Co., Ltd.	Control by same controlling shareholder and ultimate controller
Wuhan Henglian Optoelectronics Co., Ltd.	Control by same controlling shareholder and ultimate controller

Other note

Nil

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Content	Current Period	Trading limit approved	Whether over the approved limited or not (Y/N)	Last Period
Hong Kong Yutian International Investment Co., Ltd.	Purchase goods	37,751,811.11	156,979,200.00	N	67,538,078.36
Wuhan Hengsheng Photo-electricity Industry Co., Ltd.	Purchase goods	60,509,427.57	130,816,000.00	N	60,232,724.51

Goods sold/labor service providing

In RMB

Related party	Content	Current Period	Last Period
Hong Kong Yutian International Investment Co., Ltd.	Sales of goods	62,100,265.79	59,074,589.93
Wuhan Hengsheng Photo-electricity Industry	Sales of goods	17,319,716.68	10,283,633.89

Co., Ltd.			
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Explanation on goods purchasing, labor service providing and receiving

Nil

(2) Related trusteeship management/contract & entrust management/ outsourcing

The company's entrusted management/contracting situation table:

In RMB

The name of the entrusting party / outsourcing party	Name of contractor/contractor	Types of entrusted/contracted assets	Start date of entrusted/contracted start date	End date of entrust/contracting	Pricing basis for custody income/contracting income	Custody income/contracting income confirmed in the current period

Description of related custody/contracting situation

The company's entrusted management / outsourcing situation table:

In RMB

The name of the entrusting party / outsourcing party	Name of contractor/contractor	Entrusted/Outsourced Asset Type	Start date of commission/out of package	End date of entrustment/outsourcing	Custody fee/package fee pricing basis	Custody fee/package fee confirmed in the current period

Explanation on related lease

(3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized at last Period

As a tenant for the Company:

In RMB

Lessor	Assets type	Rent costs recognized in the Period	Rent costs recognized at last Period

Explanation on related lease

(4) Related guarantee

As the guarantor

In RMB

Secured party	Amount guarantee	Start	End	Completed or not (Y/N)
Hengfa Technology	27,889,579.00	April 20, 2018	April 20, 2022	N

As the secured party

In RMB

Guarantor	Amount guarantee	Start	End	Completed or not (Y/N)
Li Zhongqiu	67,000,000.00	July 01, 2019	July 01, 2022	N

Explanation on related guarantee

Nil

(5) Related party's borrowed/lending funds

In RMB

Related party	Loan amount	Start date	Maturity	Note
Borrowing				
Lending				

(6) Related party's assets transfer and debt reorganization

In RMB

Related party	Related transaction content	The Period	Last Period
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(3) Remuneration of key manager

In RMB

Item	The Period	Last Period
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(8) Other related transactions

6. Receivable/payable items of related parties

(1) Receivable

In RMB

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Hong Kong Yutian International Investment Co.,	29,037,251.56		41,513,718.58	

	Ltd.				
Accounts receivable	Wuhan Hengsheng Photo-electricity Industry Co., Ltd.	1,434,688.52		12,676.70	
Prepayments	Hong Kong Yutian International Investment Co., Ltd.			27,025,766.19	
Total		30,471,940.08		68,552,161.47	

(2) Payable

In RMB

Item	Related party	Closing book balance	Opening book balance
Account payable	Wuhan Hengsheng Photo-electricity Industry Co., Ltd.	23,803,488.38	6,795,240.85
Notes payable	Wuhan Hengsheng Photo-electricity Industry Co., Ltd.		
Total		23,803,488.38	6,795,240.85

7. Undertakings of related party

According to the claim request of the arbitration application of Shenzhen Vanke, Shen Huafa and Wuhan Zhongheng are required to pay or bear jointly. The letter of Undertaking issued by Wuhan Zhongheng Group to Shenzhen Huafa will be fully borne by the Wuhan Zhongheng Group if the arbitration is decided in favor of Vanke and the dispute arising from the contract leads to the arbitration losses.

