
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _____ to _____

Commission file number: 001-36664

Roan Holdings Group Co., Ltd.
(Exact name of the Registrant as specified in its charter)

British Virgin Islands
(Jurisdiction of incorporation or organization)

147 Ganshui Lane, Yuhuangshannan Fund Town
Shangcheng District
Hangzhou, Zhejiang, China
(Address of principal executive offices)

Zhigang Liu, Chief Executive Officer
Telephone: +86-571-8662-1775
Email: zhigang.Liu@roanholdingsgroup.com
(Name, Telephone, E-mail of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Title of each class	Symbol	Name of the principal U.S. market
Ordinary Shares, no par value	RAHGF	OTCMKTS
Warrants	RONWF	OTCMKTS

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 25,287,851 ordinary shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☒ US GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of the securities under a plan confirmed by a court.

☐ Yes ☐ No

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CERTAIN INFORMATION

In this Annual Report on Form 20-F, or the “Annual Report”, unless the context indicates otherwise, all references to the terms the “Company,” “we,” “us” and “our” refer to Roan Holdings Group Co., Ltd., giving effect to the Lixin Acquisition (as defined below), and all references to “China” or “PRC” and the “Chinese government” refer to the People’s Republic of China and its government. In this Annual Report, all references to “Renminbi,” or “RMB” are to the legal currency of China and all references to “USD” “U.S. dollars,” “dollars,” “\$” or “US\$” are to the legal currency of the United States.

The Company’s functional currency is USD. The functional currency of its PRC operating subsidiaries is Chinese Yuan, or RMB. For financial reporting purposes, the financial statements of the Company’s PRC operating subsidiaries were prepared using RMB, are translated into the Company’s functional currency, USD at the exchange rates quoted by www.oanda.com. Assets and liabilities are translated using the exchange rate at each balance sheet date. Revenue and expenses are translated using average rates prevailing during each reporting period, and owners’ equity is translated at historical exchange rates. Adjustments resulting from the translation are recorded as a separate component of accumulated other comprehensive income in shareholders’ equity.

The audited financial statements for the years ended December 31, 2019, 2018 and 2017 in this Annual Report have been prepared in accordance with accounting principles generally accepted in the United States, or “U.S. GAAP.”

FORWARD-LOOKING STATEMENTS

This Annual Report contains statements that may be deemed to be “forward-looking statements” within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations and/or future financial performance. In some cases, you can identify forward-looking statements by their use of terminology such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “future,” “intend,” “may,” “ought to,” “plan,” “possible,” “potentially,” “predicts,” “project,” “should,” “will,” “would,” negatives of such terms or other similar terms. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The forward-looking statements in this Annual Report include, without limitation, statements relating to:

- our goals and strategies;
- our future business development, results of operations and financial condition;
- our estimates regarding expenses, future revenues, capital requirements and our need for additional financing;
- our estimates regarding the market opportunity for our services;
- the impact of government laws and regulations;
- our ability to recruit and retain qualified personnel;
- our failure to comply with regulatory guidelines;
- uncertainty in industry demand;
- general economic conditions and market conditions in the finance industry;
- future sales of large blocks of our securities, which may adversely impact our share price; and
- depth of the trading market in our securities.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties, including those described in Item 3D “Key Information - Risk Factors.”

You should not unduly rely on any forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Annual Report, to conform these statements to actual results or to changes in our expectations.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not required.

B. Advisers

Not required.

C. Auditors

Not required.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not required.

ITEM 3. KEY INFORMATION

A. Selected financial data

The following selected financial data should be read in conjunction with Item 5 - “Operating and Financial Review and Prospects” and the Financial Statements and Notes thereto included elsewhere in this Annual Report.

The following table summarizes our financial data. We have derived the summary statements of comprehensive income data for the three years ended December 31, 2019, 2018 and 2017 and the statements of financial position data as of December 31, 2019 and 2018 from our audited financial statements included elsewhere in this Annual Report. We have derived the selected financial data as of December 31, 2016 and 2015 from our audited financial statements not included in this Annual Report. Our financial statements have been prepared in accordance with U.S. GAAP.

Certain factors that affect the comparability of the information set forth in the following table are described in Item 5 “Operating and Financial Review and Prospects” and the Financial Statements and related notes thereto included elsewhere in this Annual Report.

Statements of Operations and Comprehensive (Loss) Income

	For the Years Ended December 31,				
	2019	2018	2017	2016	2015
Revenues from services	\$ 639,220	\$ 71,568	\$ -	\$ -	\$ -
Cost of services	(8,080)	-	-	-	-
Net revenues from services	631,140	71,568	-	-	-
Commissions and fees on financial guarantee services	8,797	-	-	-	-
Provision for financial guarantee services	(5,008)	-	-	-	-
Commission and fee income on guarantee services, net	3,789	-	-	-	-
Interest and fees income					
Interest and fees on direct loans	1,153	15,035	1,628,525	6,837,230	2,447,051
Interest income on loans due from third parties	34,707	-	-	-	-
Interest income from factoring business	2,782,332	35,229	-	-	-
Interest income on deposits with banks	64,636	418	537	1,613	105
Total interest and fee income	2,882,828	50,682	1,629,062	6,838,843	2,447,156
Interest expense					
Interest expenses and fees on secured loans	(2,218,815)	(25,118)	-	-	-
Net interest (loss) income	664,013	25,564	1,629,062	6,838,843	2,447,156
Provision for loan losses	(2,244,601)	(2,176,216)	(565,187)	(17,158)	(16,055)
Net interest (loss) income after provision for loan losses	(1,580,588)	(2,150,652)	1,063,875	6,821,685	2,431,101
Operating (loss) income	(945,659)	(2,079,084)	1,063,875	6,821,685	2,431,101
Other income, net	-	-	-	93	-
Total operating expenses					
Salaries and employee surcharge	(512,314)	(572,117)	(518,015)	(776,557)	(163,290)
Business taxes and surcharge	(352)	(714)	(9,879)	(49,295)	(9,029)
Other operating expenses	(1,384,907)	(1,468,738)	(1,691,387)	(2,309,461)	(69,566)
Changes in fair value of warrant liabilities	530,863	748,346	-	-	-
Total operating expenses	(1,366,710)	(1,293,223)	(2,219,281)	(3,135,313)	(241,885)
(Loss) Income before income taxes	(2,312,369)	(3,372,307)	(1,155,406)	3,686,465	2,189,216
Income tax expenses	(244,741)	(17,635)	(250,245)	(1,285,094)	(578,296)
Net (loss) income from continuing operations	(2,557,110)	(3,389,942)	(1,405,651)	2,401,371	1,610,920
Net income (loss) from discontinued operations, net of income tax	26,846,018	(90,736,365)	(53,377,622)	14,877,033	12,508,894
Net income (loss)	24,288,908	(94,126,307)	(54,783,273)	17,278,404	14,119,814
Dividend – convertible redeemable Class A preferred share	(686,400)	(686,400)	(686,400)	(333,327)	-
Net income attributable to noncontrolling interests	(76,108)	(76)	-	-	-
Net income (loss) attributable to Roan Holding Group Co., Ltd.'s shareholders	\$ 23,526,400	\$ (94,812,783)	\$ (55,469,673)	\$ 16,945,077	\$ 14,119,814
Other comprehensive (loss) income					
Foreign currency translation adjustment	1,435,262	(29,318)	5,608,353	(7,530,549)	(5,714,112)
Reclassified to net gain from discontinued operations	2,691,969	-	-	-	-
	4,127,231	(29,318)	5,608,353	(7,530,549)	(5,714,112)
Comprehensive income (loss)	28,416,139	(94,155,625)	(49,174,920)	9,747,855	8,405,702
Other comprehensive income attributable to noncontrolling interests	(97,733)	-	-	-	-
Dividend – convertible redeemable Class A preferred share	(686,400)	(686,400)	(686,400)	(333,327)	-
Net income attributable to noncontrolling interests	(76,108)	(76)	-	-	-
Total comprehensive income (loss) attributable to Roan Holdings Group Co., Ltd.'s shareholders	\$ 27,555,898	\$ (94,842,101)	\$ (49,861,320)	\$ 9,414,528	\$ 8,405,702
Weighted average number of ordinary share outstanding					

Basic	25,287,887	24,380,051	17,343,763	18,353,249	20,859,953
Diluted	25,287,887	24,380,051	17,343,763	21,871,632	20,859,953

Earnings (Loss) per share

Net earnings (loss) per share – Basic	\$ 0.93	\$ (3.89)	\$ (3.20)	\$ 0.92	\$ 0.68
Net earnings (loss) per share – Diluted	\$ 0.93	\$ (3.89)	\$ (3.20)	\$ 0.77	\$ 0.68
Net loss per share from continuing operations - Basic	\$ (0.13)	\$ (0.17)	\$ (0.12)	\$ 0.11	\$ 0.08
Net (loss) earnings per share from continuing operations - Diluted	\$ (0.13)	\$ (0.17)	\$ (0.12)	\$ 0.09	\$ 0.08
Net earnings (loss) per share from discontinued operations - Basic	\$ 1.06	\$ (3.72)	\$ (3.08)	\$ 0.81	\$ 0.60
Net earnings (loss) per share from discontinued operations - Diluted	\$ 1.06	\$ (3.72)	\$ (3.08)	\$ 0.68	\$ 0.60

Balance Sheet

	For the Years Ended December 31,				
	2019	2018	2017	2016	2015
Cash and cash equivalents for continuing operations	\$ 6,911,592	\$ 1,301,124	\$ 1,179,878	\$ 4,193,190	\$ 728,521
Total assets for continuing operations	\$ 55,389,282	\$ 69,144,144	\$ 6,192,846	\$ 7,800,613	\$ 2,252,944
Total assets for discontinued operations	\$ -	\$ 26,524,386	\$ 113,427,423	\$ 151,155,958	\$ 150,097,392
Total liabilities for continuing operations	\$ 5,296,461	\$ 66,031,719	\$ 775,664	\$ 5,482,948	\$ 711,237
Total liabilities for discontinued operations	\$ -	\$ 55,984,465	\$ 52,095,258	\$ 40,304,476	\$ 48,269,245
Total shareholders' equity (deficit)	\$ 32,982,300	\$ (36,000,257)	\$ 57,783,220	\$ 104,255,820	\$ 103,369,854

B. Capitalization and Indebtedness

Not required.

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk factors

In conducting our business, we face many risks that may interfere with our business objectives. Some of these risks could materially and adversely affect our business, financial condition and results of operations. In particular, we are subject to various risks resulting from changing economic, political, industry, business and financial conditions. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business operations.

You should carefully consider the following factors and other information in this Annual Report before you decide to invest in our ordinary shares. If any of the risks referred to below occur, our business, financial condition and results of operations could suffer. In any such case, the trading price of our ordinary shares could decline, and you may lose all or part of your investment.

Risks Factors Relating to the Company's Business and Operations

The Company has had a lot of structural changes recently and we cannot guarantee the new structure will work well.

For the fiscal years ended December 31, 2019 and 2018, we were unable to achieve similar results and grow at the same rate as the Company has in the past. While the Company finished the Lixin Acquisition in December 2019 and has incorporated the business of Lixin Financial Holdings Group Limited ("Lixin Cayman") and its subsidiaries, it is still difficult to evaluate our prospects, as we may not have sufficient experience in managing the changes and addressing the risks to which companies operating in new and rapidly evolving markets such as the financial guarantee industry may be exposed. The Company will continue to encounter risks and difficulties that companies at a similar stage of development frequently experience, including the potential failure to:

- obtain sufficient working capital and increase its registered capital to support expansion of its financial guarantee business, asset management, supply chain financing and business factoring;
- comply with any changes in the laws and regulations of the PRC or local province that may affect its operations;
- expand its customer base;

- maintain adequate control of default risks and expenses allowing it to realize anticipated revenue growth;
- implement its customer development, risk management of national growth and acquisition strategies and plans and adapt and modify them as needed;
- integrate any future acquisitions; and
- anticipate and adapt to changing conditions in the Chinese financing industry resulting from changes in government regulations, mergers and acquisitions involving its competitors, and other significant competitive and market dynamics.

If the Company is unable to address any or all of the foregoing risks, its business may be materially and adversely affected.

Public health epidemics or outbreaks such as COVID-19 could adversely impact our business.

Our business, financial condition and results of operations may also be negatively impacted by risks related to natural disasters, extreme weather conditions, health epidemics and other catastrophic incidents, such as the COVID-19 outbreak and spread, which could significantly disrupt our operations. In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. The COVID-19 outbreak and spread is causing lockdowns, quarantines, travel restrictions, and closures of businesses and schools. Due to COVID-19 outbreak, our facilities remained closed or had limited business operations after the Chinese New Year holiday until early March 2020. In addition, COVID-19 has caused severe disruptions in transportation, limited access to our facilities and limited support from workforce employed in our operations, and as a result, we may experience the delays in provision of financial guarantee services and consulting services to our customers. Although we have taken all possible measures to overcome the adverse impact derived from the COVID-19 outbreak and have resumed our normal business activities in early March 2020, it is estimated that a lower amount of revenue and profit during the period from February to April 2020. The extent to which the coronavirus impacts our results for fiscal year 2020 will depend on certain future developments, including the duration and spread of the outbreak, emerging information concerning the severity of the coronavirus and the actions taken by governments and private businesses to attempt to contain the coronavirus, all of which is uncertain at this point.

Our limited operating history makes it difficult to evaluate their business and prospects.

In general we have a limited operating history. For example, the income from Zhiyuan Commercial Factoring (Guangzhou) Co., Limited (“Zhiyuan”) and Hangzhou Zeshi Investment Partners (“Zeshi”) constituted the majority of the revenue of the Company in fiscal 2019. However, they were incorporated at the end of 2018 and have a limited operating history. We are not sure about their future development and their income in 2019 may not be indicative of future performance.

Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited (“Ding Xin”) was formed in the second quarter of 2015. Ding Xin commenced operations in August 2015 but it mainly acted as the WFOE (a wholly foreign-owned enterprise) of the VIE which we divested towards the end of 2019. It incorporated a branch company in Xinjiang in 2015 for finance consulting business.

Ningbo Ding Tai Financial Leasing Co., Limited (“Ding Tai”) was formed in the December of 2016. While it incorporated Zeshi in 2019 and Zeshi (Hangzhou) Health Management Co., Ltd. (“Zeshi Health”) and Nibo Zeshi Insurance Technology Co., Ltd. (“Zeshi Insurance”) in 2020, itself has not commenced operations.

The operating subsidiaries under Lixin Cayman also have a limited operating history. While Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd. (“Zhejiang Jingyuxin”) was incorporated in 2013 and Zhejiang Lixin Enterprise Management Holding Group Co., Ltd. (“Zhejiang Lixin”) was incorporated in 2015, Lixin (Hangzhou) Asset Management Co., Ltd. (“LAM”) and Lixin Supply Chain Management (Tianjin) Co., Ltd. (“Lixin Supply Chain”) were incorporated in 2017.

The Company's current operations in China are geographically limited to certain areas.

Our business focuses on Yangtze River Delta region and Pearl River Delta region. The Company's future growth opportunities will depend on the growth and stability of the economy in these areas. A downturn in the economy of these areas or the implementation of provincial or local policies unfavorable to middle-sized and micro enterprises ("MSMEs") may cause a decrease in the demand for the Company's loan guaranty services and may negatively affect borrowers' ability to repay their loans on a timely basis, both of which could have a negative impact on the Company's profitability and business. Although it is open to and are trying to develop business in more areas, the Company still needs more time to expand its business geographically.

Regarding its financial guarantee services to MSMEs, the Company is subject to greater credit risks than larger guarantee providers, which could adversely affect its results of operations.

There are inherent risks associated with our financial guarantee activities, including credit risk, which is the risk that our customers may not repay us after we make payments for them according to our contracts. We provide financial guarantee services to MSMEs. These customers generally have fewer financial resources in terms of capital or borrowing capacity than larger entities and may have fewer financial resources to weather a downturn in the economy. Such customers may expose the Company to greater credit risks than guaranty providers guaranteeing for larger, better-capitalized state-owned businesses with longer operating histories. Conditions such as inflation, economic downturn, local policy change, adjustment of industrial structure and other factors beyond our control may increase our credit risk more than such events would affect larger guaranty providers. In addition, since we are still focusing on Yangtze River Delta region and Pearl River Delta region, our ability to geographically diversify the economic risks is currently limited by the local markets and economies. Also, decreases in local real estate value could adversely affect the values of the real property used as collateral in the financial guarantee business. Such adverse changes in the local economies may have a negative impact on the ability of customers to repay their loans and the value of their collateral and in turn our results of operations and financial condition may be adversely affected.

Competition in the financial industry is growing and could cause the Company to lose market share and revenues in the future.

We believe that the financial industry is an emerging market in China. We may face growing competition in the financial industry, and the Company believes that financial industry is becoming more competitive as this industry matures and begins to consolidate. The Company will compete other financial companies and some cash-rich state-owned companies or individuals that provide financial services to MSMEs. Some of these competitors have larger and more established customer bases and substantially greater financial, marketing and other resources than we have. As a result, the Company could lose market share and its revenues could decline, thereby adversely affecting our earnings and potential for growth.

The Company's businesses will require highly qualified personnel, and if it is unable to hire or retain qualified personnel, then it may not be able to grow effectively.

The Company's future success depends upon its ability to attract and retain highly qualified personnel. Establishment of Zeshi Insurance and Zeshi Health in the first quarter of 2020 with healthcare business and expansion of the businesses of each operating company will require additional managers and employees with relevant industry experience, and its success will be highly dependent on its ability to attract and retain skilled management personnel and other employees. These operating companies may not be able to attract or retain highly qualified personnel. In addition, competition for skilled personnel is significant in China. This competition may make it more difficult and expensive to attract, hire and retain qualified managers and employees. The Company may incur additional expenses to recruit and retain qualified replacements and its businesses may be disrupted and its financial condition and results of operations may be materially and adversely affected. In addition, key managers may join a competitor or form a competing company. An operating company may not be able to successfully enforce any contractual rights with its management team, in particular in China, where all of these individuals reside or will reside.

The Company's business continuity plans could prove to be inadequate, resulting in a material interruption in or disruption to, its business and a negative impact on the Company's results of operations.

The Company relies on communications and information systems to conduct its business to some extent, and in general its ability to protect its systems against damage from fire, power loss, telecommunication failure, severe weather, natural disasters, terrorism or other factors is important to its operations. The computer systems and network infrastructure the Company uses could be vulnerable to unforeseen problems. While the Company has a business continuity plan and other policies and procedures designed to prevent or limit the effect of a failure or interruption of our information systems, there can be no assurance that any such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions of our information systems could, among other things, damage the Company's reputation or result in a loss of clients, which could have a material adverse effect on the Company's results of operations.

The Company has no material insurance coverage, which could expose it to significant costs and business disruption.

Risks associated with the Company's business and operations include, but are not limited to, clients' failure to repay the outstanding principal and interest after we make the payments for them and loss reserves are not sufficient cover such failure, losses of key personnel, business interruption due to power loss or network failure, and risks posed by natural disasters including storms, floods and earthquakes, any of which may result in significant costs or business disruption. The Company does not maintain any credit insurance, business interruption insurance, general third-party liability insurance, nor does it maintain key-man life insurance or any other insurance coverage except the mandatory social insurance for employees. If the Company incurs any loss that is not covered by reserves, its business, financial condition and results of operations could be materially and adversely affected.

The Company maintains cash deposits with various banks. These cash accounts are not sufficiently insured or otherwise protected. Should any bank holding these cash deposits become insolvent, or if the Company is otherwise unable to withdraw funds, it could lose the cash on deposit with that particular bank or trust company.

The Company uses credit reports issued by the Credit Reference Center of the People's Bank of China for credit records, which may not cover all accurate credit activities of guarantee customers.

The Company generally uses credit reports issued by the Credit Reference Center of the People's Bank of China ("CCRC") for guarantee customers' credit records. According to the information from CCRC's official website (<http://www.pbccrc.org.cn/crc/>), CCRC is a professional credit information service institution directly under the People's Bank of China ("PBOC") which collects comprehensive credit information about both enterprises and individuals throughout China. The 2,100 credit reports query points of the PBOC's branches have covered almost all rural areas in China, and CCRC has 300,000 information query ports in financial institutions and networks around the country, and the credit information service network is used throughout China. As of the end of April 2015, CCRC's database had collected credit information of over 860 million individuals and over 20 million enterprises and institutions, mainly from commercial banks as well as other financial institutions. However, the CCRC's credit reports do not cover all credit and financing activities with all trust companies, leasing companies, asset management companies, direct lending companies, insurance companies, and other financial companies. Moreover, the PBOC had not established a credit reporting system until 1997 when it established the Bank Credit Registration System which upgraded to the CCRC in 2006. Therefore, CCRC's credit reports may not be able to cover credit and financing activities that occurred before 1997. In addition, the accuracy of credit reports provided by CCRC may be mainly adversely affected: (1) reliability of information source; (2) victimized by criminals forging identity of the customers; (3) mistakes made by data entry operators; and (4) technical stability of CCRC's computer system. Furthermore, despite using credit reports issued by the CCRC, privately-owned guarantors may be more susceptible to default than state-owned or public guarantors due to financial difficulties or fraud and therefore, the Company may have more difficulty enforcing guarantees from privately-owned guarantors than from state-owned or public guarantors. Finally, having clean credit history in the past does not preclude a guarantee customer from defaulting in the future.

Risks Related to the Company's Corporate Structure

The failure to comply with PRC regulations relating to mergers and acquisitions of domestic enterprises by offshore special purpose vehicles may subject the Company to severe fines or penalties and create other regulatory uncertainties regarding the Company's corporate structure.

On August 8, 2006, the Ministry of Commerce ("MOFCOM"), joined by the China Securities Regulatory Commission ("CSRC"), the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation ("SAT"), the State Administration for Industry and Commerce (the "SAIC"), and the State Administration of Foreign Exchange ("SAFE"), jointly promulgated regulations entitled the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "M&A Rules"), which took effect as of September 8, 2006, and as amended on June 22, 2009. This regulation, among other things, has certain provisions that require offshore companies formed for the purpose of acquiring PRC domestic companies and controlled directly or indirectly by PRC individuals and companies which are the related parties with the PRC domestic companies, to obtain the approval of MOFCOM prior to engaging in such acquisitions and to obtain the approval of the CSRC prior to publicly listing special purpose vehicles' securities on an overseas stock market. On September 21, 2006, the CSRC published on its official website a notice specifying the documents and materials that are required to be submitted for obtaining CSRC approval.

The application of the M&A Rules with respect to the Company's corporate structure remains unclear, with no current consensus existing among leading PRC law firms regarding the scope and applicability of the M&A Rules. We believe that the MOFCOM and CSRC approvals under the M&A Rules are not required in the context of the Business Combination and the Lixin Acquisition because we did not acquire Feng Hui's equity or assets and Jing Kai and Ding Xin and Lixin Group are already foreign owned. However, we cannot be certain that the relevant PRC government agencies, including the CSRC and MOFCOM, would reach the same conclusion, and we cannot be certain that MOFCOM or the CSRC will not deem that the Business Combination or the Lixin Acquisition circumvented the M&A Rules, and other rules and notices, or that prior MOFCOM or CSRC approval is required for overseas financing.

If prior CSRC approval for overseas financings is required and not obtained, the Company may face severe regulatory actions or other sanctions from MOFCOM, the CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines or other penalties on the Company's operations in the PRC, limit the Company's operating privileges in the PRC, delay or restrict the repatriation of the proceeds from overseas financings into the PRC, restrict or prohibit payment or remittance of dividends to us or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ordinary shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to delay or cancel overseas financings, to restructure the Company's corporate structure, or to seek regulatory approvals that may be difficult or costly to obtain.

The M&A Rules, along with certain foreign exchange regulations discussed below, will be interpreted or implemented by the relevant government authorities in connection with our future offshore financings or acquisitions, and we cannot predict how they will affect our acquisition strategy.

