Zhejiang Chang'an Renheng Technology Co., Ltd.*
浙江長安仁恒科技股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8139)

FURTHER UPDATE ON THE ANNUAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of Zhejiang Chang'an Renheng Technology Co., Ltd.* (the "**Company**", together with its subsidiaries, the "**Group**") dated 31 March 2020 (the "**Unaudited Results Announcement**"), 6 April 2020 (the "**Update Announcement**") and 29 April 2020 (the "**Audited Results Announcement**") in relation to the annual results of the Group for the year ended 31 December 2019. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Unaudited Results Announcement, Update Announcement and Audited Results Announcement.

CLARIFICATION

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to clarify that when the Company was preparing the Update Announcement, we had carried out reasonable enquiries from the auditor of the Company. We have been notified that as at 6 April 2020, there had been no adjustment to the 2019 annual results contained in the Unaudited Results Announcement. The Board would like to reiterate that as at 6 April 2020, the auditor had not completed the audit work and the 2019 annual results contained in the Unaudited Results Announcement were not then yet agreed by the Company's auditor as required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

* *For identification purpose only*

DIFFERENCES BETWEEN THE UNAUDITED AND AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

As certain changes have been made to the unaudited financial information of the Group for the year ended 31 December 2019 as contained in the Unaudited Results Announcement, the differences between the unaudited financial information and the audited financial information contained in Audited Results Announcement are set out as following:

	Note	**Disclosure in the Audited Results Announcement** *RMB* (Audited)	**Disclosure in the Unaudited Results Announcement** *RMB* (Unaudited)	**Difference** *RMB*
Consolidated Statement of Comprehensive Income for the year ended 31 December 2019				
Cost of sales	*1*	(58,785,486)	(58,903,892)	118,406
Gross profit	*1*	41,507,349	41,388,943	118,406
Net impairment losses on financial assets	*2*	(129,604)	(10,499)	(119,105)
Operating profit	*3*	5,316,690	5,317,389	(699)
Finance expenses	*4*	(6,578,703)	(6,293,079)	(285,624)
Finance expenses – net	*4*	(6,385,261)	(6,099,637)	(285,624)
Loss before income tax	*5*	(1,068,571)	(782,248)	(286,323)
Income tax credit/(expense)	*6*	167,335	(26,144)	193,479
Loss for the year attributable to the equity holders of the Company	*7*	(901,236)	(808,392)	(92,844)
Total comprehensive loss for the year attributable to the equity holders of the Company	*7*	(901,236)	(808,392)	(92,844)
Consolidated Balance Sheet as at 31 December 2019				
Right-of-use assets	*8*	6,038,868	6,023,109	15,759
Mining rights	*8*	–	15,759	(15,759)
Deferred income tax assets	*6*	3,503,698	3,310,219	193,479
Trade and other receivables	*2*	65,098,637	65,217,742	(119,105)
Other reserves	*9*	49,569,370	49,883,825	(314,455)
Retained earnings	*7, 10*	17,125,601	16,903,990	221,611
Provisions for environmental rehabilitation	*1, 4, 11*	1,520,370	1,353,152	167,218

Note

(1) The other costs in the "Cost of sales" had been adjusted downward by RMB118,406. These other costs should be related to environmental expenditure. Thus, the corresponding balance sheet adjustment was a decrease in "Provisions for environmental rehabilitation".

(2) Provision for impairment of "Trade and other receivables" had been adjusted upward by RMB119,105. The increase was mainly due to the latest subsequent settlement for "Trade and other receivables" was slightly not up to expectation.

(3) As a result of the adjustments in note (1) and (2), the "Operating profit" decreased by RMB699.

(4) Interest expenses had been adjusted upward by RMB285,624. The increase was mainly due to the reversal of capitalised interest expenses which had been charged to environmental expenditure. Thus, the corresponding balance sheet adjustment was an increase to "Provisions for environmental rehabilitation".

(5) As a result of the adjustments in note (1), (2) and (4), the "Loss before income tax" increased by RMB286,323.

(6) Due to the above adjustments, the Group recorded an "income tax credit" of RMB167,335 rather than an "income tax expense" of RMB26,144. The corresponding balance sheet adjustment was an increase of RMB193,479 in "Deferred income tax assets".

(7) The net impact of all the above adjustments to the "Loss for the year attributable to the equity holders of the Company" was an increase of RMB92,844.

(8) It was a reclassification of RMB15,759 from "Mining rights" to "Right-of-use-assets".

(9) RMB314,455 had been transferred from "Other reserves" to "Retained earnings".

(10) Due to note (7), the "Retained earnings" was adjusted downward by RMB92,844. However, due to note (9), RMB314,455 was reclassified from "Other reserves". Thus, the net impact was an increase of RMB221,611.

(11) Due to note (1), there was a downward adjustment of RMB118,406 in "Provisions for environmental rehabilitation", while due to note (4), there was an upward adjustment of RMB285,624. Thus, the net impact was an upward adjustment of RMB167,218 in "Provisions for environmental rehabilitation".

By order of the Board
Zhejiang Chang'an Renheng Technology Co., Ltd.*
Zhang Youlian
Chairman

Zhejiang, the PRC, 11 May 2020

As at the date of this announcement, the executive Directors are Mr. Zhang Youlian, Mr. She Wenjie and Mr. Fan Fang; the non-executive Director is Ms. Zhang Jinhua and the independent non-executive Directors are Mr. Li Jiangning, Mr. Tang Jingyan and Mr. Zhang Lei.

This announcement, for which the Directors of Zhejiang Chang'an Renheng Technology Co., Ltd. (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be posted on the Company's website at www.renheng.com.