8. Other

Nil

XIII. Share-based payment

1. Overall situation of share-based payment

Applicable Not applicable

2. Share-based payment settled by equity

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

Nil

5. Other

XIV. Undertakings or contingency

1. Important undertakings

Important undertakings on balance sheet date

Nil

2. Contingency

(1) Contingency on balance sheet date

Nil

(2) For the important contingency not necessary to disclosed by the Company, explained reasons

The Company has no important contingency that need to disclosed

3. Other

As of the date of this report, the company has no undisclosed commitments or contingencies that should be disclosed.

XV. Events after balance sheet date

1. Important non adjustment matters

In RMB

Item	Content	Number of impacts on financial status and operating results	The reason why the impact number cannot be estimated

2. Profit distribution

In RMB

3. Sales return

4. Other events after balance sheet date

As of the date of this report, the company has no undisclosed post-balance sheet events that should be disclosed.

XVI. Other important events

1. Previous accounting errors collection

(1) Retrospective restatement method

In RMB

Correction of accounting errors	Processing program	Names of report items in each comparison period affected	Cumulative influence

(2) Future applicable law

Correction of accounting errors	Approval procedure	Reasons for adopting future applicable law

2. Debt restructuring

3. Assets replacement

(1) Exchange of non-monetary assets

(2) Other asset replacement

4. Pension plan

5. Termination of operation

In RMB

Item	Income	Expense	Total profit	Income tax expense	Net profit	Termination of operation profit attributable to owners of the parent company

Other note

6. Segment

(1) Recognition basis and accounting policy for reportable segment

(2) Financial information for reportable segment

In RMB

Item		Offset of segment	Total
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(3) If the company has no reportable segments or is unable to disclose the total assets and liabilities of each reportable segment, it should state the reasons

(4) Other explanations

7. Major transaction and events makes influence on investor's decision

8. Other

1. Matters of adjudication of Southern International Arbitration Shen [2017] No. D376 from Southern China International Economic & Trade Arbitration Commission

(1) Arbitration

In August 2015, Shenzhen Zhongheng Huafa Co., Ltd. (hereinafter referred to as "Shenzhen HUAFA") and Wuhan Zhongheng New Technology Industry Group Co., Ltd. (hereinafter referred to as "Wuhan Zhongheng") signed the "Cooperation Agreement on Urban Renewal Project of Update Units at Huafa Industrial Park, Gongming Street, Guangming New District, Shenzhen". As Shenzhen HUAFA and Wuhan Zhongheng planned to cooperate with Shenzhen Vanke Real Estate CO., Ltd. (hereinafter referred to as "Shenzhen Vanke") on the Huafa urban renewal project (hereinafter referred to as "Huafa Renovation Project) at Gongming Street, Guangming New District, Shenzhen, both parties appointed that Shenzhen HUAFA entrusted Wuhan Zhongheng to represent it in this cooperation, and established project company - Shenzhen Vanke Guangming Real Estate Co., Ltd. (hereinafter referred to as "Vanke Guangming") as the subject of project implementation with Shenzhen Vanke; Vanke Guangming signed "Demolition Compensation Agreement" with Shenzhen HUAFA and Wuhan Zhongheng, and paid the compensation for demolition.

On August 21, 2015, Shenzhen HUAFA, Wuhan Zhongheng and Shenzhen Vanke signed the "Cooperative Operation Contract of Renovation Project at Huafa Industrial Park, Gongming Street, Guangming New District"(hereinafter referred to as "Cooperative Operation Contract"), the contract refined and appointed the cooperation model and operating steps of both sides. And then Shenzhen HUAFA, Wuhan Zhongheng and Shenzhen Vanke signed the "Agreement on the Housing Acquisition and Removal Compensation and Settlement". After signing the above agreement, Shenzhen Vanke paid the cooperation price of 600 million Yuan to Wuhan Zhongheng through Vanke Guangming.

In September 2016, Shenzhen Vanke filed an arbitration to South China International Economic and Trade

Arbitration Commission (hereinafter referred to as “South China Arbitration”) as Shenzhen HUAFA and Wuhan Zhongheng violated the appointment of “Cooperative Operation Contract” and handled the “Confirmation of Subject of Reconstruction Implementation” at an overdue time, and required Shenzhen HUAFA and Wuhan Zhongheng to pay liquidated damages and attorneys' fees of 464.60 million yuan.