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries' ability to increase their registered capital or distribute profits.

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC resident holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

SAFE promulgated the Notice of SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, or SAFE Circular 13, on February 13, 2015, which was effective on June 1, 2015. SAFE Circular 13 cancels two administrative approval items: foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, instead. Banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and SAFE and its branch shall indirectly regulate the foreign exchange registration of direct investment through banks.

We have notified substantial beneficial owners of ordinary shares who we know are PRC residents of their filing obligations in accordance with SAFE Circular 37 and SAFE Circular 13. However, we may not be aware of the identities of all of our beneficial owners who are PRC residents. We do not have control over our beneficial owners and cannot assure you that all of our PRC-resident beneficial owners will comply with SAFE Circular 37, SAFE Circular 13 and subsequent implementation rules. The failure of our beneficial owners who are PRC residents to register or amend their SAFE registrations in a timely manner pursuant to SAFE Circular 37, SAFE Circular 13 and subsequent implementation rules, or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37, SAFE Circular 13 and subsequent implementation rules, may subject such beneficial owners or our PRC subsidiaries to fines and legal sanctions. Furthermore, since SAFE Circular 37 and SAFE Circular 13 was recently promulgated and it is unclear how this regulation, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant PRC government authorities, we cannot predict how these regulations will affect our business operations or future strategy. Failure to register or comply with relevant requirements may also limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to our company. These risks may have a material adverse effect on our business, financial condition and results of operations.

If any of our subsidiaries fails to maintain the requisite registered capital, licenses and approvals required under PRC law, our business, financial condition and results of operations may be materially and adversely affected.

Numerous regulatory authorities of the central PRC government, provincial and local authorities are empowered to issue and implement regulations governing various aspects of the financial industry. Each of our subsidiaries may be required to obtain and maintain certain assets relevant to its business as well as applicable licenses or approvals from different regulatory authorities in order to provide its current services. These registered capital, licenses and approvals will be essential to the operation of the Company's business. If any of our subsidiaries fails to obtain or maintain any of the required registered capital, licenses or approvals for its business, it may be subject to various penalties, such as confiscation of illegal net revenue, fines and the discontinuation or restriction of its operations. Any such disruption in its business operations could materially and adversely affect our business, financial condition and results of operations.

The business overlap of our subsidiaries could result in inefficiencies to the Company's business.

We completed the Lixin Acquisition in December 2019. Most of our subsidiaries are in the financial industry and may conduct the same business. On one hand they may share resources and expand their own businesses. On the other hand, they may target the same clients and compete with each other. This could reduce the efficiency of the Company as a whole. For example, Zeshi has commenced operations of asset management from 2019. Lixin (Hangzhou) Asset Management Co., Ltd. ("LAM") started its asset management business in 2017. They both focus on Zhejiang province. Zeshi is staffed entirely by new hires and in some measure may compete with LAM for customers. As a result, Zeshi may initially struggle to establish its business after the Lixin Acquisition and some of its success it has may come at the expense of LAM. Furthermore, because of PRC limitations, even though the economic benefit of Zeshi and LAM will inure to us, each will need to have its own segregated capital and client base. As a result, Zeshi and LAM will not be able to cross-collateralize or combine operations at the working level. Although the Company plans to allocate the resources from a strategic level, this structure may not allow the Company to allocate resources to their most efficient use and may require redundant or additional expenses.

The Company may not be able to timely and effectively implement controls and procedures required by Section 404 of the Sarbanes-Oxley Act of 2002.

The Company is required to establish and maintain internal controls over financial reporting and disclosure controls and procedures and to comply with other requirements of the Sarbanes-Oxley Act and the rules promulgated by the SEC. The Company is required to provide management's attestation on internal controls. The standards required for a public company under Section 404 of the Sarbanes-Oxley Act of 2002 are significantly more stringent than those required of a privately-held company. Management may not be able to effectively and timely implement controls and procedures that adequately respond to the regulatory compliance and reporting requirements, especially considering the new corporate structure after the Lixin Acquisition. If we are not able to implement the additional requirements of Section 404 in a timely manner or with adequate compliance, we may not be able to assess whether our internal controls over financial reporting are effective, which may subject us to adverse regulatory consequences and could harm investor confidence and the market price of our ordinary shares.

If the Company fails to establish and maintain an effective system of internal controls, we may not be able to report our financial results accurately. Any inability to report and file our financial results accurately and timely could harm our business and adversely affect the trading price of our ordinary shares.

We are required to establish and maintain internal controls over financial reporting and disclosure controls and procedures and to comply with other requirements of the Sarbanes-Oxley Act and the rules promulgated by the Securities and Exchange Commission (the "SEC"). At present, we have instituted internal controls, but, we are in the process of correcting certain material weaknesses in our internal controls. Our management, cannot guarantee that our internal controls and disclosure controls and procedures will prevent all possible errors. Because of the inherent limitations in all control systems, no system of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the possibility that judgments in decision-making can be faulty and subject to simple error or mistake. Furthermore, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

There is no guarantee that our warrants will ever be in the money, and they may expire worthless and the terms of our warrants may be amended.

In addition to the warrants issued before January 1, 2018, at an exercise price of \$6.00 per one-half of one share (\$12.00 per whole share), the Company issued in July 2018 Series A Warrants at an exercise price of \$2.6 per one share which was adjusted to \$1.18 per share on January 19, 2019. All warrants are subject to adjustments. Warrants may be exercised only for a whole number of the Company's ordinary shares. No fractional shares will be issued upon exercise of the warrants. There is no guarantee that the warrants will ever be in the money prior to their expiration, and they may expire worthless.

A market for the Company's securities may not continue, which would adversely affect the liquidity and price of our securities.

The price of the Company's securities may fluctuate significantly due to the market's reaction and general market and economic conditions. An active trading market for our securities may never develop or, if developed, it may not be sustained. In addition, the price of the Company's securities can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. Additionally, because the Company's ordinary shares were delisted from the Nasdaq Capital Market in September 2019, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities are more limited than when we were listed on the Nasdaq Capital Market. You may be unable to sell your securities unless a market can be established or sustained.

Because the Nasdaq Capital Market delisted the Company's ordinary shares from trading on its exchange due to our failure to meet the Nasdaq Capital Market's initial and/or continued listing standards, we and our security holders face significant material adverse consequences including:

- a limited availability of market quotations for our securities;
- a determination that our ordinary shares are a "penny stock," which requires brokers trading in our ordinary shares to adhere to more stringent rules, resulting in a reduced level of trading activity in the secondary trading market for our ordinary shares;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Although we are making all the efforts to help our ordinary shares be listed on Nasdaq again, there can be no assurance that we will succeed or, if listed, that we will be able to comply with the continued listing standards of Nasdaq.

Our ordinary shares were delisted from the Nasdaq Capital Market in September 2019. To list the Company's securities on the Nasdaq Capital Market again, among other conditions, we will be required to demonstrate compliance with Nasdaq's initial listing standards, which are more rigorous than Nasdaq's continued listing requirements. For instance, the Company must maintain a minimum number of holders (300 round-lot holders). While we are working hard and spending significant resources on applying for listing on Nasdaq again, we cannot assure you that we will be able to meet those initial listing standards and/or any other conditions.

If the Lixin Acquisition's benefits do not meet the expectations of investors, shareholders or financial analysts, the market price of the Company's securities may decline.

If benefits of the Lixin Acquisition do not meet the expectations of investors or securities analysts, the market price of the Company's securities may decline. In addition, following the Lixin Acquisition, fluctuations in the price of the Company's securities could contribute to the loss of all or part of your investment. The valuation ascribed to the Company's ordinary shares in the Lixin Acquisition may not be indicative of the price that will prevail in the trading market. If an active market for the Company's securities develops and continues, the trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in the Company's securities which may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of the Company's securities may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning the Company or the lending market in general;
- operating and stock price performance of other companies that investors deem comparable to the Company;
- our ability to market new and enhanced services on a timely basis;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving the Company;

- the Company's ability to access the capital markets as needed;
- changes in the Company's capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of ordinary shares available for public sale;
- any major change in our board or management;
- sales of substantial amounts of ordinary shares by our directors, executive officers or significant shareholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of the Company's securities irrespective of our operating performance. The stock market in general, has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to the Company could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

The Company's business and share and warrant prices may suffer as a result of the Company's insufficient public company operating experience and if securities or industry analysts do not publish or cease publishing research or reports about the Company, its business, or its market, or if they change their recommendations regarding our ordinary shares adversely, the price and trading volume of our ordinary shares and warrants could decline.

The Company has been a public company for a limited number of years. The Company's insufficient public company operating experience may make it difficult to forecast and evaluate its future prospects. If the Company is unable to execute its business strategy, either as a result of its inability to manage effectively its business in a public company environment or for any other reason, the Company's business, prospects, financial condition and operating results may be harmed.

The trading market for our ordinary shares and warrants will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. Securities and industry analysts do not currently, and may never, publish research on the Company. If no securities or industry analysts commence coverage of the Company, our Ordinary Share and warrant prices and trading volume would likely be negatively impacted. If any of the analysts who may cover the Company change their recommendation regarding our shares adversely, or provide more favorable relative recommendations about our competitors, the price of our ordinary shares and warrants would likely decline. If any analyst who may cover the Company were to cease coverage of the Company or fail to regularly publish reports on it, we could lose visibility in the financial markets, which could cause our share and warrant prices or trading volume to decline.

The Company has only registered a small number of our ordinary shares issuable upon exercise of our warrants, and has not registered any of our ordinary shares underlying the preferred shares under the Securities Act of 1933, as amended (the "Securities Act") or state securities laws at this time, and such registration may not be in place when an investor desires to exercise such warrants.

The Company has only registered a small number of the ordinary shares issuable upon exercise of our warrants, and has not registered any of our ordinary shares underlying the preferred shares under the Securities Act or any state securities laws at this time. We have agreed to use our best efforts to file with the SEC a registration statement for the registration, under the Securities Act, covering these securities as soon as practicable after the closing of the Business Combination and cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto.

Warrants we sold will become exercisable for the Company's ordinary shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders.

In addition to the warrants issued before January 1, 2018, at an exercise price of \$6.00 per one-half of one share (\$12.00 per whole share), the Company issued in July 2018 Series A Warrants at an exercise price of \$2.6 per one share and adjusted to \$1.18 on January 19, 2019. All warrants are subject to adjustments. Warrants may be exercised only for a whole number of the Company's ordinary shares. No fractional shares will be issued upon exercise of warrants. To the extent such warrants are exercised, additional ordinary shares will be issued, which will result in dilution to the then existing holders of ordinary shares of the Company and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our ordinary shares.

The Company's charter permits the Board by resolution to amend our charter, including to create additional classes of securities, including shares with rights, preferences, designations and limitations as they determine which may have an anti-takeover effect.

The Company's charter permits the Board by resolution to amend the charter including to designate rights, preferences, designations and limitations attaching to the preferred shares as they determine in their discretion, without shareholder approval with respect to the terms or the issuance. When issued, the rights, preferences, designations and limitations of the preferred shares are set by the Board and can operate to the disadvantage of the outstanding ordinary shares the holders of which would not have any pre-emption rights in respect of such an issue of preferred shares. Such terms could include, among others, preferences as to dividends and distributions on liquidation, or can be used to prevent possible corporate takeovers.

The Company may redeem certain warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making their warrants worthless.

The Company has the ability to redeem certain warrants prior to their expiration at a price of \$0.01 per warrant, provided that (i) the last reported sale price of our ordinary shares equals or exceeds \$18.00 per share for any 20 trading days within the 30 trading-day period ending on the third business day before we send the notice of such redemption and (ii) on the date we give notice of redemption and during the entire period thereafter until the time the warrants are redeemed, there is an effective registration statement under the Securities Act covering the ordinary shares issuable upon exercise of the warrants and a current prospectus relating to them is available unless warrants are exercised on a cashless basis. Redemption of such warrants could force holders of the warrants:

- to exercise their warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so;
- to sell their warrants at the then-current market price when they might otherwise wish to hold their warrants; or
- to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of their warrants.

The Company is no longer a Nasdaq listed company and, as a result, the Company may not be required to, and may choose not to, obey certain corporate governance requirements of Nasdaq.

The Company's ordinary shares have not been listed on the Nasdaq since September 2019. As a result, the Company is no longer subject to Nasdaq rules. While the Company plans to continue following certain corporate governance requirements of Nasdaq, it has the discretion not to and may elect to not obey any Nasdaq rules. Its shareholders will not be afforded the same protections generally as shareholders of Nasdaq-listed companies for so long as the Company is not a Nasdaq listed company.

Risks Related to Doing Business in China

PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC operating subsidiaries and thereby prevent us from funding our business.

As an offshore holding company with PRC subsidiaries, we may transfer funds to our PRC subsidiaries by means of loans or capital contributions. Any loans to these PRC subsidiaries, which are foreign-invested enterprises, cannot exceed statutory limits based on the difference between the amount of our investments and registered capital in such subsidiaries, and shall be registered with SAFE, or its local counterparts. Furthermore, any capital increase contributions we make to our PRC subsidiaries, which are foreign-invested enterprises, shall be approved by MOFCOM, or its local counterparts. We may not be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital to increase contributions to our PRC subsidiaries may be negatively affected, which could adversely affect their liquidity and our ability to fund and expand their business.

A slowdown of the Chinese economy or adverse changes in economic and political policies of the PRC government could negatively impact China's overall economic growth, which could materially adversely affect our business.

All of the Company's operations are entirely conducted in the PRC. Although the PRC economy has grown in recent years, the pace of growth has slowed, and even that rate of growth may not continue. The annual rate of growth in the PRC declined from 7.3% in 2014 to 6.9% in 2015 to 6.7% in 2016, to 6.9% in 2017, to 6.6% in 2018, and to 6.1% in 2019. According to a recent article, due to the COVID-19, China's economic growth rate in 2020 may slow to 5%, its lowest since 1990. A slowdown in overall economic growth, an economic downturn or recession or other adverse economic developments in the PRC may materially reduce the demand for the Company's services and may have a materially adverse effect on its business.

China's economy differs from the economies of most other countries in many respects, including the amount of government involvement in the economy, the general level of economic development, growth rates and government control of foreign exchange and the allocation of resources. While the PRC economy has grown significantly over the past few decades, this growth has remained uneven across different periods, regions and economic sectors.

The PRC government also exercises significant control over China's economic growth by allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any actions and policies adopted by the PRC government could negatively impact the Chinese economy or the economy of the region the Company serves, which could materially adversely affect the Company's business.

Substantial uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business the Company may be able to conduct in the PRC and accordingly on the results of its operations and financial condition.

The Company's business operations may be adversely affected by the current and future political environment in the PRC. The Chinese government exerts substantial influence and control over the manner in which the Company must conduct its business activities. The Company's ability to operate in China may be adversely affected by changes in Chinese laws and regulations. Under the current government leadership, the government of the PRC has been pursuing economic reform policies that encourage private economic activities and greater economic decentralization. However, the government of the PRC may not continue to pursue these policies, or may significantly alter these policies from time to time without notice.

There are certain uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing the Company's business, or the enforcement and performance of the Company's arrangements with clients. Only after 1979 did the Chinese government begin to promulgate a comprehensive system of laws that regulate economic affairs in general, deal with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, as well as encourage foreign investment in China. Although the influence of the law has been increasing, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. Also, because these laws and regulations are relatively new, and because of the limited volume of published cases and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. In addition, there have been constant changes and amendments of laws and regulations over the past 30 years in order to keep up with the rapidly changing society and economy in China. Because government agencies and courts provide interpretations of laws and regulations and decide contractual disputes and issues, their inexperience in adjudicating new business and new policies or regulations in certain less developed areas causes uncertainty and may affect the Company's business. Consequently, we cannot predict the future direction of Chinese legislative activities with respect to either businesses with foreign investment or the effectiveness on enforcement of laws and regulations in China. The uncertainties, including new laws and regulations and changes of existing laws, as well as judicial interpretation by inexperienced officials in the agencies and courts in certain areas, may cause possible problems to foreign investors.

The Company's business is subject to extensive regulation and supervision by state, provincial and local government authorities, which may interfere with the way the Company conducts its business and may negatively impact its financial results.

The Company conducts its business in the financial industry which is highly regulated. It is subject to extensive and complex state, provincial and local laws, rules and regulations with regard to its financing guaranties, capital structure, and asset management, among other things. These laws, rules and regulations are issued by different central government ministries and departments, provincial and local governments and are enforced by different local authorities. Therefore, the interpretation and implementation of such laws, rules and regulations may not be clear and occasionally the Company has to depend on oral inquiries with local government authorities. As a result of the complexity, uncertainties and constant changes in these laws, rules and regulation, including changes in interpretation and implementation of such, the Company's business activities and growth may be adversely affected if they do not respond to the changes in a timely manner or are found to be in violation of the applicable laws, regulations and policies as a result of a different position from theirs taken by the competent authority in the interpretation of such applicable laws, regulations and policies. If the Company is found to be not in compliance with these laws and regulations, they may be subject to sanctions by regulatory authorities, monetary penalties and/or reputation damage, which could have a material adverse effect on the Company's business operations and profitability.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions against us or our management, in China, based upon United States laws, including the U.S. federal securities laws, or other foreign laws.

We are a company organized under the laws of the British Virgin Islands. Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. All of our directors and officers reside in China, and substantially all of the assets of those persons are located outside of the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce judgments against us which are obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Furthermore, the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States providing for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors or officers if they decide that the judgment violates the basic principles of PRC laws, national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

Lastly, in the event shareholders originate an action against a company without domicile in China for disputes related to contracts or other property interests, the PRC courts may accept a cause of action if (a) the disputed contract is concluded or performed in the PRC or the disputed subject matter is located in the PRC, (b) the company (as defendant) has properties that can be seized within the PRC, (c) the company has a representative organization within the PRC, or (d) the parties chose to submit to the jurisdiction of the PRC courts in the contract on the condition that such submission does not violate the requirements of jurisdiction under the PRC Civil Procedures Law. The action may be initiated by the shareholder by filing a complaint with the PRC courts. The PRC courts would determine whether to accept the complaint in accordance with the PRC Civil Procedures Law. The shareholder may participate in the action by itself or entrust any other person or PRC legal counsel to participate on behalf of such shareholder. Foreign citizens and companies will have the same rights as PRC citizens and companies in such an action unless such foreign country restricts the rights of PRC citizens and companies.

Our Chinese subsidiaries' ability to pay dividends to us may be restricted due to foreign exchange control and other regulations of China.

As an offshore holding company, we will rely principally on dividends from our subsidiaries in China, for our cash requirements. Under the applicable PRC laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a foreign-invested enterprise in China is required to set aside a portion of its after-tax profit to fund specific reserve funds prior to payment of dividends. In particular, at least 10% of its after-tax profits based on PRC accounting standards each year is required to be set aside towards its general reserves until the accumulative amount of such reserves reach 50% of its registered capital. These reserves are not distributable as cash dividends.

Furthermore, our Chinese subsidiaries' ability to pay dividends may be restricted due to foreign exchange control policies and the availability of its cash balance. Substantially all of the Company's operations are conducted in China and all of the revenue we recognize will be denominated in RMB. RMB is subject to exchange control regulation in China, and, as a result, our Chinese subsidiaries may be unable to distribute any dividends outside of China due to PRC exchange control regulations that restrict our ability to convert RMB into U.S. dollars.

The lack of dividends or other payments from our Chinese subsidiaries may limit our ability to make investments or acquisitions that could be beneficial to our business, pay dividends or otherwise fund, and conduct our business. Our funds may not be readily available to us to satisfy obligations which have been incurred outside the PRC, which could adversely affect our business and prospects or our ability to meet our cash obligations. Accordingly, if we do not receive dividends from our Chinese subsidiaries, our liquidity and financial condition will be materially and adversely affected.

Dividends payable to our foreign investors and gains on the sale of our ordinary shares by our foreign investors may become subject to tax by the PRC.

Under the Enterprise Income Tax Law and its implementation regulations issued by the State Council of the PRC, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Similarly, any gain realized on the transfer of shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set forth in relevant tax treaties, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our shares, and any gain realized from the transfer of our shares, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties. It is unclear whether we or any of our subsidiaries established outside of China are considered a PRC resident enterprise, holders of shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to our non-PRC investors, or gains from the transfer of our shares by such investors are subject to PRC tax, the value of your investment in our shares may decline significantly.

Our global income may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which could have a material adverse effect on our results of operations.

Under the PRC Enterprise Income Tax Law, or the New EIT Law, and its implementation rules, which became effective in January 2008, an enterprise established outside of the PRC with a “de facto management body” located within the PRC is considered a PRC resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel and human resources, finance and treasury, and acquisition and disposition of properties and other assets of an enterprise.” On April 22, 2009, the State Administration of Taxation (the “SAT”), issued a circular, or SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although the SAT Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the determining criteria set forth in the SAT Circular 82 may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the resident status of all offshore enterprises for the purpose of PRC tax, regardless of whether they are controlled by PRC enterprises or individuals. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a PRC resident enterprise and may therefore be subject to the 25% enterprise income tax on our global income, which could significantly increase our tax burden and materially and adversely affect our cash flow and profitability. In addition to the uncertainty regarding how the new PRC resident enterprise classification for tax purposes may apply, it is also possible that the rules may change in the future, possibly with retroactive effect.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the State Administration of Taxation issued an Announcement on Several Issues Concerning Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-PRC Resident Enterprises, or Announcement 7, with the same effective date. Under Announcement 7, an “indirect transfer” refers to a transaction where a non-resident enterprise transfers its equity interest and other similar interest in an offshore holding company, which directly or indirectly holds Chinese taxable assets (the assets of an “establishment or place” situated in China; real property situated in China and equity interest in Chinese resident enterprises) and any indirect transfer without reasonable commercial purposes are subject to the PRC taxation. In addition, Announcement 7 specifies the conditions under which an indirect transfer is deemed to lack a reasonable commercial purpose which include: (1) 75% or more of the value of the offshore holding company’s equity is derived from Chinese taxable assets, (2) anytime in the year prior to the occurrence of the indirect transfer of Chinese taxable assets, 90% or more of the total assets (excluding cash) of the offshore holding company are direct or indirect investment in China, or 90% or more of the revenue of the offshore holding company was sourced from China; (3) the functions performed and risks assumed by the offshore holding company(ies), although incorporated in an offshore jurisdiction to conform to the corporate law requirements there, are insufficient to substantiate their corporate existence and (4) the foreign income tax payable in respect of the indirect transfer is lower than the Chinese tax which would otherwise be payable in respect of the direct transfer if such transfer were treated as a direct transfer. As a result, gains derived from such indirect transfer will be subject to PRC enterprise income tax, currently at a rate of 10%.

Announcement 7 grants a safe harbor under certain qualifying circumstances, including transfers in the public securities market and certain intragroup restricting transactions, however, there is uncertainty as to the implementation of Announcement 7. For example, Announcement 7 requires the buyer to withhold the applicable taxes without specifying how to obtain the information necessary to calculate taxes and when the applicable tax shall be submitted. Announcement 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved. Though Announcement 7 does not impose a mandatory obligation of filing the report of taxable events, the transferring party shall be subject to PRC withholding tax if the certain tax filing conditions are met. Non-filing may result in an administrative penalty varying from 50% to 300% of unpaid taxes. As a result, we and our non-resident enterprises in such transactions may become at risk of being subject to taxation under Announcement 7, and may be required to expend valuable resources to comply with Announcement 7 or to establish that we and our non-resident enterprises should not be taxed under Announcement 7, for any restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

Substantially all of our revenue is denominated in Renminbi. The Renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and loans. Currently, our PRC subsidiaries, which are wholly-foreign owned enterprises, may purchase foreign currency for settlement of “current account transactions,” including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Since a significant amount of our future revenue will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE or banks and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

Fluctuations in the foreign currency exchange rate between U.S. Dollars and Renminbi could adversely affect our financial condition.