While filing the arbitration, Shenzhen Vanke also applied for property preservation of 400 million Yuan of property under the name of Shenzhen Huafa and Wuhan Zhongheng to Shenzhen Intermediate People’s Court. According to the ruling of Shenzhen Intermediate People's Court and “Notification of Sealing up, Seizing and Freezing Assets” (The reference numbers are (2016) Yue 03 Cai Bao No. 51, (2016) Yue 03 Cai Bao No. 53), the 27 house properties (Note: the property within the scope of Huafa renovation project) under the name of Shenzhen HUAFA and 116,489,894 shares (Note: of which 116,100,000 shares have been pledged) of Shenzhen HUAFA stock held by Wuhan Zhongheng were frozen.

(2) Progress of arbitration

On November 12, 2016, the arbitration court held a hearing on this case.

In December 2016, Wuhan Zhongheng to Shenzhen HUAFA issued a “Commitment Letter” which included that if the arbitration (Note: the case) ruled in favor of Shenzhen Vanke, the loss of arbitration caused by the contract disputes should be fully assumed by our company. In the above contingent losses, if the judicial decision ruled your company to pay the compensation in advance, our company promised to pay your company in cash within one month, if our company could not pay on time due to uncontrollable factors, our company would like to pay the corresponding interest according to the benchmark interest rate of bank loans in the corresponding period. Because the plots in the renovation project placed in our company hadn’t been applied for transfer procedures and were still under your company’s name (Note: based on the “Asset Replacement Contract” signed by Wuhan Zhongheng and Shenzhen HUAFA on April 29, 2009), therefore, there was no risk of compliance, at the same time, our company promised to give priority to paying the above compensation with the compensation for demolition of renovation project.

On August 16, 2017, South China International Economic and Trade Arbitration Commission made the “Arbitral Award” SCIA [2017] D376, according to the arbitral award, the applicant and counterclaim respondent in arbitration case SCIA [2017] D376 were Shenzhen Vanke Real Estate Co., Ltd. (hereinafter referred to as “Applicant” and “Vanke”). The first respondent and the first applicant for counterclaim were Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd (hereinafter referred to as “Wuhan Zhongheng” and “First Respondent”). The second respondent and the second applicant for counterclaim were Zhongheng Huafa. The award results were as follows:

- ① The first respondent and the second respondent pay liquidated damages to the applicant with a base number of RMB 600 million, calculating by the annual interest rate of 36% from October 1, 2015 to November 11, 2016;
- ② The first respondent and the second respondent pay the lawyer fees of RMB 1.4 million to the applicant due to the case;
- ③ The first respondent and the second respondent pay the property preservation fees of RMB 10,000 to the applicant;

④ The arbitration fees for this request and case was RMB 3,101,515.00, the first respondent and the second respondent should bear 70%, i.e. RMB 2,171,060.50, and the applicant should bear 30%, i.e. RMB 930,454.50. The applicant had already paid the arbitration fees in full amount for this request which could be used as the arbitration fees of this case and request and shall not be refunded. The first respondent and the second respondent should directly pay RMB 2,171,060.50 to the applicant;

The arbitration fee of counterclaim in this case was RMB 76,050 which was undertaken by the first respondent and the second respondent at their own expense. The first respondent and the second respondent paid the arbitration fees in full amount for this request which could be used as the arbitration fees of this case and request and shall not be refunded;

The actual expenses of the arbitrators in this case amounted to RMB 7,754.90, the first respondent and the second respondent assumed 70%, i.e. RMB 5,428.43, and the applicant assumed 30%, i.e. RMB 2,326.47; the above actual expenses of the arbitrators had been paid by the Commission, so the first respondent and the second respondent and the applicant should directly pay RMB 5,428.43 and RMB 2,326.47 respectively to the Commission;

⑤ Reject the applicant's other arbitration requests;

⑥ Reject the arbitration counterclaims of the first respondent and the second respondent.

In summary, Wuhan Zhongheng and Shenzhen Huafa should pay liquidated damages, interest, lawyer fees, property preservation fees, and arbitration fees for this request to Vanke and pay actual expenses of the arbitrators in this case and pay the actual expenses incurred by the arbitrators in this case to South China International Economic and Trade Arbitration Commission.

On February 7, 2018, the company and Wuhan Zhongheng Group applied to Shenzhen Intermediate People's Court to revoke the Ruling HNGZSC [2017] D376, the court made a judgment on August 16, 2018, rejecting the company's request for revocation. The company and its controlling shareholder Wuhan Zhongheng Group received the "Execution Notice of Shenzhen Intermediate People's Court" ([2018] Yue03Zhi No. 1870), and the executor applied to the court for compulsory execution, the company was listed as dishonest person subject to execution by Shenzhen Intermediate People's Court. On December 13, 2019, the company announced that it had been removed from the list of dishonest persons subject to execution by the Shenzhen Intermediate People's Court.

The Company and Wuhan Zhongheng Group received an enforcement decision in 2020, terminate the execution process and wait for the conditions for continuation to be fulfilled before restarting.

(3) The response of the company's management and the identification of the event

The company engaged lawyers to make an independent investigation and judgment on the event, and issued special legal opinion that the reasons of Wuhan Zhongheng resulted in a failure of a net handover, and Wuhan Zhongheng received the full amount of 600 million yuan paid by Vanke Guangming. Therefore, Wuhan Zhongheng should bear all responsibilities for faults in response to the breach of contract. Wuhan Zhongheng issued the Commitment Letter in December 2016, pledged that if the arbitration judged Vanke to win the case, Wuhan Zhongheng should bear all arbitration losses caused by the contract dispute; after the award came into effect, Wuhan Zhongheng issued the Confirmation Letter again on November 23, 2017 to divide the duty of

performance of the award; the independent directors of the company issued independent opinions after careful study and judgment that Wuhan Zhongheng should bear all liability for satisfaction on the Award HNGZSC [2017] D376.

2. Arbitration case of legal service contract dispute with V&T (Shenzhen) Law Firm

On March 12, 2018, the company received the arbitration notice No. SHEN DX20180087 from Shenzhen Court of International Arbitration, V&T (Shenzhen) Law Firm requested to make a ruling that the Company and Wuhan Zhongheng pay the delinquent lawyer's fees of RMB 19,402,000 and the liquidated damages (The liquidated damages shall take five ten-thousandths of a day as a standard based on RMB 19,402,000 from August 24, 2017 to the date of payment of the above-mentioned lawyer's fees, and the liquidated damages up to February 12, 2018 was RMB 1,678,273.00). The company should bear all the arbitration fees for this case.

On November 5, 2019, the company received the arbitration award HNGZSC [2019] D618 from Shenzhen Court of International Arbitration, ruling that the company and its controlling shareholder Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd should pay Shenzhen V & T Law Firm the arrears of legal fees of RMB 19,402,000 and the liquidated damages.

Guangdong Haibu Attorneys-at-Law engaged by the company made verification opinion on the legal responsibility assumed for the performance of the arbitration result and believed that this case was caused by the Vanke arbitration case No. SHEN DP20160334, and the net land was not handed over on time due to Wuhan Zhongheng, and Wuhan Zhongheng Heng received 600 million yuan paid by Vanke Guangming in full, so the company is not liable for compensation under the judgment of the Vanke case. The nature of the attorney fees of V&T Law Firm is deduction of royalties. V&T Law Firm's deduction for the company is 0, and V&T Law Firm's attorney fees paid by the company is 0. In addition, Wuhan Zhongheng Group has issued a "Letter of Commitment" to Shenzhen Huafa in December 2016, if the arbitration decides that Vanke wins the lawsuit, Wuhan Zhongheng Group will bear the full amount of the arbitration losses caused by the contract disputes. Wuhan Zhongheng Group, as the beneficiary of the "Entrusted Agency Contract", shall bear all the payment responsibilities for the "Award" HNGZSC [2019] No. D618, and the company shall not be liable for the losses in this case.

On November 17, 2020, the court enforced the attorney fees that Wuhan Zhongheng Group should assume. As a joint defendant, the company was forced to enforce partial payment of 1,564,767.46 yuan, Wuhan Zhongheng Group returned this partial payment to the listed company on the 24th of that month.