The value of the RMB against the U.S. dollar and other currencies may fluctuate. Exchange rates are affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the RMB to the U.S. dollar. Under this policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of foreign currencies. Following the removal of the U.S. dollar peg, the RMB appreciated more than 20% against the U.S. dollar over three years. From July 2008 until June 2010, however, the RMB traded stably within a narrow range against the U.S. dollar. On June 20, 2010, the PBOC announced that the PRC government would reform the RMB exchange rate regime and increase the flexibility of the exchange rate. Since June 2010, the RMB has appreciated more than 10% against the U.S. dollar. In April 2012, the PRC government announced it would allow greater RMB exchange rate fluctuation. On August 11, 12 and 13, 2015, the PRC government successively set the central parity rate for the RMB more than 3% lower in the aggregate than that of August 10, 2015 and announced that it will begin taking into account previous day's trading in setting the central parity rate. In 2015, the yuan experienced a 4.88% drop in value, and on January 4, 2016 the PRC government set the U.S. dollar-Chinese yuan currency pair to a reference rate of 6.5%, the lowest rate in 4.5 years. The average desperation rate of RMB exchange rate is 4.1% in 2019. (Source: website of National Bureau of Statistics Annual Statistic Report, dated February 28, 2020). However, it is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future. As significant international pressure remains on the PRC government to adopt a more flexible currency policy, greater fluctuation of the RMB against the U.S. dollar could result.

Our revenues and costs are mostly denominated in RMB, and a significant portion of our financial assets are also denominated in RMB. Any significant fluctuations in the exchange rate between the RMB and the U.S. dollar may materially adversely affect our cash flows, revenues, earnings and financial position, and the amount of and any dividends we may pay on our shares in U.S. dollars. Fluctuations in the exchange rate between the RMB and the U.S. dollar could also result in foreign currency translation losses for financial reporting purposes.

If any dividend is declared in the future and paid in a foreign currency, you may be taxed on a larger amount in U.S. dollars than the U.S. dollar amount that you will actually ultimately receive.

If you are a U.S. holder of our ordinary shares, you will be taxed on the U.S. dollar value of your dividends, if any, at the time you receive them, even if you actually receive a smaller amount of U.S. dollars when the payment is in fact converted into U.S. dollars. Specifically, if a dividend is declared and paid in a foreign currency such as the RMB, the amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the payments made in the foreign currency, determined at the spot rate of the foreign currency to the U.S. dollar on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Thus, if the value of the foreign currency decreases before you actually convert the currency into U.S. dollars, you will be taxed on a larger amount in U.S. dollars than the U.S. dollar amount that you will actually ultimately receive.

Future inflation in China may inhibit economic activity and adversely affect the Company's operations.

The Chinese economy has experienced periods of rapid expansion in recent years which can lead to high rates of inflation or deflation. This has caused the PRC government to, from time to time, enact various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC government to once again impose controls on credit and/or prices, or to take other action, which could inhibit economic activity in China. Any action on the part of the PRC government that seeks to control credit and/or prices may adversely affect the Company's business operations.

PRC laws and regulations have established more complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for the Company to pursue growth through acquisitions in China.

Further to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the New M&A Rules, the Anti-monopoly Law of the PRC, the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM or the MOFCOM Security Review Rules, was issued in August 2011, which established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC enterprise, or that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review and or security review.

The MOFCOM Security Review Rules, effective from September 1, 2011, which implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated on February 3, 2011, further provide that, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review by MOFCOM, the principle of substance over form should be applied and foreign investors are prohibited from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through agreements control or offshore transactions.

Further, if the business of any target company that the Company seeks to acquire falls into the scope of security review, the Company may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or through any VIE Agreement. The Company may grow its business in part by acquiring other companies operating in its industry. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit its ability to complete such transactions, which could affect its ability to maintain or expand its market share.

In addition, SAFE promulgated the Circular on the Settlement of Foreign Currency Capital of Foreign-invested Enterprises, or Circular 19, on June 1, 2015. Under Circular 19, registered capital of a foreign-invested company settled in RMB converted from foreign currencies may only be used within the business scope approved by the applicable governmental authority and the equity investments in the PRC made by the foreign-invested company shall be subject to the relevant laws and regulations about the foreign-invested company's reinvestment in the PRC. In addition, foreign-invested companies cannot use such capital to make the investments on securities, and cannot use such capital to issue the entrusted RMB loans (except approved in its business scope), repay the RMB loans between the enterprises and the ones which have been transferred to the third party. Circular 19 may significantly limit our ability to effectively use the proceeds from future financing activities as the Chinese subsidiaries may not convert the funds received from us in foreign currencies into RMB, which may adversely affect their liquidity and our ability to fund and expand our business in the PRC.

Failure to comply with the United States Foreign Corrupt Practices Act and Chinese anti-corruption laws could subject us to penalties and other adverse consequences.

As our shares are quoted on OTC, we are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Non-U.S. companies, including some that may compete with us, may not be subject to these prohibitions. In addition, in 2012, the central government of the PRC commenced a far-reaching campaign against corruption. That ongoing campaign involves aggressive enforcement of existing Chinese anti-corruption laws. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur from time-to-time in the PRC. Our employees or other agents may engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Our management may have to expend time and resources becoming familiar with United States securities laws, which could lead to various regulatory issues.

Management of the Company has limited familiarity with United States securities laws. They may have to expend time and resources becoming more familiar with such laws. This could be expensive and time-consuming and could lead to various regulatory issues, which may adversely affect our operations.

If we become directly subject to the recent scrutiny, criticism and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations and our reputation and could result in a loss of your investment in our shares, especially if such matter cannot be addressed and resolved favorably.

U.S. public companies that have substantially all of their operations in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered around financial and accounting irregularities, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stock of many U.S. listed Chinese companies has sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism and negative publicity will have on our company and our business. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend the Company. This situation may be a major distraction to our management. If such allegations are not proven to be groundless, our Company and business operations will be severely hampered and your investment in our stock could be rendered worthless.

The disclosures in our reports and other filings with the SEC and our other public pronouncements are not subject to the scrutiny of any regulatory bodies in the PRC.

Our reports and other filings with the SEC are subject to SEC review in accordance with the rules and regulations promulgated by the SEC under the Securities Act and the Exchange Act. Our SEC filings and other disclosure and public pronouncements are not subject to the review or scrutiny of any PRC regulatory authority. For example, the disclosure in our SEC reports and other filings are not subject to the review by CSRC, a PRC regulator that is tasked with oversight of the capital markets in China. Accordingly, you should review our SEC reports, filings and our other public pronouncements with the understanding that no local regulator has done any review of our Company, our SEC reports, other filings or any of our other public pronouncements.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Corporate History and Structure of our PRC Operation

Roan Holdings Group Co., Ltd. (formerly DT Asia Investments Limited, or “DT Asia,” and subsequently China Lending Corporation) (the “Company,” “Roan,” “we,” “us” or “our”) is a British Virgin Islands company limited by shares. The Company was established on April 8, 2014 under the laws of the British Virgin Islands (“BVI”) as a shell company with the purpose of acquiring, engaging in share exchange, share reconstruction and amalgamation, purchasing all or substantially all of the assets of, entering into contractual arrangements, or engaging in any other similar business combination with one or more businesses or entities.

On July 6, 2016, the Company consummated a business combination (the “First Business Combination”) with Adrie Global Holdings Limited (“Adrie”) and its subsidiaries and variable interest entity (“VIE”) by acquiring from the shareholders of Adrie all of outstanding equity interests of Adrie in exchange for 20 million ordinary shares of DT Asia and a purchase price of \$200.0 million. Adrie, through its subsidiaries and VIE, was engaged in the business of providing loan facilities to micro, small and medium sized enterprises (“MSMEs”) and sole proprietors in Xinjiang Uyghur Autonomous Region (“Xinjiang Province”) of the People’s Republic of China (“PRC”). As a result of the business combination, shareholders of Adrie became the controlling shareholders of the Company, and Adrie became a subsidiary of the Company. For financial reporting purpose, the consolidated assets, liabilities and results of operations of Adrie became the historical financial statements of the Company, and the Company’s assets, liabilities and results of operations were consolidated with that of Adrie beginning on the acquisition date. Immediately following the First Business Combination, the Company’s name was changed from DT Asia to China Lending Corporation (“CLDC”).

In June through December 2019, the Company consummated a second business combination with Lixin Financial Holdings Group Limited (“Lixin Cayman”) and its subsidiaries, pursuant to which the Company acquired a majority interest in Lixin Cayman (the “Second Business Combination” or “Lixin Acquisition”) (discussed below). In connection with the Second Business Combination, the Company was renamed Roan Holdings Group Co., Ltd. (“Roan”) in November 2019. Roan is a holding company and conducts business operations through its direct and indirect subsidiaries.

ADRIE Global Holding Limited (“Adrie”) was established under the laws of the BVI as a company limited by shares on November 19, 2014 and became a wholly-owned subsidiary of the Company after the First Business Combination. Adrie is a holding company that has no substantial operations and has no assets other than its ownership of a wholly-owned subsidiary.

China Roan Industrial-Financial Holdings Group Co., Limited (中国融安产融控股集团有限公司) (“Roan HK or RAHK”) (formerly China Feng Hui Financial Holding Group Co., Ltd. and subsequently, China Fenghui Industrial-Financial Holding Group Co. Limited) is a wholly-owned subsidiary of Adrie. It was established on February 11, 2015 under the laws of the Hong Kong Special Administrative Region (“Hong Kong”) of the PRC. It is a holding company and conducts business through its direct and indirect subsidiaries.

Fortis Health Industrial Group Limited (富通健康产业集团有限公司) (“Fortis Health” or “FHIG”) was established on December 30, 2019 under the laws of Hong Kong. It is owned by Adrie. It has not had operations since its inception.

Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited (丰汇鼎鑫(北京)财务咨询有限公司) (“Ding Xin”) is a wholly-owned subsidiary of Roan HK. It was established on May 20, 2015 under the laws of the PRC and is licensed to provide financial advisory services. Based in Beijing, Ding Xin also has an operating branch office in Urumqi, Xiangjiang. Prior to the Company’s reorganization and termination of the VIE arrangement in July 2019 (discussed below), Ding Xin was also contractually obligated to provide business support, technical services and related services to the VIE entity as provided in the VIE agreements. The Urumqi branch office of Ding Xin primarily provides financial services to third-party direct lending companies in Xingjiang.

Xinjiang Feng Hui Jing Kai Direct Lending Limited (新疆丰汇经开小额贷款有限公司) (“Jing Kai”) is a wholly-owned subsidiary of Roan HK. It was established on May 14, 2015 under the laws of the PRC with the stated purpose of providing direct loans to the MSMEs and sole-proprietors in Xinjiang Province. Jing Kai has not had substantial operations since its inception and is currently in the process of being dissolved pursuant to our plan of reorganization implemented in 2019.

Ningbo Ding Tai Financial Leasing Co., Ltd. (宁波鼎泰融资租赁有限公司) (“Ding Tai”) is a wholly-owned subsidiary of Roan HK. It was established in December 19, 2016 under the laws of the PRC. Ding Tai is engaged in financial leasing business.

Xinjiang Xin Quan Financial Leasing Co., Ltd. (新疆鑫铨融资租赁有限公司) (“Xin Quan”) was established on January 24, 2017 under the laws of the PRC as a wholly-owned subsidiary of Roan HK and is licensed to engage in financial leasing service. During the year ended December 31, 2018, Roan HK’s ownership interest in Xin Quan was reduced to 60% when the remaining 40% of the interest was transferred to Xinjiang Heli Kaiyuan Construction Co., Ltd. (“Heli Kaiyuan”), an unrelated third party, through Heli Kaiyuan’s capital injection into Xin Quan. Of the 60% Xin Quan equity interest owned by RAHK, 20% are held by a third party on behalf of Roan HK.

Zhiyuan Commercial Factoring (Guangzhou) Co., Limited (至元商业保理(广州)有限公司) (“Zhiyuan”) was formed on November 19, 2018 under the laws of the PRC. Zhiyuan is 99% owned by Ding Xin and the remaining 1% is owned by an unrelated third party. Zhiyuan is engaged in business factoring program, financing products design, related corporate financing solutions, investments and asset management.

Hangzhou Zeshi Investment Partnership (Limited Partnership) (杭州泽时投资合伙企业(有限合伙)) (“Hangzhou Zeshi”) was formed on November 29, 2018 under the laws of the PRC. It is a limited partnership with 98.04% of its interest owned by Ding Tai, its general partner, and the remaining 1.96% owned by Zeshi Insurance. It is primarily engaged in asset management business.

Through Zhiyuan and Zeshi, we provide new supply chain financing services, including a business factoring program, financing products design, related corporate financing solutions, investments and asset management, as part of our restructuring plan implemented in 2019.

Ningbo Zeshi Insurance Technology Co., Ltd.(宁波泽时保险科技有限公司) (“Zeshi Insurance”) was incorporated on February 28, 2020 under the laws of the PRC. Ding Tai owns 99% of Zeshi Insurance equity interest with the remaining 1% owned by Hangzhou Zeshi. Its principal business is providing insurance technology services and related services.

Zeshi (Hangzhou) Health Management Co., Ltd. (泽时(杭州)健康管理有限公司) (“Zeshi Health”) was incorporated on March 3, 2020 under the laws of the PRC. Hangzhou Zeshi and Ningbo Dingtai own 99% and 1%, respectively, of its interest. Zeshi Health provides services in health management, health big data management and blockchain technology-based health information management.

Contractual Arrangements with the VIE and Termination of the VIE Relationship

Urumqi Feng Hui Direct Lending Limited (乌鲁木齐丰汇小额贷款有限公司) (“Feng Hui” or “VIE”) was established under the laws of the PRC on June 12, 2009 with the approval of the Financial Office of Xinjiang Provincial Government. Feng Hui is a microcredit company primarily engaged in providing direct loan services to the MSMEs and sole proprietors in Xinjiang Province as a non-bank direct lending company. Feng Hui is also engaged in innovative financial services, such as supply chain finance in which Feng Hui provides financings for suppliers who purchase inventory from distributors and its customer base has been primarily limited to the tire industry. Feng Hui is owned by fifteen shareholders, including seven individuals and eight entities.

On July 16, 2015, Ding Xin, Feng Hui and Feng Hui's shareholders executed certain agreements ("VIE Agreements"), pursuant to which the Company obtained control of Feng Hui through its subsidiary, Ding Xin. The VIE Agreements had a term of five years from July 15, 2015 to July 15, 2020 which may be renewed at Ding Xin's discretion. The VIE Agreements included a Share Pledge Agreement, Exclusive Business Cooperation Agreement, Exclusive Option Agreement and Power of Attorney. The VIE Agreements set forth our relationship with the VIE as follows:

Exclusive Business Cooperation Agreement. Pursuant to the Exclusive Business Cooperation Agreement between Feng Hui and Ding Xin, Ding Xin provided Feng Hui with comprehensive business support, technical services and services relating to its day-to-day business operations and management on an exclusive basis. For services rendered to Feng Hui, Ding Xin had the right to collect a service fee calculated based on the complexity, required time, contents and commercial value of the services provided by Ding Xin. Ding Xin, as the primary beneficiary of the VIE, was entitled to absorb losses and to receive benefits of Feng Hui.

Share Pledge Agreement. Pursuant to the Share Pledge Agreement among Feng Hui's shareholders and Ding Xin, Feng Hui's shareholders pledged all of their equity interests in VIE to Ding Xin to guarantee the performance of obligations by the VIE and the VIE shareholders under the Exclusive Business Cooperation Agreement, Exclusive Option Agreement and Power of Attorney. Any dividend or bonus received by VIE in respect of the Pledged Equity would be deposited into an account designated by Ding Xin. The VIE shareholders also agreed that upon occurrence of any event of default, as set forth in the Share Pledge Agreement, Ding Xin would be entitled to dispose of the pledged equity interest in accordance with applicable PRC laws. The VIE shareholders further agreed not to dispose of the pledged equity interests or take any actions that would prejudice Ding Xin's interest. The Share Pledge Agreement was effective until all obligations under the other VIE Agreements have been performed by VIE, when the VIE Agreements are terminated or when the secured indebtedness has been satisfied in full. In the event that VIE or its shareholders breach their respective contractual obligations under the Exclusive Business Cooperation Agreement, Ding Xin, as pledgee, would be entitled to certain rights, including, but not limited to, the right to collect dividends generated by the pledged equity interests and absorb expected losses.

Exclusive Option Agreement. Under the Exclusive Option Agreement, VIE shareholders irrevocably granted to Ding Xin (or its designee) an exclusive option to purchase, to the extent permitted under PRC law, part or all of their equity interests in VIE. The option price is equal to the lowest price permissible by PRC laws.

Power of Attorney. Under the Power of Attorney, each VIE shareholder authorized Ding Xin to act on the shareholder's behalf as their exclusive agent and attorney with respect to all rights as a shareholder of VIE, under PRC laws and the Articles of Association of VIE, including but not limited to attending shareholder meetings and voting to approve the sale or transfer or pledge or disposition of shares in part or in whole or to designate and appoint the legal representative, directors, and supervisors of VIE.

Pursuant to the VIE Agreements, substantially all of the Company's consolidated assets were held, and its consolidated revenues and income were generated, by VIE through contractual arrangements. VIE was based in Urumqi, the capital city and business hub of Xinjiang Province, and most of the lending activities conducted by the VIE were to enterprises and individual proprietors based in Xinjiang. The VIE's assets were used as collateral for its obligation and the creditors of VIE had no recourse to the general credit of the primary beneficiary.

Ding Xin, as the primary beneficiary of the VIE, was the variable interest holder (e.g., a contractual counterparty or capital provider) deemed to have the controlling financial interest(s) in the VIE. These contractual arrangements enabled us to exercise effective control over the VIE, to receive substantially all of the economic benefits and absorb substantially all losses from the VIE, and to have an exclusive option to purchase all of the equity interest in the VIE to the extent permitted by PRC law. Through such arrangements, the VIE had been treated as a subsidiary of the Company and the VIE's financial statements were consolidated with that of the Company for financial reporting purposes.

Termination of VIE Agreements and Disposition of VIE

On July 31, 2019, Roan HK and Zhejiang Zhongfeng Investment Management Co., Ltd ("Zhongfeng") entered into a framework agreement (the "VIE Framework Agreement") to terminate Ding Xin's contractual relationship with VIE. Pursuant to the VIE Framework Agreement, Zhongfeng agreed to acquire 100% of the equity interest in the VIE, or obtain control over and become the primary beneficiary of VIE through contractual arrangements for a cash consideration of not less than RMB 15.0 million. On November 22, 2019, the parties entered into a supplemental agreement to the VIE Framework Agreement such that the minimum cash consideration was reduced to RMB 10.0 million based on the amount of accounts receivable debt associated with the VIE. For the year ended December 31, 2019, the Company received an aggregate of \$504,713 (RMB 3.5 million). On April 23, 2020, the Company received an additional \$0.43 million (RMB 3.0 million) from Zhongfeng.

On November 22, 2019, Ding Xin, Feng Hui, shareholders owning 78.73% of Feng Hui equity interest, and Zhongfeng entered into a Share Transfer and VIE Termination Agreement (the "VIE Termination Agreement"), pursuant to which Ding Xin agreed to no longer benefit from controlling financial interests in Feng Hui in exchange for a minimum consideration of RMB 10.0 million, and Zhongfeng agreed to acquire 100% equity interest in or have control over and become a primary beneficiary of Feng Hui through contractual arrangements. On the same date, Ding Xin transferred all of its interests in and effective control of Feng Hui to Zhongfeng for a final consideration of RMB 10.0 million, and the VIE termination notice was sent to the shareholders owning the remaining 21.27% Feng Hui equity interest. The VIE agreements with the 21.27% shareholders terminated on Dec 21, 2019, the effective date of termination pursuant to the notice.

Ding Xin has released all equity interests in Feng Hui to Feng Hui's shareholders, which were transferred to Zhongfeng by Feng Hui's shareholders.

As a result of the above series of transactions, the Company ceased its rights in and control of Feng Hui, and Zhongfeng obtained the controlling financial interest in Feng Hui. Therefore, the Company's VIE contractual relationship with Feng Hui has been terminated.

Business Combination with Lixin Financial Holdings Group Limited and Subsidiaries

Lixin Financial Holdings Group Limited (“Lixin Cayman”) was established on October 25, 2017 under the laws of the Cayman Islands as an exempt company. It is a holding company and does not have substantial operations. It conducts its business through its direct and indirect subsidiaries.

In January 2019, the Company acquired 1% of the equity interest in Zhejiang Lixin (defined below) for RMB 2,858,600. On June 14, 2019, the Company entered into a Share Purchase Agreement (the “SPA”) with Lixin Cayman and certain shareholders of Lixin Cayman to acquire a controlling interest in Lixin Cayman. Pursuant to the SPA, the Company acquired a 65.0177% interest in Lixin Cayman from its selling shareholders in exchange for ordinary shares of the Company to be issued to the selling shareholders for a total value of RMB 276.00 million (later adjusted to \$31.09 million (RMB 217.88 million). See Note 4 to the Consolidated Financial Statements) (“Lixin Acquisition”). On August 23, 2019, the parties entered into a supplementary agreement to amend the form of payment of the purchase price. Pursuant to the supplementary agreement, Lixin shareholders agreed to receive non-voting preferred shares that will have the right to be converted into common shares after two years from the closing date of the acquisition. The transaction was closed on December 20, 2019 upon the Company’s issuance of 291,795,150 Class B convertible preferred shares to the selling shareholders. These convertible preferred shares are embedded with liquidation preference and dividend preference but with no voting rights. Following the second anniversary of the closing date, preferred shares may be convertible to the equal number of ordinary shares or can be redeemed at a conversion price calculated at the average closing price per share for ninety consecutive trading days before the conversion date.

Lixin Cayman, through its subsidiaries, provides a wide range of financing solutions and related peripheral services, including financial leasing, commercial factoring, private funding, guarantee and supply chain management, to individuals and MSMEs in the Yangtze River Delta Region of China. Lixin Cayman conducts its business through the following direct and indirect subsidiaries.

Lixin Financial Holdings (BVI) Limited (“Lixin BVI”) is a wholly-owned subsidiary of Lixin Cayman. It was established on November 29, 2017 under the laws of the BVI as a company limited by shares. It is a holding company and does not have business operations.

Lixin Financial Holdings Group Limited (励信金融控股集团有限公司) (“Lixin HK”) was established on January 15, 2018 under the laws of Hong Kong as a wholly-owned subsidiary of Lixin BVI. It is a holding company and does not have business operations.

Zhejiang Lixin Enterprise Management Holding Group Co., Ltd. (浙江励信企业管理集团有限公司) (“Zhejiang Lixin”) was incorporated on July 3, 2015 under the laws of the PRC. Lixin HK owns 99% of Zhejiang Lixin equity interest and RAHK owns the remaining 1%. Following its reorganization completed in 2018, it became the controlling shareholder of Zhejiang Jingyuxin (discussed below). It is a financial service company providing comprehensive financial solutions and services including guarantee services and related assessment and management services.

Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd. (浙江京虞信融资担保有限公司) (“Zhejiang Jingyuxin”) was incorporated on January 5, 2013 under the laws of the PRC. Zhejiang Lixin owns 93.4% of Zhejiang Jingyuxin equity interest, with the remaining 6.6% interest owned by an unrelated third party individual. It provides guarantee services and related assessment and management services.

Lixin (Hangzhou) Asset Management Co., Ltd. (励信(杭州)资产管理有限公司) (“LAM”) is a wholly-owned subsidiary of Zhejiang Jingyuxin. It was incorporated on March 21, 2017 under the laws of the PRC. LAM provides consulting and assessment services to customers and facilitates financial guarantee services between customers and guarantors.