3. Dispute with Shenzhen Zhongheng Semiconductor Co., Ltd. (formerly known as "Shenzhen Zhongheng Huafa Technology Co., Ltd.") concerning land transfer

(1) Cause of the case

On April 29, 2009, the company signed an Asset Replacement Contract with Wuhan Zhongheng Group. According to the contract, the company would use the the land use rights of two plots of land located at Huafa Road, Gongming Town, Bao'an District, Shenzhen, i.e. land parcel number A627-0005 (real estate registration number 8000101219) and A627-0007 (real estate registration number 8000101218), which are worth 18.55 million yuan, to increase capital to Shenzhen Zhongheng Semiconductor Co., Ltd. (former Zhongheng Huafa Technology Co., Ltd., hereinafter referred to as "Zhongheng Semiconductor") and transfer ownership to

Zhongheng Semiconductor, Wuhan Zhongheng Group replaced the company's 100% equity in Zhongheng Semiconductor with its 56% equity in Wuhan Hengfa Technology Co., Ltd. For the main content of the above-mentioned Asset Replacement Contract, please refer to the Announcement on Related Transactions of Asset Replacement with Controlling Shareholders published by the company on Juchao Website dated April 30, 2009, with the announcement number 2009-17. After Wuhan Zhongheng Group fulfilled its obligations under the Asset Replacement Contract, the company transferred 100% of its equity in Zhongheng Semiconductor to Wuhan Zhongheng Group on December 21, 2009; the company also handed over the above two plots of land to Zhongheng Semiconductor for possession, management, and use, but the land use right has not been transferred to Zhongheng Semiconductor.

(2) Case progress

On April 17, 2020, the company received the "Notice of Response" (2020) Yue 03 Min Chu No. 17 and other related materials delivered by the Shenzhen Intermediate People's Court of Guangdong Province. Zhongheng Semiconductor sued the company and required the company and the third party (Wuhan Zhongheng Group) to continue to perform the contract, and transfer ownership of the above two plots of land and compensate for economic losses of 52 million yuan. The Shenzhen Intermediate People's Court has filed a case with the case number (2020) Yue 03 Min Chu No. 17.

Since Zhongheng Semiconductor's main appeal is the transfer of land to its name, the company is reaching a settlement with Zhongheng Semiconductor. The company promises to actively cooperate with the land transfer. Zhongheng Semiconductor has issued a letter of commitment to the company promising to abandon the demand for economic compensation. The Company received the first trial verdict of the case in May 2021. Zhongheng Semiconductor has appealed the decision to the Supreme People's Court, and the first trial verdict is not yet entered into force.

XVII. Principle notes of financial statements of parent company

1. Account receivable

(1) Category of account receivable

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	10,293,424.90	100.00 %	10,293,424.90	100.00 %	0.00	10,293,424.90	100.00 %	10,293,424.90	100.00 %	0.00

Including:									
Including:									
Total	10,293,424.90		10,293,424.90			10,293,424.90		10,293,424.90	

Accrual of bad debt provision on single basis: 10,293,424.90

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Hong Kong Haowei Industrial Co., Ltd.	1,870,887.18	1,870,887.18	100.00%	Uncollectible
TCL ACE ELECTRIC APPLIANCE (HUIZHOU) CO., LTD.	1,325,431.75	1,325,431.75	100.00%	Uncollectible
Qingdao Haier Parts Procurement Co., Ltd.	1,225,326.15	1,225,326.15	100.00%	Uncollectible
SKYWORTH Multimedia (Shenzhen) Co., Ltd.	579,343.89	579,343.89	100.00%	Uncollectible
Shenzhen Huixin Video Technology Co., Ltd.	381,168.96	381,168.96	100.00%	Uncollectible
Shenzhen Wandelai Digital Technology Co., Ltd.	351,813.70	351,813.70	100.00%	Uncollectible
Shenzhen Dalong Electronic Co., Ltd.	344,700.00	344,700.00	100.00%	Uncollectible
Shenzhen Keya Electronic Co., Ltd.	332,337.76	332,337.76	100.00%	Uncollectible
Shenzhen Qunping Electronic Co., Ltd.	304,542.95	304,542.95	100.00%	Uncollectible
China Galaxy Electronics (Hong Kong) Co., Ltd.	288,261.17	288,261.17	100.00%	Uncollectible
Dongguan Weite Electronic Co., Ltd.	274,399.80	274,399.80	100.00%	Uncollectible
Hong Kong New Century Electronics Co., Ltd.	207,409.40	207,409.40	100.00%	Uncollectible