Lixin Supply Chain Management (Tianjin) Co., Ltd. (励信供应链管理(天津)有限公司) (“Lixin Supply Chain”) is a wholly-owned subsidiary of LAM. It was incorporated on December 19, 2017 under the laws of the PRC and its principal business is providing supply chain management services.

On December 31, 2019, the Company changed its address of principal executive office to 147 Ganshui Lane, Yuhuangshannan Fund Town, Shangcheng District, Hangzhou, Zhejiang, China. The Company also changed its phone number to +86 571 8662 1775.

B. Business Overview

Our Business

We are a non-bank financial corporation serving individuals and micro-, small- and medium-sized enterprises (“MSMEs”) in China. We also provide health management, insurance technology, healthcare and consumer financing services to the employees of large institutions.

Our business has experienced substantial changes in the recent years. Immediately following the consummation of the Business Combination, with Adrie formed as a non-operational holding company, the original China Lending Group was a PRC-based group of companies specializing in providing loan facilities to MSMEs and sole proprietors in Xinjiang. However, we decreased direct loan business from 2018 and didn’t conduct or renew any loans in 2019. Zhiyuan and Zeshi continued their factoring, financing services and asset management business and generated revenues of \$3.24 million from the customers located in Zhejiang, Shanghai, Jiangsu, Guangdong, Xizang and Xinjiang in 2019.

For the year ended December 31, 2019, the Company conducted management and assessment services, financial guarantee and financial consulting business and maintained existing direct loan business. Prior to the Lixin Acquisition closed in December 2019, most of our customers were MSMEs and individual proprietors located in Zhejiang Province and Guangdong Province. Those customers were involved in the commerce and service, real estate, technology promotion and application services, construction, finance, wholesale and retail and other industries.

On December 20, 2019, the Company completed the Lixin Acquisition. Lixin Cayman and its subsidiaries are engaged in guarantee business, asset management, supply chain financing, and factoring through its subsidiaries based in Zhejiang Province, China. The revenue from these entities only constituted a small portion of our total revenues in 2019, because only the revenues from December 21, 2019 to December 31, 2019 were included in our consolidated financial statements.

As of December 31, 2019, the Company had cash balance of \$6,911,592 and a positive working capital of \$39,449,021. In addition to the cash balance, the working capital was mainly comprised of restricted cash of \$15,233,933, short-term investments in financial products of \$8,610,796 and loan receivable due from third parties of \$5,952,223. The balances of these assets are expected to be repaid on maturity dates and will also be used for working capital.

Our Major Services

1. Management & assessment services and factoring business -Adrie Subsidiaries

In 2019, Zeshi and Zhiyuan, the Chinese subsidiaries under Adrie provided the following management and assessment services and factoring business:

- 1) Asset management services focus on providing account receivable collection plans, collection, investigation on assets such as guaranty, assisting litigation mitigation, process assets and asset supervision.

Among the asset management services, Zeshi was involved in consulting service relating to debt collection with one factoring company. The debt collection service involved one performance obligation which is to assist the customer to receive repayment on outstanding debt, and the Company recognized revenues upon completion of the performance obligation.

- 2) Financing services focus on designing financing plans, recommending fund sources and assisting funds to arrange project due diligence.
- 3) Factoring business focuses on financing invoices from businesses that have cash flow problems due to slow-paying customers. The client gets immediate funds for the receivable from us. We hold the invoice and make certain profit when the invoice is paid by the clients' customers. In this process, we also provide related services such as assessing the buyers' credit risks.

During the year ended December 31, 2019, Zhiyuan generated interest income from factoring business of \$2.78 million and Zeshi generated management and assessment service income of \$0.45 million.

For the year ended December 31, 2019, the Company disbursed loans of \$43,422,881 to four factoring customers. As of December 31, 2019, the Company collected all principals and interests from these factoring customers.

In the first few months of 2020, affected by COVID-19, our due diligence work for factoring customers were delayed and some offline visits were cancelled. Meanwhile, the Company evaluated the impacts of COVID-19 of customers and decided to further control and reduce the operating risk. Nevertheless, the Company still plans to develop factoring business as a major service. From June 2020, the Company cooperates with local banks and financial institutes to develop supply chain finance and financial assets exchange business. Zhiyuan plans to enhance factoring business with Zhejiang Lixin and develop highly qualified customers from local state-owned enterprises and public companies.

2. Direct Loan Business-Adrie Subsidiaries

We had minimal direct loan business in 2019 and the balance of the loan ended as of December 31, 2019 represents minimal revenues received from loans.

3. Guarantee and consulting services-Lixin Cayman Subsidiaries

Although only a small portion of the revenues generated by the guarantee and consulting services conducted by Lixin Cayman subsidiaries (mainly Zhejiang Jingyuxin and LAM) in 2019 was included in our total revenues due to the timing of the Lixin Acquisition, we expect this part will be a material source of our revenues going forward.

(1) Guarantee services: financial and non-financial

These services are mainly conducted by Zhejiang Jingyuxin. Zhejiang Jingyuxin received the commissions from guarantee services either in full at inception or in instalments during the guarantee period. Its guarantee services are divided into financial guarantee and non-financial guarantee. However, there were no non-financial guarantee revenues contributed by Lixin Cayman subsidiaries from December 20, 2019 to the end of 2019.

Financial guarantee service contracts provide guarantees which protects the holder of a debt obligation against default in the financing process. Pursuant to such guarantee, the Company makes payments if the obligor responsible for making payments fails to do so as scheduled. The contract amounts reflect the extent of involvement Zhejiang Jingyuxin has in the guarantee transaction and also represent the Company's maximum exposure to credit loss in its guarantee business.

To mitigate the potential credit risks exposure to the financial guarantee services, Zhejiang Jingyuxin requires the guarantee service customers to make a deposit to Zhejiang Jingyuxin of the same amount as the deposit Zhejiang Jingyuxin pledged to the banks for their loans if the customer does not pledge or collateralize other assets with Zhejiang Jingyuxin. The deposit is returned to the customer after the customer repays the bank loan and the Zhejiang Jingyuxin's guarantee obligation expires.

In addition, Zhejiang Jingyuxin also provides non-financial guarantee services to clients by giving credit guarantee. It is used to improve the contract enforcement. This business includes litigation preservation guarantee, bid guarantee, project performance guarantee and other contract performance business. This is not its key business and it does not take the core resources. It has lower risks.

(2) Consulting services

a. Consulting services for financial guarantee customers

Lixin Cayman subsidiaries provided financial consulting services to financial guarantee customers. Pursuant to the contracts with customers, Lixin Cayman subsidiaries facilitated financial guarantee services between customers and financial guarantors, and charged referral fees at a fixed amount. The performance obligations are completed and control of the service is transferred at the inception of financial guarantee period. Transaction prices are generally paid upon successful facilitation.

b. Consulting services relating to debt collection

For the year ended December 31, 2019, Lixin Cayman subsidiaries also provide consulting services relating to debt collection with certain factoring companies. The debt collection services involved commitments of 1) assisting the customers to obtain court judgments on outstanding debt, and the Company recognized revenue over period towards completion of the performance by using input method based on the staff cost incurred, and 2) assisting the customers to receive repayment on outstanding debt, the Company recognized revenues upon collection of outstanding debts. The transaction price is allocated to each performance obligation based on the relative standalone selling prices of the services being provided to the customer.

The company will continuously develop management & assessment services and factoring business in 2020. After Lixin Acquisition, the subsidiaries of both Adrie and Lixin Cayman plan to cooperate closely to expand business territories, share business resources of each other and strengthen the Company's competitiveness.

New Services

In line with our 2020 innovative insurance service and healthcare program growth strategy, we have begun providing health management, innovation insurance, healthcare and consumer financing services to the employees of large institutions.

On December 30, 2019, we incorporated Fortis Health Industrial Group Limited (“Fortis Health” or “FHIG”) in Hong Kong. On February 28, 2020, we incorporated Zeshi Insurance to conduct insurance technology business. On March 3, 2020, we incorporated Zeshi Health to conduct health management, health big data management, and health information management based on blockchain technology.

In April 2020, we officially launched a one-stop internet insurance and health care service platform after nearly eight months of preparation and systems development. The platform aims to provide modern households with one-stop systematic “customized insurance + health management + family doctor + home medical testing” health management service solutions. This platform will enable households and employees of medium to large-sized enterprises to access highly cost-effective, customized health care and insurance solutions, customized insurance products, as well as data management and operational services.

We have established long-term partnerships for innovative insurance services, smart health medical services, data mining, and operations with a variety of insurance service partners, medical service partners, and technology and big data partners, including Kunlun Health Insurance Co., Ltd. (Zhejiang Branch) (“Kunlun Health Insurance Zhejiang Branch”), Qidi Blockchain Technology Development Corporation (“Qidi Blockchain Corporation”), Ruixin Insurance Technology (Ningbo) Co., Ltd (“Ruixin Insurance Technology”), and Yunxin Internet Hospital (Yinchuan) Co., Ltd (“Yunxin Internet Hospital”).

The following sections outline the various partnerships that we are currently engaged in.

- Jointly-Established Special Public Welfare Fund for Fetal and Neonatal Diseases and Teamed Up With Top Medical Expert Team for Children’s Diseases and Local Hospitals in China to Promote the Establishment of a Nationwide Diagnostic and Treatment Service Network for Children’s Diseases

In January 2020, Zhejiang Lixin and Zeshi entered into a cooperation agreement with five other companies including Qidi Blockchain Corporation and Kunlun Health Insurance Zhejiang Branch to work with Beijing Sunshine Health Foundation to jointly establish a special public welfare fund named Women and Children’s Health Care for fetal and neonatal diseases. This fund aims to support the screening, diagnosis, and treatment of fetal and newborn birth defects in China as well as the development of related medical institutions service networks, treatments of children’s diseases, as well as other scientific work and research.

- Partnership to Promote the Application of Blockchain and Artificial Intelligence Technology in Health Care and Insurance Finance

In February 2020, Zhejiang Lixin and Fuyi Digital Technology (Hangzhou) Co., Limited (“Fuyi Digital Technology”) entered into a strategic cooperation agreement with Qidi Blockchain Corporation to cooperate in the areas of data management and operations, data transformation, and data service platform development. The partnership will pair Qidi Blockchain Corporation’s capabilities in AI medical technology, application development, data mining, operations, and management with Zhejiang Lixin’s market resources, product development experience, and marketing proficiency to drive the development of blockchain and artificial intelligence applications within both the health care and insurance industries.

- Partnership to Build a Closed-Loop “Financial Insurance + Health Care + Technology” Service System

In March 2020, each of Zhejiang Lixin and Zeshi Health entered into separate agreements with Yunxin Internet Hospital, a provider of online and offline medical consultation and health management services to individuals, banks, insurance brokerages, and employees of large-sized institutions. In addition to its physical facilities, Yunxin Internet Hospital is licensed to provide telemedicine services in China. Under these two agreements, each of Zhejiang Lixin and Zeshi Health will cooperate closely with Yunxin Internet Hospital in such areas as financial insurance and internet medical services while establishing a closed-loop “Financial Insurance + Health Care + Technology” service system.

- Agreement to Establish Special Newborn Congenital Insurance Cooperation Program

In April 2020, Zhejiang Lixin and Ruixin Insurance Technology agreed upon the terms of cooperation for developing a special program in support of newborn congenital insurance projects. As part of the agreement, Ruixin Insurance Technology will provide customer service support and insurance products that have been jointly designed with Kunlun Health Insurance Zhejiang Branch. Zhejiang Lixin will be responsible for product marketing channel exploration and management, marketing and promotion services, as well as customer relationship services.

- Agreement to Build an Online Platform for Home Medical Testing

On March 12, 2020, Zeshi Health and Guangzhou Jingke Biotech Co., Ltd. (“Jingke Biotech”) reached a strategic cooperation agreement to jointly build an online medical testing service platform to meet the home medical testing demands of households. According to the agreement, Zeshi Health will provide support for platform operations, market development, marketing channel management, and early-stage customer services. In addition, Jingke Medical Testing will provide testing service products and prioritize the delivery of supplies and services to customers on Zeshi Health’s service platform.

Business Strategies

We closed the Lixin Acquisition in December 2019. We plan to take advantage of the strength of Lixin Cayman and its subsidiaries in market and channels, and apply latest technology related to healthcare big data, artificial intelligence and blockchain to the combination of medical and healthcare management and insurance. We intend to implement the following three strategies to expand and grow the size of our businesses:

- (i) Explore the business scope of guarantee and financing services

We plan to add categories of guarantee business, mainly consumption financial guarantee, but also contract performance guarantee for medical testing service, health management service and insurance-related service. We also would like to expand the geographic areas of our financial guarantee business to more areas in China.

In the future, Zhejiang Jinyuxin will be the major entity to conduct financial guarantee, and Zeshi and LAM will be the major entities to conduct financing services.

(ii) Initiate insurance service and healthcare program growth strategy

We plan to develop insurance service and healthcare program and explore our business in this area because of the following reasons:

a. We have built the insurance technology and health management platform.

In April 2020, we officially launched a one-stop internet insurance and health care service platform. This platform will enable households and employees of medium to large-sized enterprises to access highly cost-effective, customized health care and insurance solutions, customized insurance products, as well as data management and operational services.

b. We have established strategic cooperation relationship with other companies.

We have established long-term partnerships for innovative insurance services, smart health medical services, data mining, and operations with a variety of insurance service partners, medical service partners, and technology and big data partners.

c. The macro policy benefits our business development.

On October 25, 2016, China formally passed the blueprint of “Healthy China 2030,” working towards the national goal of reaching a health standard on par with developed countries by 2030. The five specific targets of Healthy China 2030 are to improve the level of health, control major risk factors, increase health service capacity, expand health industry scale, and perfect the health service system. The demand of fair, efficient, good, reasonable healthcare service by Chinese people will keep increasing.

In the recent years, Chinese government has issued a series of Internet + Healthcare development policies. The outbreak of COVID-19 at the beginning of 2020 reveals some shortcomings of Chinese medical system, and has promoted the diagnose service of internet hospital.

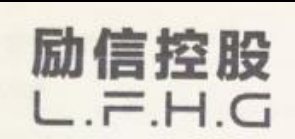


d. We start from Zhejiang Province.

Zhejiang Province is the frontline of internet development in China and an economically active area. It has a relatively stable market of internet healthcare. We are based in Hangzhou, the capital city of Zhejiang and are developing the new business in Zhejiang. We plan to promote the our successful experience in Zhejiang to Shanghai, Guangzhou, Tianjin, Xinjiang and other business areas, cooperate with our clients, industry organizations and partners and facilitate the deep infusion of insurance, medical healthcare and artificial intelligence.

Intellectual Property

We own and have the right to use the domain name “www.roanholdingsgroup.com”.

We have registered the following trademarks:

Owner	Trademark	Issuance Entity	Term
Lixin Cayman		Trademark Office of PRC State Administration for Industry and Commerce	March 7, 2019 – March 6, 2029
Lixin HK		HK Trade Marks Registry Intellectual Property Department	February 2, 2018 – February 1, 2028
Zhejiang Jingyuxin		Trademark Office of PRC State Administration for Industry and Commerce	July 28, 2016 – July 27, 2026

Certificates

Our subsidiary Zhejiang Jingyuxin was issued a PRC Financing Guarantee Organization Operation Permit by Zhejiang Commission of Economy and Informatization on May 17, 2016 with a term of five years. We plan to renew it before it expires. The permit authorizes Zhejiang Jingyuxin to operate the guarantee business, and related financial consulting and consulting agent business in China.

Competition

The Company faces competition in the financial industry. We believe that the financial industry is becoming more competitive as this industry matures and begins to consolidate, especially under the heavy regulation by policies and macroeconomic downturn. The Company competes with other financial guarantee companies, other financial consulting companies, and some cash-rich state-owned companies or individuals that provide financial services to MSMEs. Some of these competitors have larger and more established customer bases and substantially greater financial, marketing and other resources than we have. As a result, we could lose market share and our revenues could decline, thereby adversely affecting our earnings and potential for growth.

While we plan to achieve a competitive advantage by adopting various business strategies including exploring business in the Internet + Healthcare area, we face the competition from the companies much bigger than us and with a longer history. For example, Ping'an good doctor focuses on online diagnosis, consumption diagnosis, health mall, health management and health interaction. Ali Health started from online medicine, and is building a big health closed loop by developing internet diagnosis, intelligent treatment, consumption diagnosis and source tracking service. Huarun Medicine, as a top medicine enterprise, has strong supply chain and rich client resources and is developing its platform by applying internet technology.

Seasonality

Our main business does not have significant seasonality.

Government Regulation

The Company's operations are subject to extensive and complex state, provincial and local laws, rules and regulations. We are supervised by a variety of provincial and local government authorities, including CBRC, PBOC, local tax bureaus, local Administration of Industry and Commerce, local Bureau of Finance, local Administration of Foreign Exchange and local employment departments. The areas include Zhejiang Province, Guangdong Province, Tianjin City and Xinjiang Uyghur Autonomous Region.

Summaries of Certain Key PRC Laws

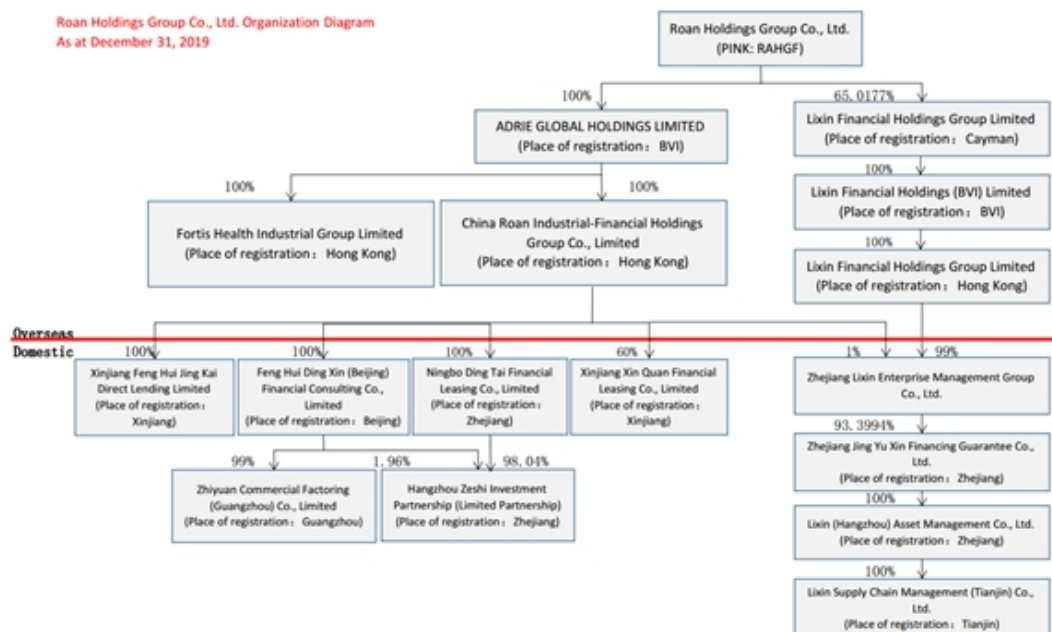
Below are summaries of the material terms of PRC laws applicable to our businesses.

No.	Regulation name	Main regulatory content
1	<i>Regulations on the supervision and administration of financial guarantee companies</i>	<p>Article 15 The balance of guarantee responsibility of a financial guarantee company shall not exceed 10 times its net assets.</p> <p>Article 16 The ratio of the balance of guarantee liabilities of the financial guarantee company to the same guaranteed person and the net assets of the financial guarantee company shall not exceed 10%, and the ratio of the balance of guarantee liabilities of the same guaranteed person and its related parties to the net assets of the financial guarantee company shall not exceed 15%.</p> <p>Article 17 A financial guarantee company shall not provide financial guarantees for its controlling shareholders and actual controllers, and the conditions for providing financial guarantees for other related parties shall not be better than the conditions for providing similar guarantees for non-related parties.</p>
2	<i>Measures for the administration of financial guarantee business license</i>	<p>Article 7 The establishment, merger, division or reduction of registered capital of a financial guarantee company shall issue and renew a business license for financial guarantee business after approval by the supervision and management department.</p>

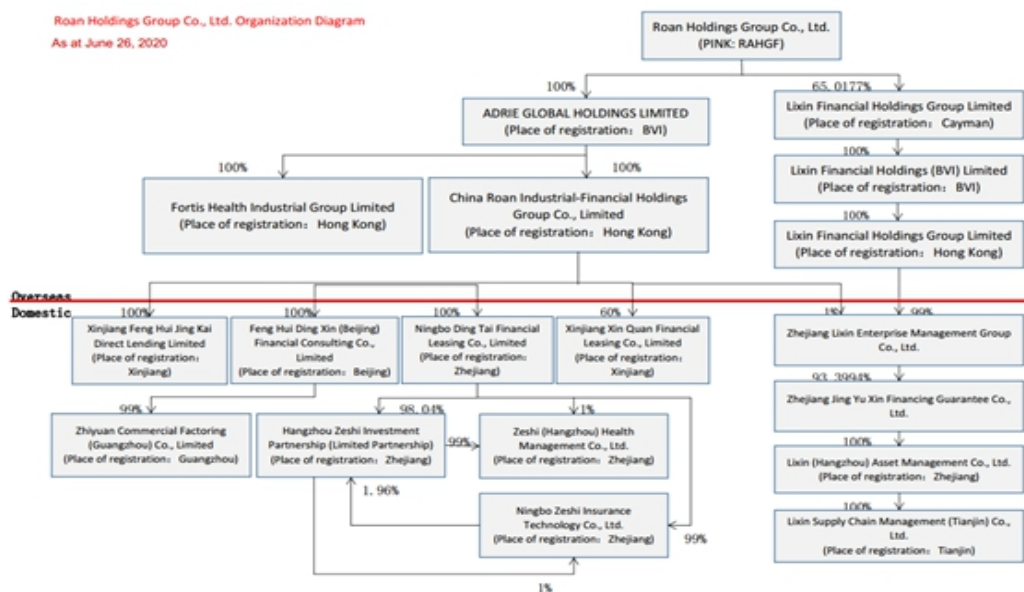
3	<i>Measures for measuring the Balance of Financial Guarantee Liability</i>	<p>Article 11 The balance of loan guarantee liability = loan guarantee balance of small and micro enterprises for a single under guaranteed balance of RMB 5 million \times 75% + loan guarantee balance of farmers for a single under guaranteed balance of RMB 2 million \times 75% + other loan guarantee balance \times 100%.</p> <p>Article 15 The balance of the financial guarantee company's financial guarantee liability shall not exceed 10 times its net assets.</p> <p>Article 16 The balance of the financial guarantee company's financial guarantee liability for the same guaranteed person shall not exceed 10% of its net assets, and the balance of financial guarantee liability for the same guaranteed person and its related parties shall not exceed 15% of its net assets.</p>
4	<i>Measures for the Management of Asset Ratio of Financial Guarantee Companies</i>	<p>Chapter 2 Asset Classification</p> <p>Article 4 The main assets of the financial guarantee company are classified into grades I, II, and III according to the form.</p> <p>Chapter 3 Asset Proportion Management</p> <p>Article 8 The sum of the net assets, the unexpired liability reserve and guarantee compensation reserve of the financial guarantee company shall not be less than 60% of the total assets.</p> <p>Article 9 The sum of the level I assets and level II assets of the financial guarantee company shall not be less than 70% of the total assets after deducting the receivables; the level I assets shall not be less than 20% of the total assets after deducting the receivables; Level III assets shall not be higher than 30% of the total assets after deducting the receivables.</p>
5	<i>Guidelines for Business Cooperation between Banking Financial Institutions and Financial Guarantee Companies</i>	<p>Article 9 both parties of banks and financial guarantee companies may agree to carry out business cooperation within the following scope:</p> <p>(1) Financial guarantee business: including loan guarantee, bill acceptance guarantee, letter of credit guarantee and other financial guarantee business;</p> <p>(2) Non-financial guarantee business: including bid guarantee, project performance guarantee, litigation preservation guarantee and other non-financial guarantee business;</p> <p>(3) Other legal compliance business.</p>
6	<i>China Banking Insurance Regulatory Commission, Notice on Strengthening the Supervision and Management of Commercial Factoring Enterprises (ybjf [2019] No. 205)</i>	<p>(4) Commercial factoring enterprises shall not have the following behaviors or operating the following businesses:</p> <ol style="list-style-type: none"> 1. Absorbing or absorbing public deposits in disguised form; 2. Financing through Internet lending information intermediaries, local trading places, asset management agencies, and private investment funds institutions; 3. Lending or borrowing funds in disguised form with other commercial factoring enterprises; 4. Making loans or entrusted loans; 5. Specially engaged in or entrusted to carry out collection business and debt collection business unrelated to commercial factoring; 6. Carrying out factoring financial business based on illegal basic transaction contract, consignment contract, accounts receivable with unclear ownership, payment claim arising from bills or other securities, etc; 7. Other activities not allowed by the state. <p>(7) Commercial factoring companies should comply with the following regulatory requirements:</p> <ol style="list-style-type: none"> 1. The receivables of the same debtor shall not exceed 50% of the total risk assets; 2. The receivables of which the affiliated enterprise is the debtor shall not exceed 40% of the total risk assets; 3. Incorporate factoring Financial funds not recovered or unrealized that are overdue for 90 days into non-performing asset management; 4. The withdrawn risk reserve shall not be less than 1% of the closing balance of the financial factoring business; 5. Risk assets shall not exceed 10 times the net assets. <p>(11) Commercial factoring enterprises shall report to the Financial Supervision Bureau within 10 working days after the occurrence of the following matters:</p> <ol style="list-style-type: none"> 1. Major related party transactions with a single amount exceeding 5% of net assets; 2. Major debts with a single amount exceeding 10% of net assets; 3. Contingent liabilities with a single amount exceeding 20% of net assets; 4. Major loss or liability for compensation exceeding 10% of net assets; 5. Major pending litigation and Arbitration.

C. Organizational Structure

The following is an organizational chart setting forth our corporate structure as of December 31, 2019:



The following is an organizational chart setting forth our corporate structure as of June 26, 2020:



The following table lists the major holders of our Ordinary Shares:

Record Holder	Ownership Percentage	Beneficial Owner*	Beneficial Ownership in Record Holder
1 Ruiheng Global Limited	24.7590%	Yuan Shen	40.637%
2 Yangwei Global Limited	13.7746%	Qian Li	87.291%
3 Jiyi Global Investments Limited	8.0453%	Qian Li	75.05%
4 Zhan Zhao Limited	5.0927%		

* Beneficial owners of 30% or more of applicable record holders, where record holder is not an individual.

D. Property, Plants and Equipment

The Company has the land use rights and the ownership for the following building:

Subsidiary Name	City	Address	Size (m ²)	Land Use Rights Term
Zhejiang Jinyuxin	Shaoxing, Zhejiang	Building A, 2-8 Jiangdong Rd, Baiguan St.	Land: 286.23; building: 982.21	Until July 24, 2047

The Company has signed the following leases:

Subsidiary Name	City	Address	Size (m ²)	Term
LAM	Hangzhou, Zhejiang	First floor of No. 147 Ganshui lane, Shangcheng District	145.06	February 18, 2020-August 17, 2020
LAM	Hangzhou, Zhejiang	Room 401-410, No. 88-1, Marshal Temple Rear, Shangcheng District	635	July 6, 2018-July 5, 2023
Zhejiang Jinyuxin	Shaoxing, Zhejiang	48th floor of Baiguan Square, Baiguan Street	1,700	May 1, 2020-April 30, 2022
Zhejiang Jinyuxin	Shaoxing, Zhejiang	Rm 301, Unit 1, Bldg 21, Liulangdongyuan, Shangcheng District	98	September 20, 2018 to September 19, 2020
Zhiyuan	Hangzhou, Zhejiang	Second floor of No. 147 Ganshui Lane, Shangcheng District	221.03	February 18, 2020-February 17, 2023
Zhiyuan	Guangzhou, Guangdong	Room 101-211, Building 4, No. 230, Huangge Section, South Road, Huangge Town, Nansha District	23	June 22, 2019-June 30, 2020

The Company does not have any plants, but has office equipment in each office.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information—D. Risk Factors” or in other parts of this annual report on Form 20-F.

A. Operating results

Overview

In the fiscal year ended December 31, 2019, we conducted management and assessment services and financial guarantee and consulting business, in addition to existing direct loan business from which we only had minimal income.

Management & assessment services and factoring business

We commenced our management & assessment services and factoring business to customers in December 2018. For the years ended December 31, 2019 and 2018, we provided management and assessment services to four customers, generating revenues of \$135,938 and \$71,568, respectively.

- 1) Asset management services focus on providing account receivable collection plans, collection, investigation on assets such as guaranty, assisting litigation mitigation, process assets and asset supervision;
- 2) Financing services focus on designing financing plans, recommending fund sources and assisting funds to arrange project due diligence; and
- 3) Factoring business focuses on financing invoices from businesses that have cash flow problems due to slow-paying customers. The client gets immediate funds for the receivable. We hold the invoice and make certain profit when the invoice is paid by the clients' customers. In this process, we also provide related services such as assessing the buyers' credit risks.

Financial guarantee and consulting services

In order to diversify the Company's business and generate additional revenue, on December 20, 2019, the Company completed acquiring 65.0177% equity interest in Lixin Cayman and its subsidiaries (collectively "Lixin"), which were engaged in guarantee and consulting services. The Company is able to consolidate operations of Lixin Cayman effective December 20, 2019 and now operates a separate guarantee and consulting services.

Financial guarantee services

We received financial guarantee commission by providing financial guarantee services to customers. Pursuant to financial guarantee service contracts, the Company is obligated to make payments if the customers fail to make payments to financial institutions as scheduled. Accordingly, the financial institutions providing capital to customers would claim defaulted amount against Lixin if any potential defaults incurred by customers. The contract amounts reflect the extent of credit losses to which the Company is exposed.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures including due-diligence visits and post-lending visits to the clients. The Company manages credit risk through in-house research and analysis of the Chinese economy and the underlying obligors and transaction structures. To minimize credit risk, the Company requires collateral in the form of rights to cash, securities or property and equipment.

The Company has been providing the financial guarantees of loans for limited history. The customer's deposits or other assets are held as collateral for the repayment of each loan. As of December 31, 2019, the amount of outstanding loans and related interests that the Company has guaranteed is approximately \$35.1 million. The Company estimates the fair market value of the collateral to be approximately \$61.4 million as of December 31, 2019.

For the period from acquisition of Lixin on December 20, 2019 to December 31, 2019, the Company generated financial guarantee commission of \$8,797.

Consulting services for financial guarantee customers

The Company provided financial consulting services to financial guarantee customers. Pursuant to the contracts with customers, the Company facilitated financial guarantee services between customers and financial guarantors, and charged referral fees at a fixed amount. The performance obligations are completed and control of the service is transferred upon successful facilitation of guarantee service, which is at the inception of financial guarantee period. Transaction prices are generally paid upon successful facilitation. The Company recognizes the revenue at the inception of guarantee period.

For the period from acquisition of Lixin on December 20, 2019 to December 31, 2019, the Company generated minimal consulting services for financial guarantee customers.

Consulting services relating to debt collection

The Company also provides consulting services relating to debt collection with certain factoring companies. The debt collection services involved commitments of 1) assisting the customers to obtain court judgments on outstanding debt, and 2) assisting the customers to receive repayment on outstanding debt. The Company recognized revenues upon completion of each commitment.

For the period from the closing of Lixin Acquisition on December 20, 2019 to December 31, 2019, the Company generated consulting services relating to debt collections of \$176,984 through Lixin.

In addition, Zeshi was involved in consulting service relating to debt collection with one factoring company. The debt collection service involved one performance obligation which is to assist the customer to receive repayment on outstanding debt, and the Company recognized revenues upon completion of the performance obligation. For the year ended December 31, 2019, Zeshi assisted the customer to collect the debt and recognized revenue of \$316,795.

Interest and fees earned from factoring business

We also entered into financing arrangements with our customers through Zhiyuan, which is engaged in business factoring program. We earned interest income from these financing arrangements. For the years ended December 31, 2019 and 2018, we earned interest income from factoring programs of \$2,782,332 and \$35,229, respectively.

We used to engage in disbursement of direct loans to MSMEs located in Xinjiang Uygur Autonomous Region. Our customers covered sectors of commerce and service, real estate, technology promotion and application services, construction, finance, wholesale and retail and other industries. From 2018, we decreased direct loan business and didn't conduct or renew any loan in 2019. As of December 31, 2019, we had direct loans receivables due from four business customers and two individual customers. For the years ended December 31, 2019 and 2018, we earned interest and fees income from direct loan customers of \$1,153 and \$15,035, respectively.

Recent developments

Lixin Acquisition

In January 2019, the Company acquired 1% equity interest in Zhejiang Lixin at a cash consideration of \$427,318 (RMB 2,858,600).

On June 13, 2019 and August 23, 2019, the Company entered into a share purchase agreement ("SPA") and a supplementary to the SPA with Lixin Cayman and certain shareholders of Lixin Cayman, pursuant to which the Company would acquire 65.0177% equity interests in Lixin Cayman and its subsidiaries at a consideration of approximately \$39.38 million (RMB 276.00 million) (later adjusted to \$31.09 million (RMB 217.88 million). See Note 4 to the Consolidated Financial Statements). Lixin Cayman is engaged in financial guarantee business, asset management, supply chain financing, and business factoring through its subsidiaries based in Zhejiang Province, China.

The transaction was closed on December 20, 2019 upon the Company's issuance of 291,795,150 Class B convertible preferred shares. These convertible preferred shares are embedded with liquidation preference and dividend preference but with no voting rights. Upon the second anniversary of the closing date, one Class B preferred share may be convertible to one ordinary share or can be redeemed at a conversion price calculated at the average closing price per share for ninety consecutive trading days before the conversion date. Because the Company's board has the rights to convert any or all of the Class B Preferred Shares, in whole or in part, into ordinary shares. Accordingly, the redemption provisions are solely at the discretion of the Company.

Disposition of Urumqi Fenghui Direct Lending Co., Ltd. ("Feng Hui")

On July 31, 2019 and November 22, 2019, the Company entered into a framework agreement (the "Agreement") and a supplementary to the Agreement with Zhejiang Zhongfeng Investment Management Co., Ltd. ("Zhongfeng", or the "Purchaser"), pursuant to which Zhongfeng agreed to acquire a 100% equity interest in Feng Hui, a variable interest entity of the Company, or acquire control over and become a primary beneficiary of Feng Hui through contractual arrangements. Feng Hui primarily provides loan facilitation services to micro, small and medium sized enterprises in the Xinjiang Uygur Autonomous Region. On November 22, 2019, the disposition transaction was closed at a consideration of approximately \$1.44 million (RMB 10 million) and transferred control over Feng Hui to Zhongfeng. For the year ended December 31, 2019, the Company received an aggregate of \$504,713 (RMB 3.5 million). On April 30, 2020, the Company received an additional \$0.43 million (RMB 3.0 million) from Zhongfeng.

Upon the closing of the disposition on November 22, 2019, the Company released all Feng Hui equity interests to Feng Hui's shareholders and those interests were subsequently transferred to Zhongfeng by Feng Hui's shareholders. Zhongfeng assumed all assets and obligations of Feng Hui. Upon the closing of the transaction, the Company does not bear any contractual commitment or obligation to the microcredit business or the employees of Feng Hui, nor to the Purchaser.

Key Factors Affecting Our Results of Operation

We have a limited operating history of our current businesses. We commenced management and assessment consulting services in December 2018, and acquired financial guarantee and consulting business in late December 2019. We believe our future success depends on our ability to significantly expand financial market and channels, and apply latest technology related to healthcare big data, artificial intelligence and block chain to the combination of medical and healthcare management and insurance. Our limited operating history makes it difficult to evaluate our business and future prospects. You should consider our future prospects in light of the risks and challenges encountered by a company with a limited operating history in an emerging and rapidly evolving industry. These risks and challenges include, among other things,

- our ability to integrate financial guarantee and financial consulting business;

- our ability to expand financial market and channels, especially in individual financial area services: insurance + consumption finance; and
- our ability to build the insurance technology and health management platform.

In addition, our business requires a significant amount of capital in large part due to needing to continuously grow financial guarantee services, and expand our business in existing markets and to additional markets where we currently do not have operations. We do not know if we will receive the amount of capital needed for our business growth and expansion.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of our future trends.

	For the Years Ended December 31,		
	2019	2018	2017
Revenues from services	\$ 639,220	\$ 71,568	\$ -
Cost of revenues	(8,080)	-	-
Net revenues of services	631,140	71,568	-
Commissions and fees on financial guarantee services	8,797	-	-
Provision for financial guarantee services	(5,008)	-	-
Commission and fee income on guarantee services, net	3,789	-	-
Interest and fees income			
Interest and fees on direct loans	1,153	15,035	1,628,525
Interest income on loans due from third parties	34,707	-	-
Interest income from factoring business	2,782,332	35,229	-
Interest income on deposits with banks	64,636	418	537
Total interest and fee income	2,882,828	50,682	1,629,062
Interest expense			
Interest expenses and fees on secured loans	(2,218,815)	(25,118)	-
Net interest income	664,013	25,564	1,629,062
Provision for loan losses	(2,244,601)	(2,176,216)	(565,187)
Net interest (loss) income after provision for loan losses	(1,580,588)	(2,150,652)	1,063,875
Operating (loss) income	(945,659)	(2,079,084)	1,063,875
Total operating expenses			
Salaries and employee surcharge	(512,314)	(572,117)	(518,015)
Business taxes and surcharge	(352)	(714)	(9,879)
Other operating expenses	(1,384,907)	(1,468,738)	(1,691,387)
Changes in fair value of warrant liabilities	530,863	748,346	-
Total operating expenses	(1,366,710)	(1,293,223)	(2,219,281)
Loss before income taxes	(2,312,369)	(3,372,307)	(1,155,406)
Income tax expenses	(244,741)	(17,635)	(250,245)
Net loss from continuing operations	(2,557,110)	(3,389,942)	(1,405,651)
Net income (loss) from discontinued operations, net of income tax	26,846,018	(90,736,365)	(53,377,622)
Net income (loss)	\$ 24,288,908	\$ (94,126,307)	\$ (54,783,273)

Year ended December 31, 2019 compared to year ended December 31, 2018

Revenues

Our revenues from services increased by \$567,652 or 793%, from \$71,568 for the year ended December 31, 2018, to \$639,220 for the year ended December 31, 2019. The following table sets forth a breakdown of our revenue by services offered for the years ended December 31, 2019 and 2018:

	For the years ended December 31,		Variance	
	2019	2018	Amount	%
Management and assessment services	\$ 135,938	\$ 71,568	\$ 64,370	90%
Consulting services relating to debt collection	493,779	-	493,779	100%
Consulting services relating to financial guarantee services	9,503	-	9,503	100%
Revenues from services	\$ 639,220	\$ 71,568	\$ 567,652	793%

Management and assessment services

We commenced our management and assessment services in December 2018, which primarily involved factoring services, asset management services and financing services.

Revenues from management and assessment services increased by \$64,370, or 90% from \$71,568 for the year ended December 31, 2018 to \$135,938 for the year ended December 31, 2019. The primary reason of the increase was as we launched the services in December 31, 2018 and we recognized management and assessment services using a time-based measure of progress, a majority of revenues from the contracts obtained in 2018 were recognized in the year ended December 31, 2019.

Consulting services relating to debt collection

The Company provides consulting services relating to debt collection with certain factoring companies, through Lixin Cayman and its subsidiaries which were acquired in late December 2019. The debt collection services involved two performance obligations, and the service fee for each performance obligation are fixed and reflected the stand-alone selling price. In addition, a collected-amount based incentive is rewarded to the Company upon collection of outstanding debt.

- 1) assisting the customers to get court judgements on outstanding debt, and the Company recognized revenues over the period towards the completion of the performance obligation; and
- 2) assisting the customers to receive repayment on outstanding debt, and the Company recognized revenues upon completion of the performance obligation.

For the period from acquisition of Lixin Cayman and its subsidiaries on December 20, 2019 to December 31, 2019, the Company assisted four customers to get court judgments on outstanding debts and recognized revenue of \$176,984 through Lixin Cayman and its subsidiaries.

In addition, Zeshi was involved in consulting service relating to debt collection with one factoring company. The debt collection service involved one performance obligation which is to assist the customer to receive repayment on outstanding debt, and the Company recognized revenues upon completion of the performance obligation. For the year ended December 31, 2019, Zeshi assisted the customer to collect the debt and recognized revenue of \$316,795.

Because we were just engaged in consulting services relating to debt collection in December 2019, we did not generate any revenues for the year ended December 31, 2018.

Consulting services relating to financial guarantee services

The Company provided financial consulting services to financial guarantee customers. Pursuant to the contracts with customers, the Company facilitated financial guarantee services between customers and financial guarantors, and charged referral fees at a fixed amount. The performance obligation is completed and control of the service is transferred at the inception of financial guarantee period. Transaction prices are generally paid upon successful facilitation. The Company recognizes the revenue at the inception of guarantee period.

From the acquisition date from December 20, 2019 to December 31, 2019, the Company generated minimal revenue from consulting services relating to financial guarantee services.

We were just engaged in consulting services relating to financial guarantee services in December 2019 and we did not generate any revenues for the year ended December 31, 2018.

Interest and fees income

Interest and fee income consisted of interest and fee income generated from factoring business and from direct loans. For the year ended December 31, 2019, the interest and fee income was \$2,882,828, representing an increase of \$2,832,146, or 5,588% from \$50,682 for the year ended December 31, 2018. The increase was mainly attributable to an increase of \$2,747,103 in interest and fee income generated from factoring business, as we launched our factoring business in December 2018.

Interest expenses and fees on secured loans

Interest expenses and fees on secured loans increased by \$2,193,697, or 8,734% from \$25,118 for the year ended December 31, 2018 to \$2,218,815 for the year ended December 31, 2019.

The significant increase of interest expenses and fees on secured loans was primarily driven by borrowings of secured loans of \$67,258,135 in December 2018 and borrowings of \$43,422,881 during the year ended December 31, 2019, leading to a one-month interest expense was recognized for the year ended December 31, 2018, while remaining interest expenses recognized for the year ended December 31, 2019.

All secured loans were repaid during the year ended December 31, 2019.

Provision for loan losses

The provision for loan losses was determined by comparing the beginning and ending balance of allowance for loan losses for business and personal loans. If the ending balance of the allowance of loan losses after any charge offs (net of recoveries) is less than the beginning balance, it will be recorded as a “reversal”; if it is larger, it will be recorded as a “provision” in the allowance for loan loss. The netting amount of “reversal” and “provision” is presented in “provision for loan losses” in the condensed consolidated statements of operations and comprehensive loss.

Provision for loan losses increased by \$68,385, or 3%, from \$2,176,216 for the year ended December 31, 2018 to \$2,244,601 for the year ended December 31, 2019. The increase was caused by additional “doubtful” loans rolled to “loss” loans during the year ended December 31, 2019 as compared to that for the same period ended December 31, 2018. The provision for loan losses is maintained at a level believed to be reasonable by management to absorb probable losses inherent in the portfolio as of each balance sheet date. The provision is based on factors such as the size and current risk characteristics of the portfolio, an assessment of individual loans and actual loss, delinquency, and/or risk rating record within the portfolio.

Operating expenses

Operating expense mainly consisted of salary and employee surcharges, business tax and surcharges, office expenses, travel costs, entertainment expenses, depreciation of equipment, investment impairment, professional fees and office supplies. Non-interest expenses increased by \$73,487, or 6% from \$1,293,223 for the year ended December 31, 2018 to \$1,366,710 for the year ended December 31, 2019. The increase was primarily attributable by a decrease of \$217,483 in changes of fair value of warrant liabilities because the Company was delisted from NASDAQ in September 2019, offset against a decrease of \$59,803 in salaries and employee surcharges due to resignation of employees as a result of downsized direct loan business, and a decrease of \$83,831 in other operating expenses due to the decrease in expenses related to direct loan business.

Income tax expenses

We had income tax expenses of \$244,741 for the year ended December 31, 2019, as compared with \$17,635 for the year ended December 31, 2018.

Current income tax expenses increased by \$169,432 from \$17,635 for the year ended December 31, 2018 to \$187,067 for the year ended December 31, 2019. The increase was primarily caused by increase of \$168,127 in current income tax expenses incurred by Zeshi and Zhiyuan as a result of increasing taxable income generated during the year ended December 31, 2019.

Deferred income tax expenses changed from deferred tax expenses of \$nil for the year ended December 31, 2018 to deferred tax expenses of \$57,674 for the ended December 31, 2019. The change was mainly caused by the deferred tax expenses of \$64,468 from net operating losses generated by Lixin, against deferred tax benefits of \$6,794 arising from recognition of intangible assets from the Lixin Acquisition.

Net income (loss) from discontinued operations, net of income tax

During the year ended December 31, 2019, the net income was comprised of a net loss of \$27,904,790 from discontinued operations of Feng Hui and a gain of \$54,750,808 from disposal of the discontinued operations of Feng Hui.

During the year ended December 31, 2018, the net loss of \$90,736,365 mainly represented a net loss of \$90,736,365 from discontinued operations of Feng Hui.

For details of disposition of Feng Hui, please refer to Note 5 to the consolidated financial statements in the Form 20-F.

Net income

As a result of the foregoing, we had a net income of \$24,288,908 for the year ended December 31, 2019, as compared to a net loss of \$94,126,307 for the year ended December 31, 2018.

Year ended December 31, 2018 compared to year ended December 31, 2017

Revenues

We commenced our management and assessment services on direct loans in December 2018, which primarily involved maintenance services on direct loans over the loan period. The service fee is recognized over loan period. For the year ended December 31, 2018, we obtained contracts with four customers and we generated revenues from management and assessment services on direct loans of \$71,568.

Because we just launched management and assessment services in December 2018 and we did not generate any revenues for the year ended December 31, 2017.

Interest and fees

Interest and fees decreased by \$1,578,380, or 97% from \$1,629,062 for the year ended December 31, 2017 to \$50,682 for the year ended December 31, 2018.

The sharp decrease of interest and fees on direct loans was attributable to increasing past due loan receivable and interest receivable during the year ended December 31, 2018 which resulted in reversal of interest income.

Provision for loan losses

The provision for loan losses was determined by comparing the beginning and ending balance of allowance for loan losses for business and personal loans. If the ending balance of the allowance of loan losses after any charge offs (net of recoveries) is less than the beginning balance, it will be recorded as a “reversal”; if it is larger, it will be recorded as a “provision” in the allowance for loan loss. The netting amount of “reversal” and “provision” is presented in “provision for loan losses” in the condensed consolidated statements of operations and comprehensive loss.

Provision for loan losses increased by \$1,611,029, or 285%, from \$565,187 for the year ended December 31, 2017 to \$2,176,216 for the year ended December 31, 2018. The increase was caused by additional “doubtful” loans rolled to “loss” loans during the year ended December 31, 2018 as compared to that for the same period ended December 31, 2017. The provision for loan losses is maintained at a level believed to be reasonable by management to absorb probable losses inherent in the portfolio as of each balance sheet date. The provision is based on factors such as the size and current risk characteristics of the portfolio, an assessment of individual loans and actual loss, delinquency, and/or risk rating record within the portfolio.

Operating expenses

Operating expense mainly consisted of salary and employee surcharges, business tax and surcharges, office expenses, travel costs, entertainment expenses, depreciation of equipment, investment impairment, professional fees and office supplies. Non-interest expenses decreased by \$926,058, or 42% from \$2,219,281 for the year ended December 31, 2017 to \$1,293,223 for the year ended December 31, 2018. The decrease was primarily attributable a decrease of \$748,346 in changes of fair value of warrant liabilities as a result of continuing decrease of the Company’s share price from private placement in July 2018 to December 31, 2018, and a decrease of \$222,649 in non-operating expenses as a result of slowdown of direct loan business in the year ended December 31, 2018.