Shenyang Beitai Electronic Co., Ltd.	203,304.02	203,304.02	100.00%	Uncollectible
Beijing Xinfang Weiye Technology Co., Ltd.	193,000.00	193,000.00	100.00%	Uncollectible
TCL Electronics (Hong Kong) Co., Ltd.	145,087.14	145,087.14	100.00%	Uncollectible
Huizhou TCL Xinte Electronics Co., Ltd.	142,707.14	142,707.14	100.00%	Uncollectible
Sky Worth – RGB Electronic Co., Ltd.	133,485.83	133,485.83	100.00%	Uncollectible
Other	1,990,217.45	1,990,217.45	100.00%	Uncollectible
Total	10,293,424.29	10,293,424.29	--	--

Accrual of bad debt provision on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Accrual of bad debt provision on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB

Account age	Ending balance
Over 3 years	10,293,424.90
Over 5 years	10,293,424.90
Total	10,293,424.90

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or	Written-off	Other	

			reversal			
--	--	--	----------	--	--	--

Including major amount bad debt provision that collected or reversal in the period:

In RMB

Name	Amount collected or reversal	Way of collection
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(3) Actual written-off accounts receivable in the current period

In RMB

Item	Written-off amount
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Including the important accounts receivable written-off situation:

In RMB

Name	Nature of accounts receivable	Written-off amount	Written-off reason	Written-off procedure performed	Whether the payment is generated by related party transactions
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Written-off description of accounts receivable:

Nil

(4) Top 5 account receivables collected by arrears party at ending balance

In RMB

Company	Ending balance of account receivable	Proportion in total account receivables at year-end	Ending balance of bad debt provision
Hong Kong Haowei Industrial Co., Ltd.	1,870,887.18	18.18%	1,870,887.18
TCL ACE ELECTRIC APPLIANCE (HUIZHOU) CO., LTD.	1,325,431.75	12.88%	1,325,431.75
Qingdao Haier Parts Procurement Co., Ltd.	1,225,326.15	11.90%	1,225,326.15
SKYWORTH Multimedia (Shenzhen) Co., Ltd.	579,343.89	5.63%	579,343.89
Shenzhen Huixin Video Technology Co., Ltd.	381,168.96	3.70%	381,168.96
Total	5,382,157.93	52.29%	

(5) Account receivable derecognition due to financial assets transfer

Nil

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Nil

Other note:

Nil

2. Other account receivable

In RMB

Item	Ending balance	Opening balance
Other account receivable	87,948,585.04	93,922,057.92
Total	87,948,585.04	93,922,057.92

(1) Interest receivable

1) Category of interest receivable

In RMB

Item	Ending balance	Opening balance

2) Significant overdue interest

Borrower	Ending balance	Overdue time	Overdue reason	Whether there is impairment and its judgment basis

Other note:

3)Accrual of bad debt provision

Applicable Not applicable

(2)Dividend receivable

1) Category of dividend receivable

In RMB

Item (or invested unit)	Ending balance	Opening balance

2) Important dividend receivable with account age over one year

In RMB

Item (or invested unit)	Ending balance	Account age	Reasons for	Whether there is

			non-recovery	impairment and its judgment basis
--	--	--	--------------	-----------------------------------

3) Accrual of bad debt provision

Applicable Not applicable

Other note:

(3) Other account receivable

1) Other account receivable by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin & deposit	4,427,575.45	304,608.00
Borrow money	2,419,063.12	1,869,073.12
Intercourse funds	70,565,408.13	107,488,541.28
Rental receivable	29,316,713.51	5,847,389.48
Other	37,294.00	168,162.09
Less: Bad debt provision	-18,817,469.17	-18,512,750.12
Total	87,948,585.04	97,165,023.85

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on 1 Jan. 2021		111.75	18,817,357.42	18,817,469.17
Balance of 1 Jan. 2021 in the period	—	—	—	—
Balance on Dec. 31, 2021		111.75	18,817,357.42	18,817,469.17

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (one year included)	8,752,615.17
1-2 years	79,196,078.82
2-3 years	312,212.44
Over 3 years	18,505,147.78
Over 5 years	18,505,147.78
Total	106,766,054.21

3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	

Including the important amount collected or switches back in the period:

In RMB

Name	Amount collected or switches back	Way of collection

4) The actual written-off other receivables in the current period

In RMB

Item	Written-off amount

Including the important written-off situation of other receivables:

In RMB

Name	Nature of other receivables	Written-off amount	Written-off reason	Written-off procedure performed	Whether the payment is generated by related party transactions

Description of other receivables written-off:

5) Top 5 other receivables collected by arrears party at ending balance

In RMB

Company	Nature	Ending balance	Account ages	Proportion in total other receivables at period-end	Ending balance of bad debt provision
Wuhan Hengfa	Intercourse funds	82,263,990.66	Within one year;	77.00%	

Technology Co., Ltd.			1-2 years		
Shenzhen Zhongheng HUAFA Property Co., Ltd	Intercourse funds	8,588,951.51	Within one year	8.00%	
Shenzhen HUAFA Property Leasing Co., Ltd.	Rental fee receivable	4,588,859.19	Over 3 years	4.00%	4,588,859.19
Portman	Intercourse funds	4,021,734.22	Over 3 years	4.00%	4,021,734.22
Shenzhen Jifang Investment Co., Ltd	Rental fee receivable	1,071,160.00	Over 3 years	1.00%	1,071,160.00
Total	--	100,534,695.58	--		9,681,753.41

6) Receivables involving government subsidies

In RMB

Name	Government subsidy item	Ending balance	Ending account age	Estimated time, amount and basis of receipt

7) Other receivable for termination of confirmation due to the transfer of financial assets

8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Other note:

3. Long-term equity investments

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment for subsidiary	186,618,400.00		186,618,400.00	187,218,400.00	600,000.00	186,618,400.00
Total	186,618,400.00		186,618,400.00	187,218,400.00	600,000.00	186,618,400.00

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance (Book value)	Changes in the period				Closing balance (Book value)	Closing balance of impairment
		Additional	Reduce	Accrual of impairment	Other		

		investment	investment	provision			provision
Shenzhen Huafa Property Leasing Co., Ltd.							
Shenzhen Zhongheng HUAFA Property Co., Ltd	1,000,000.00					1,000,000.00	
Wuhan Hengfa Technology Co., Ltd.	183,608,900. 00					183,608,900. 00	
Shenzhen HUAFA Hengtian Co., Ltd.	1,000,000.00					1,000,000.00	
Shenzhen HUAFA Hengtai Co., Ltd.	1,000,000.00					1,000,000.00	
Ruth Co., Ltd.	9,500.00					9,500.00	
Total	186,618,400. 00					186,618,400. 00	

(2) Investment for associates and joint venture

In RMB

Enterprise	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of depreci ation reserve s
		Additional investment	Capital reducti on	Investm ent gain/los s recogni zed under equity	Other compre hensive income adjustm ent	Other equity change	Cash dividen d or profit announ ced to issued	Impair ment accrual	Other		
I. Joint venture											
II. Associated enterprise											

(3) Other note

4. Operating revenue and cost

In RMB

Item	The Period		Last Period	
	Revenue	Cost	Revenue	Cost
Other business	22,146,204.31	4,439,887.16	16,720,522.47	2,040,226.11
Total	22,146,204.31	4,439,887.16	16,720,522.47	2,040,226.11

Information relating to revenue:

In RMB

Category	Branch 1	Branch 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information relating to performance obligations:

Nil

Information relating to the transaction price assigned to the remaining performance obligation:

At end of the period, the corresponding revenue amount for performance obligations that have been signed but have not been performed or have not been performed is 0.00 yuan, of which, yuan expected to recognized as revenue in the year.

Other explanation:

Nil

5. Investment income

In RMB

Item	The Period	Last Period
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6. Other

Nil

XVIII. Supplementary Information

1. Current non-recurring gains/losses

Applicable Not applicable

In RMB

Item	Amount	Note
Gain/loss of entrusted investment or assets management	149,767.58	
Other non-operating income and expenditure except for the aforementioned items	-194,603.88	
Total	-44,836.30	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits belong to common stock stockholders of the Company	2.40%	0.0248	0.0248
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	2.40%	0.0286	0.0286

3. Difference of the accounting data under accounting rules in and out of China

(1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

(2) Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

4. Other

Nil