Income tax expenses

We had income tax expenses of \$17,635 for the year ended December 31, 2018, as compared with \$250,245 for the year ended December 31, 2017, which was in line with a change from a net income for the year ended December 31, 2017 to a net loss for the same period ended December 31, 2018.

Net loss from discontinued operations, net of income tax

During the year ended December 31, 2018 and 2017, the net loss from represented a net loss of \$90,736,365 and \$53,377,622 from discontinued operations of Feng Hui.

For details of disposition of Feng Hui, please refer to Note 5 to the consolidated financial statements in the Form 20-F.

Net loss

As a result of the foregoing, we had a net loss of \$94,126,307 for the year ended December 31, 2018, as compared with a net loss of \$54,783,273 for the year ended December 31, 2017.

Taxation

Cayman Islands

Under the current tax laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Under the current tax laws of BVI, the Company's subsidiary incorporated in the BVI is not subject to tax on income or capital gains.

Hong Kong

Roan HK and Lixin HK are incorporated in Hong Kong and are subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate for the first HKD\$2 million of assessable profits is 8.25% and assessable profits above HKD\$2 million will continue to be subject to the rate of 16.5% for corporations in Hong Kong, effective from the year of assessment 2018/2019. Before that, the applicable tax rate was 16.5% for corporations in Hong Kong. The Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong since inception. Under Hong Kong tax laws, Roan HK and Lixin HK are exempted from income tax on its foreign-derived income and there are no withholding taxed in Hong Kong on remittance of dividends.

PRC

PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") on the taxable income in accordance with the relevant PRC income tax laws. The EIT rate for companies operating in the PRC is 25%.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) disclosure of contingent assets and liabilities at the end of each reporting period and (iii) the reported amounts of revenues and expenses during each reporting period. We continually evaluate these estimates and assumptions based on historical experience, knowledge and assessment of current business and other conditions, expectations regarding the future based on available information and reasonable assumptions, which together form a basis for making judgments about matters not readily apparent from other sources. The use of estimates is an integral component of the financial reporting process, though actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application places the most significant demands on the judgment of our management.

- *Basis of presentation*

The accompanying audited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

- *Principal of consolidation*

The consolidated financial statements include the accounts of the Company, its wholly and majority owned subsidiaries, and consolidated VIE and its subsidiaries for which the Company is the primary beneficiary.

All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

- *Revenue recognition*

The Company adopted ASC 606, Revenue from Contracts with Customers (“ASC 606”) on January 1, 2018, using the modified retrospective approach. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The Company has assessed the impact of the guidance by reviewing its existing customer contracts and current accounting policies and practices to identify differences that will result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, the Company concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of ASC 605 and therefore there was no material changes.

Pursuant to ASC606-10-15-2, the interest income generated from direct loan business, factoring business and financial guarantee income generated by financial guarantee business are scoped out of ASC606.

Management and assessment services on loans

Service fees for management and assessment services are paid by customers during the service period. The Company recognizes the revenue over the service period using a time-based measure of progress.

Consulting services for financial guarantee customers

The Company provided financial consulting services to financial guarantee customers. Pursuant to the contracts with customers, the Company facilitated financial guarantee services between customers and financial guarantors, and charged referral fees at a fixed amount. The performance obligations are completed and control of the service is transferred upon successful facilitation of guarantee service, which is at the inception of financial guarantee period. Transaction prices are generally paid upon successful facilitation. The Company recognizes the revenue at the inception of guarantee period.

Consulting services relating to debt collection services

For the year ended December 31, 2019, the Company entered into agreements with certain factoring companies to provide consulting services relating to debt collection services for these customers. The management consulting services either involved two performance obligations which are to assist the customers to obtain court judgments on outstanding debt and to assist the customers to receive repayment on outstanding debt, or one performance obligation which is to assist the customers to receive repayment on outstanding debt. Pursuant to the contracts with customers, the service fees are fixed and payable upon the completion of each performance obligation. In addition, a collection amount based incentive is agreed in the agreements. As of December 31, 2019, the Company did not include incentive in the transaction price because the Company had limited information on the collection amount of outstanding debts. The transaction price is allocated to each performance obligation based on the relative standalone selling prices of the services being provided to the customer.

- 1) For the Company’s assistance with customers to obtain court judgments on outstanding debt, the customers receive and consumes benefits from the services provided by the Company, and thus the Company recognized revenues over period. The Company measures progress towards completion of the performance obligation by using input method based on the staff cost incurred.
- 2) For the Company’s assistance with customers to receive repayment on outstanding debt, the Company recognized revenues upon collection of outstanding debts.

- *Income taxes*

The Company accounts for income taxes in accordance with the U.S. GAAP for income taxes. Under the asset and liability method as required by this accounting standard, the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes.

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis. Deferred tax assets are recognized to the extent that it is probable that taxable income to be utilized with prior net operating loss carried forwards. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. As of December 31, 2019, income tax returns for the tax years ended December 31, 2014 through December 31, 2018 remain open for statutory examination.

Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 3(kk) of our audited consolidated financial statements included elsewhere in this annual report.

Inflation

To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2017, 2018 and 2019 were increases of 4.5%, 1.9% and 1.8%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected by higher rates of inflation in China in the future.

B. Liquidity and capital resources

In assessing our liquidity, we monitor and analyze our cash on-hand and our operating and capital expenditure commitments. To date, we have financed our operations primarily through cash flows from operations, bank borrowings and equity financing.

For the year ended December 31, 2019, the Company incurred net loss from continuing operations of approximately \$2.56 million, and cash outflows of approximately \$1.07 million from operating activities from continuing operations. The continuing net loss from continuing operations and cash outflow from operating activities caused the management’s consideration of the Company’s liquidity and its ability to continue as a going concern.

In assessing the Company’s liquidity, the Company monitors and analyzes its cash and its ability to generate sufficient cash flow in the future to support its operating and capital expenditure commitments. The Company’s liquidity needs are to meet its working capital requirements and operating expenses obligations.

As of December 31, 2019, the Company had cash balance of \$6,911,592 and a positive working capital of \$39,449,021. In addition to the cash balance, the working capital was mainly comprised of restricted cash of \$15,233,933, short-term investments in financial products of \$8,610,796 and loan receivable due from third parties of \$5,952,223. The balances of these assets are expected to be repaid on maturity dates and will also be used for working capital.

In addition, the management estimated the operating expenses obligation for the next twelve months after issuance of the consolidated financial statements to be \$1.85 million, which will be covered by the cash flows of \$7.79 million generated from financial guarantee services and financial consulting services. The Company’s shareholder also committed to provide continuous financial support to the Company whenever necessary.

The Company plans to fund its operations through revenue generated from its revenues of management and assessment services, financial guarantee services and financial consulting services, private placements from investors, and financial support commitments from the Company’s shareholders.

Based on above operating plan, the management believes that the Company will continue as a going concern in the following 12 months.

The Company's ability to support its operating and capital expenditure commitments will depend on its future performance, which will be subject in part to general economic, competitive and other factors beyond its control. Recent COVID-19 outbreak and spread is causing lockdowns, quarantines, travel restrictions, and closures of businesses and schools. Due to COVID-19 outbreak, the Company's facilities remained closed or had limited business operations after the Chinese New Year holiday until early March 2020. In addition, COVID-19 has caused limited access to the Company's facilities and limited support from workforce employed in the Company's operations, and as a result, the Company may experience delay of outstanding receivables from customers and limited access to cash to expand its operations. Although the Company has taken all possible measures to overcome the adverse impact derived from the COVID-19 outbreak and have resumed its normal business activities in early March 2020, it is expected that the Company will generate a lower amount of revenue and profit during the period from February to April 2020. The extent to which the coronavirus impacts the Company's operation results for year 2020 will depend on certain future developments, including the duration and spread of the outbreak, emerging information concerning the severity of the coronavirus and the actions taken by governments and private businesses to attempt to contain the coronavirus, all of which is uncertain at this point.

Current foreign exchange and other regulations in the PRC may restrict our PRC entities in their ability to transfer their net assets to the Company and its subsidiaries in Cayman Islands, and Hong Kong. However, these restrictions have no impact on the ability of these PRC entities to transfer funds to us as we have no present plans to declare dividend which we plan to retain our retained earnings to continue to grow our business. In addition, these restrictions have no impact on the ability for us to meet our cash obligations as all of our current cash obligations are due within the PRC.

A majority of our future revenues are likely to continue to be in the form of Renminbi. Under existing PRC foreign exchange regulations, Renminbi may be converted into foreign exchange for current account items, including profit distributions, interest payments and trade-and service-related foreign exchange transactions.

We expect that a substantial majority of our future revenues will be denominated in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, approval from or registration with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

Cash Flows

The following table sets forth a summary of our cash flows for the years ended December 31, 2019, 2018 and 2017.

	For the Years Ended December 31,		
	2019	2018	2017
Net Cash (Used in) Provided by Operating Activities	\$ (1,101,143)	\$ (2,199,042)	\$ 9,897,820
Net Cash Provided by (Used in) Investing Activities	85,965,056	(66,592,103)	(15,581,951)
Net Cash (Used in) Provided by Financing Activities	(64,138,838)	68,917,541	2,544,458
Effect of exchange rate changes on cash and cash equivalents	119,326	(5,150)	126,361
Net increase (decrease) in cash and cash equivalents, and restricted cash in banks	<u>\$ 20,844,401</u>	<u>\$ 121,246</u>	<u>\$ (3,013,312)</u>

Operating activities

Years Ended December 31, 2019 and 2018

Net cash used in operating activities was \$1,101,143 for the year ended December 31, 2019, a decrease of \$1,097,899 from net cash used in operating activities of \$2,199,042 for the year ended December 31, 2018.

For the year ended December 31, 2019, we generated a net income of \$26,846,018 from discontinued operation and had net cash used in discontinued operation of \$26,564, a change of \$117,582,383 and \$607,750 from net loss of \$90,736,365 and net cash used in discontinued operation of \$634,314.

We had net cash used in operating activities from continuing operations of \$1,074,579 for the year ended December 31, 2019, a decrease of \$490,149 from \$1,564,728 for the year ended December 31, 2018. We incurred a net loss from continuing operations of \$2,557,110 for the year ended December 31, 2019, a decrease of \$832,832 from \$3,389,942 for the year ended December 31, 2018. In addition to the change in profitability, the decrease in net cash used in operating activities was the result of several factors, including:

- An increase of \$206,442 in accounts receivable for the year ended December 31, 2019, as compared with an increase of \$nil for the same period ended December 31, 2018. The change of accounts receivable arose from Lixin's business, which was acquired in December 2019;
- An increase of \$273,589 in tax payable for the year ended December 31, 2019, as compared with an increase of \$9,410 for the same period ended December 31, 2018. The changes were mainly caused by the increase of change in tax payable of Lixin which was acquired in December 2019.

Years Ended December 31, 2018 and 2017

Net cash used in operating activities was \$2,199,042 for the year ended December 31, 2018, a change of \$12,096,862 from net cash provided by operating activities of \$9,897,820 for the year ended December 31, 2017.

For the year ended December 31, 2018, we incurred a net loss of \$90,736,365 from discontinued operation and had net cash used in discontinued operation of \$634,314, a change of \$37,358,743 and \$11,853,085 from net loss of \$53,377,622 and net cash provided by discontinued operation of \$11,218,771.

We had net cash used in operating activities from continuing operations of \$1,564,728 for the year ended December 31, 2018, an increase of \$243,777 from \$1,320,951 for the year ended December 31, 2017. We incurred a net loss from continuing operations of \$3,389,942 for the year ended December 31, 2018, an increase of \$1,984,291 from \$1,405,651 for the year ended December 31, 2017. In addition to the change in profitability, the change in net cash was caused by 1) adjustment of provision of loan losses of \$1,611,029 as a result of increasing long-aged loan receivables; 2) adjustment of changes in fair value of warrants of \$748,346 which arose from private placements in the year 2018; and 3) An increase of \$9,410 in tax payable for the same period ended December 31, 2018, as compared with a decrease of tax payable of \$579,719, because the Company prepaid income taxes for the year ended December 31, 2017.

Investing activities

For the year ended December 31, 2019, we had net cash provided by investing activities of \$85,965,056 which was primarily attributable to collection of borrowings from customers of \$107,833,488 and acquisition of cash, cash equivalents and restricted cash of \$21,442,122 through acquisition of Lixin, against disbursement of loans to customers of \$43,422,881.

For the year ended December 31, 2018, we had net cash used in investing activities of \$66,592,103 which was attributable to disbursement of loans to customers of \$67,424,391, against collection of borrowings from customers of \$1,133,564.

For the year ended December 31, 2017, we had net cash used in investing activities of \$15,581,951 which was attributable to disbursement of loans to customers of \$7,640,381, against collection of borrowings from customers of \$4,838,119, and cash used in discontinued operations of \$12,779,689.

Financing activities

For the year ended December 31, 2019, we had net cash used in financing activities of \$64,138,838 which was primarily attributable to borrowings from secured loans of \$43,422,281 and borrowings from a related party of \$279,020, against repayments of borrowings of secured loans of \$107,833,488.

For the year ended December 31, 2018, we had net cash provided by financing activities of \$68,917,541 which was primarily attributable to borrowings from secured loans of \$67,258,135 and proceeds raised in a private placement of \$1,690,391.

For the year ended December 31, 2017, we had net cash provided by financing activities of \$2,544,458 which was primarily attributable to net cash of \$4,068,058 raised through short-term bank borrowings by discontinued operations, against repayments of dividends of \$873,600 and repayments of convertible promissory note of \$650,000.

Holding Company Structure

Roan Holdings Group Co., Ltd. (“Roan”) is a holding company with no material operations of its own. We conduct our operations primarily through our PRC subsidiaries. As a result, Roan’s ability to pay dividends depends upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of their registered capital. In addition, our wholly foreign-owned subsidiaries in China may allocate a portion of their after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at their discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

C. Research and development, Patents and License, etc.

As a financial company, our business does not rely on research and development. Accordingly, we have not incurred research and development expenses for the years ended December 31, 2019 and 2018.

For our intellectual property and license, please see “Item 4. Information on the Company-B. Business Overview.”

D. Trend information

Other than as disclosed elsewhere in this Form 20-F, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Off-balance Sheet Arrangements

We have not entered into any derivative contracts that are indexed to our shares and classified as shareholders’ equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

F. Tabular Disclosure of Contractual Obligations

Commitments and Contingencies

The Company is involved in various legal actions arising from providing financial guarantee services to defaulted guarantees by Lixin Cayman and its subsidiaries. As of December 31, 2019, Lixin Cayman and its subsidiaries initiated an accumulated 18 legal proceedings against financial guarantee customers to collect delinquent balances of payment on behalf of these guarantee customers, with an aggregated claim of \$7.92 million. All these legal proceedings have been adjudicated by the PRC courts in favour of the Company. When the Company closed the Lixin Acquisition on December 20, 2019, 17 legal proceedings were concluded after the enforcement, and one case with a claim of approximately \$2.95 million (including principal of \$2.85 million and interest of \$0.1 million) was adjudicated and in the process of enforcement.

As of December 31, 2019, the Company provided financial guarantee of \$35,103,876 to financial guarantee customers by Lixin Cayman and its subsidiaries, and had a balance of \$4,283,608 due from 10 financial guarantee customers, representing payments on behalf of these financial guarantee customers when they defaulted in repayments to financial institutions. The balance of \$4,283,608 consisted \$2,845,248 due from one financial guarantee customer, against whom the legal case is still in progress of enforcement, and \$1,438,360 due from nine financial guarantee customers, against whom the legal cases were concluded. The Company assessed the payment abilities of these customers, and expected it is remote to collect the balance. As of December 31, 2019, the Company fully wrote off the \$4,283,608 on the balance of payment on behalf of financial guarantee customers.

From time to time, the Company may be subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity.

Contractual obligations

As of December 31, 2019, our contractual obligation is as follows:

Contractual Obligations	Total	Less than 1 year	1-2 years	2-3 Years	Thereafter
Future lease payments (1)	399,216	\$ 107,397	\$ 112,767	\$ 118,405	\$ 60,647
Total	\$ 399,216	\$ 107,397	\$ 112,767	\$ 118,405	\$ 60,647

(1) We lease offices which are classified as operating leases in accordance with ASC Topic 842. As of December 31, 2019, our future lease payments totaled \$399,216.

G. Safe Harbor

This annual report on Form 20-F contains forward-looking statements. These statements are made under the “safe harbor” provisions of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “may,” “intend,” “is currently reviewing,” “it is possible,” “subject to” and similar statements. Among other things, the sections titled “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects” in this annual report on Form 20-F, as well as our strategic and operational plans, contain forward-looking statements. We may also make written or oral forward-looking statements in our filings with the SEC, in our annual report to shareholders, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and are subject to change, and such change may be material and may have a material and adverse effect on our financial condition and results of operations for one or more prior periods. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained, either expressly or impliedly, in any of the forward-looking statements in this annual report on Form 20-F. All information provided in this annual report on Form 20-F and in the exhibits is as of the date of this annual report on Form 20-F, and we do not undertake any obligation to update any such information, except as required under applicable law.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and senior management

Below are the names of and certain information regarding the Company’s current executive officers and directors.

Name	Age	Position
Zhigang Liu	41	Chief Executive Officer and Chairman of Board
Lihua Shen	47	Chief Financial Officer
Jingping Li	54	Former Chief Financial Officer (resigned in January 2020) and Former Director (ceased to serve on the Board in March 2020)
Shuangping Feng	57	Director
Jianfeng Yin	50	Independent Director
John Chen	48	Independent Director
Yiguo Xu	48	Independent Director

The principal occupation and business experience during the past five years for our executive officers and directors is as follows:

Mr. Zhigang Liu was appointed as the Company's Chairman and Chief Executive Officer, effective March 18, 2020 and December 1, 2019, respectively. Before that he was a Vice President and Director of the Company since March 26, 2019. Mr. Liu has held numerous positions in sales and marketing with various companies in the PRC. Before joining the Company, he was a vice president (sales) of Wei Zhi Information Technology (Shanghai) Co., Ltd., a company in the computer software industry from 2018. He was responsible for the management of sales in the PRC. He was a vice president (sales) of Shanghai Ai Hui Ke Information Technology Co., Ltd., a company in the internet industry, from January 2017 to January 2018, responsible for sales strategy and management. He was a vice president (marketing) of Beijing Yuan Niao Technology Co., Ltd., a company in the internet industry, from December 2014 to January 2017. He earned his bachelor's degree in computer science and technology from Beijing University of Technology in 1999 and his master's degree in business management from Xiamen University in 2018.

Ms. Lihua Shen was appointed as the Company's Chief Financial Officer, effective January 17, 2020. She holds over 29 years of accounting experience and has distinguished herself via her thorough knowledge of corporate finance and internal financial controls. Ms. Shen has held a number of senior financial positions with corporations in China, from director of finance to chief accountant. Since 2017 and prior to joining Roan, Ms. Shen served as the director of finance for Lixin (Hangzhou) Asset Management Co., Ltd. From 2002 to 2017, Ms. Shen served as a department manager at Da Hua CPAs (Special General Partnership) Zhejiang Wanbang Branch. From 1998 to 2000, Ms. Shen served as the chief accountant for Wanxiang Qianchao Co., Ltd., before becoming an audit manager at Wanxiang Group. Ms. Shen holds the CICPA designation and is a graduate of Zhejiang University of Finance & Economics.

Ms. Jingping Li had served as our former Chief Financial Officer until January 16, 2020 and as a member of the Board of Directors until March 2020. Mr. Li was appointed General Manager of Feng Hui in 2009. From 2000-2009, Ms. Li was Founder and Chairman of Jichen Financial Consultancy Co., Ltd., a financial planning and advisory service provider for business organizations in Xinjiang, China. Ms. Li has also worked for the Urumqi Municipal Mining Bureau.

Ms. Shuangping Feng was appointed as an executive director of the Company on March 18, 2020. Ms. Feng has been the representative and executive director of Zhiyuan and Ding Tai since December 2018. Ms. Feng has more than 20 years of experience in pharmaceutical sales. In the most recent five years, she has been providing consulting services to pharmacy companies on promoting pharmaceutical sales in Northwestern China. She received her bachelor degree from East China Petroleum Institute (now called China University of Petroleum (Huadong)) in 1986.

Dr. Jianfeng Yin was appointed as an independent director of the Company on March 18, 2020 and serves as the Chairman of our Corporate Governance and Nominating Committee. Dr. Yin has been a professor and doctoral advisor at University of International Business and Economics, a national university in Beijing, since August 2016. He is also a deputy director at National Institution for Finance & Development and the leading economist at China Zheshang Bank Co., Ltd. He was the deputy chief of the Institute of Finance of Chinese Academy of Social Sciences ("CASS") from July 2010 to July 2016. He was the director and assistant to chief at the research office of the Institute of Finance of CASS from July 2003 to July 2010. Dr. Yin was a visiting scholar at Yale University from July 2008 to Jun 2009. He received his bachelor degree from the Department of Electrical Engineering of Anhui College of Mechanical and Electrical Engineering in July 1991, his master degree from the School of Economics of Anhui University in July 2000, and his doctoral degree from the gradual school of CASS in July 2003.

Mr. John Chen is an independent director and serves as Chairman of the Company's Audit Committee. Mr. Chen is California Certified Public Accountant. Mr. Chen has been the Chief Financial Officer of General Steel Holding Inc. (OTCBB: GSIH) since May 2004. From 1997 to 2003, Mr. Chen was a Senior Accountant at Moore Stephens Frazer and Torbet. Mr. Chen received his Bachelor of Science degree in Business Administration, Accounting from California State Polytechnic University.

Mr. Yiguo Xu is an independent director appointed on March 26, 2019, and serves as Chairman of our Compensation Committee. Mr. Xu is the Secretary General of the National Institution for Finance and Development, the Dean of the Finance Faculty of the Graduate School of Chinese Academy of Social Sciences, the Deputy Director of the Finance Policy Research Centre of the Chinese Academy of Social Sciences and the Secretary General of Beijing CBD International Finance Research Academy. He writes extensively on finance policies and conducts researches in various topics. He earned his master's degree from the School of Finance of Renmin University of China and his PhD in finance from the Graduate School of Chinese Academy of Social Sciences.

Arrangements Concerning Election of Directors; Family Relationships

Our current board of directors consists of five directors. We are not a party to, and are not aware of, any voting agreements among our shareholders. In addition, there are no family relationships among our executive officers and directors.

B. Compensation

The aggregate compensation paid and share-based compensation and other payments expensed by us to our directors and executive officers with respect to the year ended December 31, 2019 was \$149,992. This amount does not include business travel, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in our industry. We do not currently have a stock option or other equity incentive plan. We may adopt one or more such programs in the future. We do not have any written agreements with any director providing for benefits upon the termination of such director's relationship with us.

C. Board Practices

Board of Directors

Our Board of Directors consists of five (5) members. Previously we had a practice of appointing Directors to staggered three (3) year terms. On March 17, 2020, with the shareholders' consent, we changed all the directors' terms to one year. Each director holds office for one year, or until his or her earlier death, resignation or removal.

Director Independence

Even if we elect to be a controlled company, a majority of our Board is independent. An "independent director" is defined under the Nasdaq rules generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Our Board has determined that Messrs. Si Shen (term ended on March 18, 2020), John Chen, Yiguo Xu and Jianfeng Yin (newly elected on March 18, 2020) are "independent directors" as defined in the Nasdaq listing standards and applicable SEC rules. Our independent directors will have regularly scheduled meetings at which only independent directors are present.

Leadership Structure and Risk Oversight

The Board does not have a lead independent director. As of December 31, 2019, Ms. Jingping Li was our Chairwoman. Mr. Liu Zhigang was co-chair of the Board and was authorized to execute documents on behalf of the Company on December 15, 2019. On March 18, 2020, Mr. Zhigang Liu was elected as our Chairman.

Policy Regarding Board Attendance

Our directors are expected to attend Board meetings as frequently as necessary to properly discharge their responsibilities and to spend the time needed to prepare for each meeting. Our directors are expected to attend annual meetings of shareholders, but we do not have a formal policy requiring them to do so.

Committees of the Board of Directors

The standing committees of our Board currently consists of an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee

We have established an Audit Committee of the board of directors. As of December 31, 2019, Messrs. John Chen, Yiguo Xu, and Si Shen (term ended on March 17, 2020 and Jianfeng Yin replaced on March 18, 2020) served as members of our Audit Committee and they are all independent. Mr. John Chen served as chairman of the Audit Committee.

Each member of the Audit Committee is financially literate and our board of directors has determined that Mr. John Chen qualifies as an "Audit Committee financial expert" as defined in applicable SEC rules.

We have adopted an Audit Committee charter, which details the responsibilities of the Audit Committee, including:

- the appointment, compensation, retention, replacement, and oversight of the work of the independent auditors and any other independent registered public accounting firm engaged by us;
- pre-approving all audit and non-audit services to be provided by the independent auditors or any other registered public accounting firm engaged by us, and establishing pre-approval policies and procedures;
- reviewing and discussing with the independent auditors all relationships the auditors have with us in order to evaluate their continued independence;
- setting clear hiring policies for employees or former employees of the independent auditors;
- setting clear policies for audit partner rotation in compliance with applicable laws and regulations;

- obtaining and reviewing a report, at least annually, from the independent auditors describing (i) the independent auditor's internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within, the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues;
- reviewing and approving any related party transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC prior to us entering into such transaction; and
- reviewing with management, the independent auditors, and our legal advisors, as appropriate, any legal, regulatory or compliance matters, including any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding our consolidated financial statements or accounting policies and any significant changes in accounting standards or rules promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities.

Compensation Committee

As of December 31, 2019, the members of our Compensation Committee were Messrs. John Chen, Yiguo Xu and Si Shen (term ended on March 17, 2020 and Jianfeng Yin replaced on March 18, 2020). Mr. Yiguo Xu served as Chairman of the Compensation Committee. We have adopted a Compensation Committee charter, which details the principal functions of the Compensation Committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration (if any) of our Chief Executive Officer's based on such evaluation in executive session at which the Chief Executive Officer is not present;
- reviewing and approving the compensation of all of our other executive officers;
- reviewing our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;
- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our executive officers and employees;
- producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The charter also provides that the Compensation Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the compensation committee will consider the independence of each such adviser, including the factors required by Nasdaq and the SEC.

Corporate Governance and Nominating Committee

Our Corporate Governance and Nominating Committee will be responsible for, among other matters:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors;
- overseeing the organization of our board of directors to discharge the board's duties and responsibilities properly and efficiently;
- identifying best practices and recommending corporate governance principles; and
- developing and recommending to our board of directors a set of corporate governance guidelines and principles applicable to us.

As of December 31, 2019, our Corporate Governance and Nominating Committee consisted of Messrs. John Chen, Yiguo Xu and Si Shen, with Mr. Si Shen serving as the Chairman of the Corporate Governance and Nominating Committee. On March 17, 2020, Jianfeng Yin was elected as Independent Director and appointed as the Chairman of the Corporate Governance and Nominating Committee.

D. Employees

As of December 31, 2019, the Company had 42 full time employees. Among them, 2 employees are employed by the Ding Xin, 2 employees are employed by Zhiyuan, 3 employees are employed by Zeshi, 35 employees are employed by Zehjiang Jingyuxin and Zhejiang Lixin. They have executed employment contracts with its employees in accordance with PRC Labor Law and Labor Contract Law. There are no collective bargaining contracts covering any of its employees. The Company believes its relationship with its employees is satisfactory.

We are required under PRC law to make contributions to employee benefit plans at specified percentages of our after-tax profit. In addition, we are required by PRC law to cover employees in China with various types of social insurance. For the years ended December 31, 2019, 2018 and 2017, we contributed approximately \$31,012, \$33,999, and \$88,519, respectively, to the employee benefit plans. The effect on our liquidity by the payments for these contributions is immaterial. We believe that we are in material compliance with the relevant PRC employment laws.

E. Share Ownership

For information concerning the beneficial ownership of our ordinary shares by our executive officers and directors, see the table in Item 7A. "Major Shareholders and Related Party Transactions—Major shareholders."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major shareholders

The following table sets forth information relating to the beneficial ownership of our Ordinary Shares as of June 26, 2020, by:

- Each of our directors and named executive officers;
- All of our directors and executive officers as a group;
- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding ordinary shares;

The number of ordinary shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any ordinary shares over which the individual has sole or shared voting power or investment power as well as any ordinary shares that the individual has the right to acquire within 60 days of June 26, 2020 through the exercise of any stock options, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all ordinary shares held by that person.

Ordinary shares that a person has the right to acquire within 60 days of June 26, 2020 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated in the footnotes to the table, the information presented in this table is based on based on 25,287,851 outstanding ordinary shares on June 26, 2020.

Named Executive Officers and Directors	Amount of Beneficial Ownership ⁽¹⁾	Percentage Ownership	Percentage Voting Power ⁽²⁾
Directors and Named Executive Officers:			
Zhigang Liu, Chief Executive Officer and Chairman ⁽³⁾	1,113,000	4.40%	4.28%
Lihua Shen, Chief Financial Officer	-	-	-
Jingping Li, Former Chief Financial Officer and Former Director (resigned from the CFO position in January 2020) ⁽⁴⁾	*	*	*
Shuangping Feng, Director ⁽⁵⁾	766,410	3.03%	2.95%
Yiguo Xu, Director	-	-	-
Jianfeng Yin, Director	-	-	-
John Chen, Director	-	-	-
All directors and executive officers as a group (7 persons)	1,879,410	7.43%	7.23%
5% Beneficial Owners:			
Ruiheng Global Limited ⁽⁶⁾	6,261,055	24.76%	24.08%
Qian Li ⁽⁷⁾	6,157,881	24.35%	23.68%
Yuan Shen ⁽⁸⁾	3,506,732	13.87%	13.49%
Yangwei Global Limited ⁽⁹⁾	3,483,312	13.77%	13.40%
Jiyi Global Investments Limited ⁽¹⁰⁾	2,034,501	8.05%	1.32%
Zhan Zhao Limited ⁽¹¹⁾	1,287,830	5.09%	4.95%

* Less than 1%.

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the ordinary shares. All shares represent only ordinary shares held by shareholders as no options are issued or outstanding.
- (2) Ordinary Shares have one vote per share, and Class A Convertible Preferred Shares have one vote per share.
- (3) Consists of 60,667 Ordinary Shares held by Yangwei Global Limited in which Mr. Liu owns a 1.74% interest, 338,800 Ordinary Shares held by Jiyi Global Investments Limited in which Mr. Liu owns a 16.653% interest, 105,000 Ordinary Shares held by Ruiheng Global Limited in which Mr. Liu owns a 1.677% interest, 265,533 Ordinary Shares held by Zhan Zhao Limited in which Mr. Liu owns a 20.619% interest, and 343,000 Ordinary Shares held by Zhong Yun Holdings Limited in which Mr. Liu owns a 68.125% interest. All of the above shares were acquired in connection with the Business Combinations.

- (4) Ms. Jingping Li was previously a member of the Board of Directors and the largest beneficial owner of our Company owning approximately 29.1% of the equity interests in our Company prior to the disposal of substantially all the ordinary shares she owned in 2019. She ceased to serve on the Board of Directors in March 2020.
- (5) Consists of 766,410 ordinary shares directly held by Qixiang Global Limited, a company in which Mr. Mengshi Feng owns 3.03% of the equity interest. Mr. Mengshi Feng also owns 500,000 Class A preferred shares. Mr. Mengshi Feng is the son of Shuangping Feng who may be deemed to beneficially own the 766,410 ordinary shares held by Qixiang Global Limited and the Class A preferred shares.
- (6) The Ordinary Shares held by Ruiheng Global Limited, a BVI company, are beneficially owned by Ms. Yuan Shen, the controlling shareholder, and Mr. Zhisun Yang, Ms. Wen Qi, Ms. Wen Li, Ms. Guixiang Luo, Mr. Quan Zhou, Ms. Shiping Gao, Ms. Qiangwei Yang and Mr. Zhigang Liu.
- (7) Consists of (i) 20,549 ordinary shares directly held by Qixiang Global Limited, a company in which Qian Li owns 2.174% interest; (ii) 1,526,903 ordinary shares directly held by Jiye Global Investment Limited, a company in which Qian Li owns 75.05% interest; (iii) 1,236,907 ordinary shares directly held by Ruiheng Global Limited, a company in which Qian Li owns 19.756% interest; (iv) 3,040,604 ordinary shares directly held by Yangwei Global Limited, a company in which Qian Li owns 87.291% interest; (v) 332,918 ordinary shares directly held by Zhan Zhao Limited, a company in which Qian Li owns 25.851% interest. The above shares are held by Ms. Shiping Gao on behalf of Qian Li through a contractual arrangement and Qian Li may be deemed to be the beneficial owner of such shares.
- (8) Consists of (i) 936,354 ordinary shares directly held by Changman Limited, a company in which Yuan Shen owns 94.6% interest; (ii) 616,515 ordinary shares directly held by Favour Plus Global Limited, a company in which Yuan Shen owns 60.0% interest; (iii) 676,667 ordinary shares directly held by Xinglin Limited, a company in which Yuan Shen owns 68.1% interest; (iv) 770,000 ordinary shares directly held by Yimao Enterprises Limited, a company in which Yuan Shen owns 68.1% interest; (v) 158,363 ordinary shares directly held by Qixiang Global Limited, a company in which Yuan Shen owns 16.8% interest; (vi) 135,333 ordinary shares directly held by Yangwei Global Limited, a company in which Yuan Shen owns 3.9% interest; and (vii) 213,500 ordinary shares directly held by Zhan Zhao Limited, a company in which Yuan Shen owns 16.6% interest.
- (9) The Ordinary Shares held by Yangwei Global Limited, a BVI company, are beneficially owned by Ms. Qian Li, the controlling shareholder, Ms. Zhihong Zhang, Ms. Yunzhu Chi, Ms. Yuan Shen, Ms. Guifang Li, Ms. Shiping Gao, Mr. Shuai Guo, Mr. Qiang Jin and Mr. Zhigang Liu. Ms. Gao exercises voting and dispositive power over the Ordinary Shares held by such entity.
- (10) The Ordinary Shares held by Jiye Global Investments Limited, a BVI company, are beneficially owned by Ms. Qian Li, the controlling shareholder, and Mr. Cheng Sui, Mr. Jianfeng Zhang, Ms. Yuhua Liu, Ms. Cuiping Liu, Mr. Zhigang Liu, Mr. Wei Liu and Ms. Shiping Gao. Ms. Gao exercises voting and dispositive power over the Ordinary Shares held by such entity.
- (11) The Ordinary Shares held by Zhan Zhao Limited, a BVI company, are beneficially owned by Ms. Zhihong Zhang, Ms. Yuquan Zhang, Ms. Xiaolan Zhao, Ms. Hong Chen, Mr. Wei Liu, Ms. Yuan Shen, Ms. Shiping Gao and Mr. Zhigang Liu.

Change of Control

In January 2020, our prior Chief Financial Officer, Ms. Jingping Li, resigned from such position. In March 2020, Ms. Li ceased to serve on the Board of Directors, and an original shareholder, Shuangping Feng, was elected to the Board to replace Ms. Li. As a result of such departures, Ms. Li has ceased to exercise control over our Company. See the change in Ms. Li's ownership interests in our Company in the note to the Major Shareholders table above. Our current largest shareholders and Board of Directors exercise effective control of our Company as of the date of this filing. Although we have issued an aggregate of 291,795,150 Class B convertible preferred shares in connection with our acquisition of Lixin Cayman and its subsidiaries, such shares have no voting rights. Such Class B convertible shares may be converted into ordinary shares at the holders' election after December 20, 2021, or the Company could redeem those Class B convertible shares. If the Class B convertible preferred shares are converted into ordinary shares, the holders of such ordinary shares would likely control our Company. Except as described in this report, no arrangements or understandings exist among present or former controlling shareholders with respect to the election of members of our Board and, to our knowledge, no other arrangements exist that might result in a change of control of the Company.

B. Related Party Transactions

See Note 17 in Item 18 "Financial Statements" included in this Annual Report.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information.

Financial Statements

See Item 18 “Financial Statements” included in this Annual Report.

Legal Proceedings

We are currently not a party to any material legal or administrative proceedings and are not aware of any pending or threatened material legal or administrative proceedings against us. We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business.

Dividend Policy

On March 21, 2017, the Company announced a dividend of \$0.036 per ordinary share which represents an amount equal to twenty-five percent (25%) of (i) the Company’s consolidated net income for the period beginning October 1, 2016 through December 31, 2016, less (ii) the amount of dividends paid, payable or otherwise accrued as preferred dividends with respect to the Company’s Class A preferred shares for such period. The dividend was paid on April 24, 2017 to holders of record of the Company’s ordinary shares on March 31, 2017. The dividend was paid in ordinary shares. No fractional shares were issued. All dividends were rounded up to the nearest whole number of ordinary shares. No cash payments were made for any fractional shares.

On May 26, 2017, the Company announced a dividend of \$0.047 per ordinary share which represents an amount equal to twenty-five percent (25%) of (i) the Company’s consolidated net income for the period beginning January 1, 2017 through March 31, 2017, less (ii) the amount of dividends paid, payable or otherwise accrued as preferred dividends with respect to the Company’s Class A preferred shares for such period. The dividend was paid on June 23, 2017 to holders of record of the Company’s ordinary shares on June 5, 2017. The dividend was payable in ordinary shares. No fractional shares were issued. All dividends were rounded up to the nearest whole number of ordinary shares. No cash payments were made for any fractional shares.

The Company intends to pay quarterly dividends dependent on its revenues and earnings, if any, capital requirements and general financial conditions, at the discretion of the Board of Directors.

B. Significant Changes

Except as disclosed elsewhere in this Annual Report, there have been no other significant changes since December 31, 2019, until the date of the filing of this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ordinary shares and warrants have been listed on the OTC Pink Open Market (“OTC Market”) since January 8, 2020 under the symbols “RAHGF” and “RONWF,” respectively. Prior to January 8, 2020, our warrants were quoted under the symbol “CLDCF.” Our ordinary shares were listed on the Nasdaq Capital Market (the “Nasdaq Stock Market”) under the symbol “CLDC” before being delisted on September 6, 2019, and had since been quoted on the OTC Market under the symbol “CLDOF” until the symbol was changed to “RAHGF.”

The transfer agent for our ordinary shares and warrants is Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004.

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares and warrants are currently quoted on the OTC Market the symbols “RAHGF” and “RONWF,” respectively.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION**A. Share Capital**

Not applicable.

B. Memorandum and Articles of Association**General**

We are a company incorporated in the British Virgin Islands as a BVI business company (company number 1819503) and our affairs are governed by our charter, the BVI Business Companies Act, 2004, as amended, (the “Companies Act”) and the common law of the British Virgin Islands. We are authorized to issue an unlimited number of both ordinary shares of no par value and preferred shares of no par value.

Ordinary Shares

As of December 31, 2019, there were 25,287,851 ordinary shares outstanding. Under the Companies Act, the ordinary shares are deemed to be issued when the name of the shareholder is entered in our register of members.

At any general meeting on a show of hands every ordinary shareholder who is present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy will have one vote for each share held on all matters to be voted on by shareholders. Voting at any meeting of the ordinary shareholders is by show of hands unless a poll is demanded. A poll may be demanded by shareholders present in person or by proxy if the shareholder disputes the outcome of the vote on a proposed resolution and the chairman shall cause a poll to be taken. Pursuant to the amended Memorandum and Articles of Association effective as of January 20, 2020, our shareholders may pass resolutions in writing without a meeting.

Our Board of Directors consists of one class of directors. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors (provided, that, holders of at least 75% of the shares can remove a director with or without cause).

Our shareholders are entitled to receive ratable dividends when, as and if declared by the Board of Directors out of funds legally available therefor.

In the event of a liquidation or winding up of the Company, our shareholders are entitled to share ratably in all assets remaining available for distribution to them after payment of liabilities and after provision is made for each class of shares, if any, having preference over the ordinary shares. Our shareholders have no preemptive or other subscription rights. There are no sinking fund provisions applicable to the ordinary shares, except that we will provide our shareholders with the redemption rights set forth above.

Preferred Shares

Our charter authorizes the issuance without shareholder approval of an unlimited number of preferred shares divided into five classes, Class A through Class E, each with such designation, rights and preferences as are set out in the memorandum and articles of association or as may be determined by a resolution of our Board of Directors to amend the charter to create such designations, rights and preferences. We have five classes of preferred shares to give us flexibility as to the terms on which each class is issued. Accordingly, starting with five classes of preference shares will allow us to issue shares at different times on different terms. Our Board of Directors is empowered, without shareholder approval, to issue preferred shares with dividend, liquidation, redemption, voting or other rights, which could adversely affect the voting power or other rights of the holders of ordinary shares. These preferred shares could be utilized as a method of discouraging, delaying or preventing a change in control of us.

The rights of preferred shareholders may only be amended by a resolution to amend our charter, provided such amendment is also approved by a separate resolution of a majority of the votes of preferred shareholders who being so entitled attend and vote at the class meeting of the relevant preferred class. If our preferred shareholders want us to hold a meeting of preferred shareholders (or of a class of preferred shareholders), they may requisition the directors to hold one upon the written request of preferred shareholders entitled to exercise at least 30 percent of the voting rights in respect of the matter (or class) for which the meeting is requested. Under BVI law, we may not increase the required percentage to call a meeting above 30 percent.

As of December 31, 2019, there were 715,000 Class A Convertible Preferred Shares and 291,795,150 Class B Convertible Preferred Shares issued and outstanding.

Class A Convertible Preferred Shares

On July 6, 2016, in connection with of the First Business Combination, we issued 715,000 shares of Class A Convertible Preferred Shares in a PIPE offering. The total amount raised from issuance of Class A Convertible Preferred Shares was \$8,580,000. Pursuant to the terms of the Share Exchange Agreement, immediately prior to the consummation of the Business Combination, the Company consummated a private placement of 715,000 shares of newly created Class A Convertible Preferred Shares. The Class A Convertible Preferred Shares were sold at a purchase price of \$12.00 per share and the Class A Convertible Preferred Shares are entitled to a dividend of 8% per annum. Each Class A Convertible Preferred Shares are convertible at any time into one ordinary share at an initial conversion price of \$12.00 per share, subject to adjustment; provided, however that the Class A Convertible Preferred Shares shall automatically convert at such time that the average closing price of the ordinary shares is at least \$16.00. In the event of any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, each holder of a Class A Convertible Preferred Shares shall be entitled to receive a liquidation preference of \$12.00 per share, plus an amount equal to accumulated and unpaid dividends on such shares to (but excluding) the date fixed for liquidation, winding-up or dissolution to be paid out of the assets of the Company available for distribution to its members, after satisfaction of liabilities owed to the Company's creditors and holders of any senior shares and before any payment or distribution is made to holders of any ordinary shares or other junior shares.

Each Class A Preferred Share confers upon the Member (unless waived by such Member): (a) the right to one vote at a meeting of the Members of the Company or on any Resolution of Members; (b) the right to be redeemed on the Redemption Date; (c) the right to the dividends on Class A Preferred Shares; (d) The right to the liquidation preference; and (e) the right to convert to Ordinary Shares and the obligation to convert to Ordinary Shares, pursuant to the M&A.

On December 6, 2019, we amended our Memorandum and Articles of Association to (a) create a new class of shares designated as the Class B Preferred Shares, and (b) amend the rights of the existing Class A Preferred Shares, among other things, to allow for the new Class B Preferred Shares to rank senior to the Class A Preferred Shares on a liquidation.

Pursuant to the Amended and Restated Memorandum and Articles of Association (the “Amended M&A”), the Class A Members shall have the right to convert their Class A Preferred Shares, in whole or in part, into Ordinary Shares at a rate of one Ordinary Share for each Class A Preferred Share (the “Early Conversion Rate”), subject to adjustment and satisfaction of the conversion procedures. The Directors shall have the right to convert any or all of the Class A Preferred Shares, in whole or in part, into Ordinary Shares at the Early Conversion Rate, subject to adjustment and satisfaction of the conversion procedures.

Upon the occurrence of any reorganization event, the Directors shall have the right: (a) to convert any or all of the Class A Preferred Shares, in whole or in part, into Ordinary Shares at the Early Conversion Rate subject to adjustment; or (b) to repurchase or redeem any or all of the Class A Preferred Shares, in whole or in part, for a cash amount equal to the value of the Class A Preferred Shares originally issued have converted at the election of their holders, being repurchased or redeemed on an as-converted basis.

In the event of any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, each Class A Member shall be entitled to receive the Liquidation Preference per Class A Preferred Share, plus an amount (the Liquidation Dividend Amount) equal to accumulated and unpaid dividends on such shares to (but excluding) the date fixed for liquidation, winding-up or dissolution to be paid out of the assets of the Company available for distribution to its Members, after satisfaction of liabilities owed to the Company’s creditors and holders of any Senior Shares and before any payment or distribution is made to holders of any Junior Shares, including, without limitation, Ordinary Shares. None of the sale of all or substantially all of the assets or business of the Company and its subsidiaries taken as a whole (other than in connection with the liquidation, winding-up or dissolution of the Company), the merger or consolidation of the Company into or with any other person, the sale of a majority of the outstanding equity interests of the Company, nor other Reorganization Event or other similar transaction that results in a change in control of the Company shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, of the Company.

As of December 31, 2019, dividend of \$686,400 was accrued for Class A Preferred Shares and the balance for Class A Preferred Shares was \$10,338,927.

Class B Convertible Preferred Share

On December 20, 2019, in connection with of the Second Business Combination, we issued 291,795,150 Class B convertible preferred shares in the acquisition of Lixin Cayman and its subsidiaries. Pursuant to the Share Purchase Agreement with Lixin Cayman and certain selling shareholders entered into on June 13, 2019, the Company acquired a 65.0177% interest in Lixin Cayman from its selling shareholders in exchange for ordinary shares of the Company to be issued to the selling shareholders for a total consideration of RMB 276.00 million (later adjusted to \$31.09 million (RMB 217.88 million). See Note 4 to the Consolidated Financial Statements). On August 23, 2019, the parties entered into a supplementary agreement to amend the payment term of the purchase price. Pursuant to the supplementary agreement, Lixin shareholders will receive non-voting preferred shares that will have the right to convert into common shares at the holders’ election after two years from the closing date of the acquisition. The transaction was closed on December 20, 2019 upon the Company’s issuance of 291,795,150 Class B convertible preferred shares as the consideration to the selling shareholders for the 65.0177% equity interest in Lixin Cayman. The Class B convertible preferred shares are embedded with liquidation preference and dividend preference but with no voting rights. Upon the second anniversary of the closing date, the preferred shares may be convertible to ordinary shares at a conversion price calculated at the average closing price per share for ninety consecutive trading days before conversion date.

Pursuant to the Amended M&A, each Class B Preferred Share confers upon the Member (unless waived by such Member): (a) no right to vote at a meeting of the Members of the Company or on any Resolution of Members; (b) no right to receive any dividends declared on any Shares of the Company; (c) the right to be converted on the Class B Conversion Date; and (d) the right to the liquidation preference. The Class B Preferred Shares shall automatically convert into Ordinary Shares of the Company on the Class B Conversion Date at a rate of one Ordinary Share per Class B Preferred Share, provided that the Directors shall be entitled to amend the definition of ‘Class B Conversion Date’ to alter the date on which each Class B Preferred Share is converted and thereby extending or reducing the term after which each Class B Preferred Share is converted. Upon the occurrence of any reorganization event, the Directors shall have the right: (a) to convert any or all of the Class B Preferred Shares, in whole or in part, into Ordinary Shares at a rate of 1 Ordinary Share per Class B Preferred Share; or (b) to repurchase or redeem any or all of the Class B Preferred Shares, in whole or in part, for a cash amount equal to the value of the Class B Preferred Shares being repurchased or redeemed on an as-converted basis.

In the event of any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, each Class B Member shall be entitled to receive, in priority to the holders of any other class of Shares in the Company, an amount equal to their pro rata share of the Class B Liquidation Preference Amount (calculated by reference to the number of Class B Preferred Shares held by the relevant Class B Member as a percentage of all issued Class B Preferred Shares held by all Class B Members). In the event that the assets of the Company are insufficient to pay in full the Class B Liquidation Preference Amount, the entitlement of each Class B Member shall be reduced ratably. For the liquidation purposes, the Class B Shares shall be considered Senior Shares. After the payment to any Class B Member of their full entitlement to their pro rata share of the Class B Liquidation Preference Amount for each of such Class B Member’s Class B Preferred Shares, such Class B Member as such shall have no right or claim to any of the remaining assets of the Company.

As of December 31, 2019, there were 291,795,150 Class B preferred shares issued and outstanding.

Warrants

As of December 31, 2019, there are 9,903,401 warrants of the Company outstanding, of which 6,860,063 are designated “public warrants,” 33,134 are designated “private warrants,” 1,387,126 are designated “Sponsor warrants,” 1,000,000 warrants are transferred to employees of the Company from DeTiger, 576,924 warrant are issued to investors of private placement in July 2018 and 46,154 warrants issued to placement agent of the private placement.

Each public warrant entitles the registered holder to purchase one half of one ordinary share at a price of \$12.00 per full share, subject to adjustment as discussed below, at any time commencing on the completion of the Business Combination. Pursuant to the Warrant Agreement, a warrant holder may exercise its warrants only for a whole number of shares. This means that only an even number of warrants may be exercised at any given time by a warrant holder. However, no public warrants will be exercisable for cash unless we have an effective and current registration statement covering the ordinary shares issuable upon exercise of the warrants and a current prospectus relating to such ordinary shares. Notwithstanding the foregoing, if a registration statement covering the ordinary shares issuable upon exercise of the public warrants is not effective within 90 days from the Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when we shall have failed to maintain an effective registration statement, exercise warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. If an exemption from registration is not available, holders will not be able to exercise their warrants on a cashless basis. The warrants will expire on July 6, 2021 at 5:00 p.m., New York City time.

The private warrants and Sponsor warrants are identical to the public warrants except that such warrants will be exercisable for cash (even if a registration statement covering the ordinary shares issuable upon exercise of such warrants is not effective) or on a cashless basis, at the holder's option, and will not be redeemable by us, in each case so long as they are still held by the initial purchasers or their affiliates.

We may call the warrants for redemption (excluding the private warrants and Sponsor warrants but including any outstanding warrants issued upon exercise of the purchase option issued to EarlyBird and/or its designees), in whole and not in part, at a price of \$0.01 per warrant:

- at any time while the warrants are exercisable,
- upon not less than 30 days' prior written notice of redemption to each warrant holder,
- if, and only if, the reported last sale price of the ordinary shares equals or exceeds \$18.00 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders, and
- if, and only if, there is a current registration statement in effect with respect to the ordinary shares underlying such warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption.

The right to exercise will be forfeited unless the warrants are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of a warrant will have no further rights except to receive the redemption price for such holder's warrant upon surrender of such warrant.

The redemption criteria for our warrants have been established at a price which is intended to provide warrant holders a reasonable premium to the initial exercise price and provide a sufficient differential between the then-prevailing share price and the warrant exercise price so that if the share price declines as a result of our redemption call, the redemption will not cause the share price to drop below the exercise price of the warrants.

If we call the warrants for redemption as described above, our management will have the option to require all holders that wish to exercise warrants to do so on a “cashless basis.” In such event, each holder would pay the exercise price by surrendering the warrants for that number of ordinary shares equal to the quotient obtained by dividing (x) the product of the number of ordinary shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” shall mean the average reported last sale price of the ordinary shares for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. Whether we will exercise our option to require all holders to exercise their warrants on a “cashless basis” will depend on a variety of factors including the price of our ordinary shares at the time the warrants are called for redemption, our cash needs at such time and concerns regarding dilutive share issuances.

The exercise price and number of ordinary shares issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or our recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of ordinary shares at a price below their respective exercise prices.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of ordinary shares and any voting rights until they exercise their warrants and receive ordinary shares. After the issuance of ordinary shares upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

Warrant holders may elect to be subject to a restriction on the exercise of their warrants such that an electing warrant holder would not be able to exercise their warrants to the extent that, after giving effect to such exercise, such holder would beneficially own in excess of 9.8% of the ordinary shares outstanding.

No fractional shares will be issued upon exercise of warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round up or down to the nearest whole number the number of ordinary shares to be issued to the warrant holder.

In connection with the private placement closed on July 10, 2018, the Company issued Series A warrants to investors to purchase a total of 576,924 ordinary shares with a warrant term of four (4) years. The Series A Warrants have an exercise price of \$2.60 per share. On January 9, 2019, the Board of the Company approved a downward adjustment of exercise price from \$2.6 to \$1.18. The Series A Warrants have customary anti-dilution protections including a “full ratchet” anti-dilution adjustment provision which are triggered in the event the Company sells or grants any additional shares of common stock, options, warrants or other securities that are convertible into common stock at a price lower than \$2.60 per share. The anti-dilution adjustment provision is not triggered by certain “exempt issuances” which among other issuances, includes the issuance of shares of common stock, options or other securities to officers, employees, directors, consultants or service providers.

In connection with the private placement closed on July 10, 2018, the investors also received Series B warrants with an initial face amount of 200,000 ordinary shares, which are subject to adjustment not in excess of an aggregate of 462,843 ordinary shares (the “Series B Warrants”) for nominal consideration. If on the 30th day after the closing date of the transaction (the “Adjustment Date”), the closing bid price of the Company’s ordinary shares is less than \$2.60, the investors shall have the right to exercise the Series B Warrants and the number of ordinary shares to be issued to the investors upon exercise of the Series B Warrants shall be adjusted (upward or downward, as necessary) based on the closing bid price of the Company’s ordinary shares on such date. On August 9, 2018, the closing bid price of the Company’s ordinary shares was \$1.29, and thus the investors exercised the Series B Warrant for 390,579 ordinary shares at \$391.

On April 6, 2018, the Company entered into a letter agreement with FT Global Capital, Inc., as exclusive placement agent (the “Placement Agent”), pursuant to which the Placement Agent has agreed to act as placement agent on a best efforts basis in connection with the above offering. In addition to the cash payments, the Company has also agreed to issue to the Placement Agent a warrant to purchase a number of ordinary shares equal to 6.0% of the aggregate number of ordinary shares sold in this offering, which warrant will have the same term as Series A Warrants, including exercise price, vesting period and anti-dilution terms.

Purchase Option

EarlyBird (and/or its designees) was issued an option to purchase up to 600,000 units at \$11.75 per unit. The option represented the right to purchase up to 660,000 ordinary shares and 600,000 warrants to purchase 300,000 full shares. The purchase option may be exercised for cash or on a cashless basis, at the holder’s option, at any time prior to September 30, 2019, the five-year anniversary of the effective date of the IPO registration statement. Notwithstanding anything to the contrary, neither the option nor the warrants underlying the option shall be exercisable after September 30, 2019. The option grants to holders demand and “piggy back” rights for periods of five and seven years, respectively, from September 30, 2014 (the effective date of the IPO registration statement) with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. We will bear all fees and expenses attendant to registering the securities, other than underwriting commissions, which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or our recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of ordinary shares at a price below its exercise price. We will have no obligation to net cash settle the exercise of the purchase option or the rights or warrants underlying the purchase option. The holder of the purchase option will not be entitled to exercise the purchase option or the warrants underlying the purchase option unless a registration statement covering the securities underlying the purchase option is effective or an exemption from registration is available. If the holder is unable to exercise the purchase option or underlying warrants, the purchase option or warrants, as applicable, will expire worthless. The purchase option was not exercised by the option holder prior to September 30, 2019 and, therefore, was expired in the year ended December 31, 2019.

Registration Rights

Concurrently with the consummation of our IPO, in October 2014, the Company granted certain investors registration rights pursuant to a Registration Rights Agreement. The holders of 25% of the securities subject to the Registration Rights Agreement are entitled to make up to three demands, excluding short form registration demands, that we register such securities for sale under the Securities Act. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to our Business Combination.

We have agreed that as soon as practicable, but in no event later than ninety (90) days, after the Business Combination, we will use our best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the ordinary shares issuable upon exercise of the public warrants. We have agreed to use our best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the public warrants in accordance with the provisions of the Warrant Agreement.

We have agreed to use commercially reasonable efforts to have a registration statement registering the resale of the Company’s ordinary shares issuable upon conversion of the Class A Convertible Preferred Shares under the Securities Act declared effective within one hundred eighty (180) days after the closing of the Business Combination.

On July 6, 2016 and in connection with the Business Combination, the Company entered into a Registration Rights Agreement with the Sellers. Under the Registration Rights Agreement, the Sellers hold registration rights that will obligate the Company to register for resale under the Securities Act, all or any portion of the shares held by them issued in connection with the share exchange so long as such shares are not then restricted under the Lock-Up Agreement. Subject to certain exceptions, if any time after the closing of the Business Combination, the Company proposes to file a registration statement under the Securities Act with respect to its securities, under the Registration Rights Agreement, the Company shall give notice to the Sellers as to the proposed filing and offer the Sellers an opportunity to register the sale of such number of shares as requested by the Sellers in writing. In addition, subject to certain exceptions, Sellers will be entitled under the Registration Rights Agreement to request in writing that the Company register the resale of their shares on Form F-3 and any similar short-form registration that may be available at such time.

Pursuant to a registration statement on Form F-1 declared effective on December 21, 2017, we registered 2,229,572 Ordinary Shares, 2,420,260 Warrants to purchase Ordinary Shares and 1,210,130 Ordinary Shares issuable upon exercise of our warrants.

Lock-Up Agreement

On July 6, 2016 and in connection with the Business Combination, the Sellers entered into a Lock-Up Agreement. Under the Lock-Up Agreement, each Seller agrees that such Seller will not, from the closing of the Business Combination until the first anniversary of the closing (or if earlier, the date on which the Company consummates a liquidation, merger, share exchange or other similar transaction with an unaffiliated third party that results in all of the Company’s shareholders having the right to exchange either equity holdings in us for cash, securities or other property), (i) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to any of the shares held by them issued in connection with the share exchange, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the shares held by them issued in connection with the share exchange, in cash or otherwise, or (iii) publicly announce any intention to effect any transaction specified in clause (i) or (ii). Each Seller further agrees that the shares held in escrow will continue to be subject to such transfer restrictions until they are released from the escrow account. However, each Seller will be allowed to transfer any of the shares held by them issued in connection with the share exchange (other than the shares held in escrow while they are held in the escrow account) by gift, will or intestate succession or to any affiliate, shareholder, members, party or trust beneficiary, provided in each such case that the transferee thereof agrees to be bound by the restrictions set forth in the Lock-up Agreement. Additionally, each Seller will be allowed to pledge the shares held by them issued in connection with the share exchange (other than the shares held in escrow while they are held in the escrow account) to an unaffiliated third party as a guarantee to secure borrowings made by such third party to Adrie or any of its subsidiaries or and variable interest entities.

Escrow Agreements

On September 30, 2014, the Company entered into an Escrow Agreement with certain investors. The shares held by these investors are subject to certain transfer restrictions. The investors have agreed not to transfer, assign or sell any of their ordinary shares (except to certain permitted transferees) until, with respect to 50% of the shares, the earlier of (i) one year after the date of the Business Combination or (ii) the date on which the closing price of our ordinary shares equals or exceeds \$12.50 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing after our Business Combination, with respect to the remaining 50% of the shares held by them, upon one year after the date of the consummation of our Business Combination, or earlier, in either case, if, subsequent to our Business Combination, we consummate a subsequent liquidation, merger, stock exchange or other similar transaction which results in all of our shareholders having the right to exchange their ordinary shares for cash, securities or other property.

On July 6, 2016 and in connection with the Business Combination, the Company and the seller representative (on behalf of the Sellers) entered into an Escrow Agreement with Continental Stock Transfer & Trust Company. Pursuant to the Escrow Agreement, the escrow agent will hold the escrow shares in a segregated escrow account, to be held and disbursed as agreed to in the Share Exchange Agreement.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this Annual Report.

D. Exchange controls

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations promulgated by the State Council, as amended on August 5, 2008, or the Foreign Exchange Regulations. Under the Foreign Exchange Regulations, the RMB is freely convertible for current account items, as long as true and lawful transaction basis is provided, but not for capital account items, such as capital transfer, direct investments, loans, repatriation of investments, investments in securities and derivatives outside of the PRC, unless the prior approval of the State Administration of Foreign Exchange, or the SAFE, is obtained and prior registration with the SAFE is made.

E. Taxation

The following description is not intended to constitute a complete analysis of all tax consequences relating to the ownership and disposition of our securities. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

British Virgin Islands Taxation

Under the law of the British Virgin Islands as currently in effect, a holder of our shares who is not a resident of the British Virgin Islands is not liable for British Virgin Islands income tax on dividends paid with respect to our shares, and all holders of our securities are not liable to the British Virgin Islands for income tax on gains realized on the sale or disposal of such securities. The British Virgin Islands does not impose a withholding tax on dividends paid by a company incorporated or re-registered under the BVI Act.

There are no capital gains, gift or inheritance taxes levied by the British Virgin Islands on companies incorporated or re-registered under the BVI Act. In addition, securities of companies incorporated or re-registered under the BVI Act are not subject to transfer taxes, stamp duties or similar charges.

There is no income tax treaty or convention currently in effect between the United States and the British Virgin Islands, although a Tax Information Exchange Agreement is in force.

U.S. Federal Income Taxation

General

The following is a summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares. The discussion below of the U.S. federal income tax consequences to “U.S. Holders” will apply to a beneficial owner of our ordinary shares that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A beneficial owner of our ordinary shares that is described above is referred to herein as a “U.S. Holder.” If a beneficial owner of our ordinary shares is not described as a U.S. Holder and is not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, such owner will be considered a “Non-U.S. Holder.” The material U.S. federal income tax consequences applicable specifically to Non-U.S. Holders are described below under the heading “Non-U.S. Holders.”

This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, Treasury regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change or differing interpretations, possibly on a retroactive basis.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder’s individual circumstances. In particular, this discussion considers only holders that own and hold our ordinary shares as capital assets within the meaning of Section 1221 of the Code, and does not discuss the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

- financial institutions or financial services entities;
- broker-dealers;
- persons that are subject to the mark-to-market accounting rules under Section 475 of the Code;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;

- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- persons that actually or constructively own 5% or more of our voting shares;
- persons that acquired our ordinary shares pursuant to an exercise of employee options, in connection with employee incentive plans or otherwise as compensation;
- persons that hold our ordinary shares as part of a straddle, constructive sale, hedging, conversion or other integrated transaction;
- persons whose functional currency is not the U.S. dollar;
- controlled foreign corporations; or
- passive foreign investment companies.

This discussion does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws or, except as discussed herein, any tax reporting obligations applicable to a holder of our ordinary shares. Additionally, this discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our ordinary shares through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our ordinary shares, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. This discussion also assumes that any distribution made (or deemed made) in respect of our ordinary shares and any consideration received (or deemed received) by a holder in connection with the sale or other disposition of such ordinary shares will be in U.S. dollars. In addition, this discussion assumes that we will be treated as a foreign corporation for U.S. federal income tax purposes.

We have not sought, and will not seek, a ruling from the Internal Revenue Service (“IRS”) or an opinion of counsel as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court. Moreover, there can be no assurance that future legislation, regulations, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

THIS DISCUSSION IS ONLY A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES. IT IS NOT TAX ADVICE. EACH HOLDER OF OUR ORDINARY SHARES IS URGED TO CONSULT ITS OWN TAX ADVISOR IN RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS AND ANY APPLICABLE TAX TREATIES.

U.S. Holders

Taxation of Cash Distributions Paid on Ordinary Shares

Subject to the passive foreign investment company (“PFIC”) rules discussed below, a U.S. Holder generally will be required to include in gross income as ordinary income the amount of any cash dividend paid on our ordinary shares. A cash distribution on such ordinary shares generally will be treated as a dividend for U.S. federal income tax purposes to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Such dividend generally will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. The portion of such cash distribution, if any, in excess of such earnings and profits will be applied against and reduce (but not below zero) the U.S. Holder’s adjusted tax basis in our ordinary shares. Any remaining excess generally will be treated as gain from the sale or other taxable disposition of such ordinary shares.

With respect to non-corporate U.S. Holders, any such dividends may be subject to U.S. federal income tax at the lower applicable regular long term capital gains tax rate (see “— Taxation on the Disposition of Ordinary Shares” below) provided that (1) our ordinary shares are readily tradable on an established securities market in the United States, (2) we are not a PFIC, as discussed below, for either the taxable year in which such dividend was paid or the preceding taxable year, and (3) certain holding period requirements are met. Under published IRS authority, ordinary shares are considered for purposes of clause (1) above to be readily tradable on an established securities market in the United States only if they are listed on certain exchanges, which presently include the Nasdaq Capital Market. Although our ordinary shares are currently listed on the Nasdaq Capital Market, U.S. Holders nevertheless should consult their own tax advisors regarding the availability of the lower rate for any dividends paid in respect to our ordinary shares.

Taxation on the Disposition of Ordinary Shares

Upon a sale or other taxable disposition of our ordinary shares, and subject to the PFIC rules discussed below, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder’s adjusted tax basis in the ordinary shares.

The regular U.S. federal income tax rate on capital gains recognized by U.S. Holders generally is the same as the regular U.S. federal income tax rate on ordinary income, except that long-term capital gains recognized by non-corporate U.S. Holders generally are subject to U.S. federal income tax at a maximum regular rate of 20%. Capital gain or loss will constitute long-term capital gain or loss if the U.S. Holder’s holding period for the ordinary shares exceeds one year. The deductibility of capital losses is subject to various limitations.

Passive Foreign Investment Company Rules

A foreign (i.e., non-U.S.) corporation will be a PFIC if either (a) at least 75% of its gross income in a taxable year of the foreign corporation, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value, is passive income, or (b) at least 50% of its assets in a taxable year of the foreign corporation, ordinarily determined based on fair market value and averaged quarterly over the year, including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than certain rents or royalties derived from the active conduct of a trade or business), and gains from the disposition of passive assets.

Based on the composition (and estimated values) of the assets and the nature of our income and that of our subsidiaries during the taxable year ended December 31, 2018, we believe that we may be treated as a PFIC for such year. However, because we have not performed a definitive analysis as to our PFIC status for such taxable year, there can be no assurance in respect to our PFIC status for such taxable year. There also can be no assurance in respect to our status as a PFIC for our current taxable year or any future taxable year.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of our ordinary shares, and such U.S. Holder did not make either a timely qualified electing fund (“QEF”) election for our first taxable year as a PFIC in which the U.S. Holder held (or was deemed to hold) our ordinary shares, a QEF election along with a purging election or a mark-to-market election, each as described below, such holder generally will be subject to special rules for regular U.S. federal income tax purposes in respect to:

- any gain recognized by the U.S. Holder on the sale or other disposition of its ordinary shares; and
- any “excess distribution” made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the ordinary shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder’s holding period for the ordinary shares).

Under these rules,

- the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for the ordinary shares;
- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder's holding period before the first day of our first taxable year in which we qualified as a PFIC, will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such other taxable year of the U.S. Holder.

In general, if we are determined to be a PFIC, a U.S. Holder may avoid the PFIC tax consequences described above in respect to our ordinary shares by making a timely QEF election (or a QEF election along with a purging election). Pursuant to the QEF election, a U.S. Holder will be required to include in income its pro rata share of our net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year of the U.S. Holder in which or with which our taxable year ends. A U.S. Holder may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC annual information statement, to a timely filed U.S. federal income tax return for the taxable year to which the election relates. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS.

In order to comply with the requirements of a QEF election, a U.S. Holder must receive certain information from us. Upon request from a U.S. Holder, we will endeavor to provide to the U.S. Holder no later than 90 days after the request such information as the IRS may require, including a PFIC annual information statement, in order to enable the U.S. Holder to make and maintain a QEF election. However, there is no assurance that we will have timely knowledge of our status as a PFIC in the future or of the required information to be provided.

If a U.S. Holder has made a QEF election in respect to our ordinary shares, and the special tax and interest charge rules do not apply to such ordinary shares (because of a timely QEF election for our first taxable year as a PFIC in which the U.S. Holder holds (or is deemed to hold) such shares or a QEF election along with a purge of the PFIC taint pursuant to a purging election, as described below), any gain recognized on the sale or other taxable disposition of such ordinary shares generally will be taxable as capital gain and no interest charge will be imposed. As discussed above, for regular U.S. federal income tax purposes, U.S. Holders of a QEF are currently taxed on their pro rata shares of the QEF's earnings and profits, whether or not distributed. In such case, a subsequent distribution of such earnings and profits that were previously included in income generally should not be taxable as a dividend to such U.S. Holders. The adjusted tax basis of a U.S. Holder's ordinary shares in a QEF will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. Similar basis adjustments apply to property if by reason of holding such property the U.S. Holder is treated under the applicable attribution rules as owning ordinary shares in a QEF.

Although a determination as to our PFIC status will be made annually, an initial determination that we are a PFIC generally will apply for subsequent years to a U.S. Holder who held our ordinary shares while we were a PFIC, whether or not we meet the test for PFIC status in those subsequent years. A U.S. Holder who makes the QEF election discussed above for our first taxable year as a PFIC in which the U.S. Holder holds (or is deemed to hold) our ordinary shares, however, will not be subject to the PFIC tax and interest charge rules discussed above in respect to such ordinary shares. In addition, such U.S. Holder will not be subject to the QEF inclusion regime in respect to such ordinary shares for any of our taxable years that end within or with a taxable year of the U.S. Holder and in which we are not a PFIC. On the other hand, if the QEF election is not effective for each of our taxable years in which we are a PFIC and during which the U.S. Holder holds (or is deemed to hold) our ordinary shares, the PFIC rules discussed above will continue to apply to such shares unless the holder files on a timely filed U.S. income tax return (including extensions) a QEF election and a purging election to recognize under the rules of Section 1291 of the Code any gain that it would otherwise recognize if the U.S. Holder sold shares for their fair market value on the “qualification date.” The qualification date is the first day of our tax year in which we qualify as a QEF with respect to such U.S. Holder. The purging election can only be made if such U.S. Holder held shares on the qualification date. The gain recognized by the purging election generally will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, the U.S. Holder generally will increase the adjusted tax basis in its shares by the amount of gain recognized and will also have a new holding period in the shares for purposes of the PFIC rules.

Alternatively, if a U.S. Holder, at the close of its taxable year, owns ordinary shares in a PFIC that are treated as marketable stock, the U.S. Holder may make a mark-to-market election in respect to such ordinary shares for such taxable year. If the U.S. Holder makes a valid mark-to-market election for the first taxable year of the U.S. Holder in which the U.S. Holder holds (or is deemed to hold) our ordinary shares and for which we are determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above in respect to its ordinary shares as long as such shares continue to be treated as marketable stock. Instead, in general, the U.S. Holder will include as ordinary income for each year that we are treated as a PFIC the excess, if any, of the fair market value of its ordinary shares at the end of its taxable year over the adjusted tax basis in its ordinary shares. The U.S. Holder also will be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted tax basis of its ordinary shares over the fair market value of its ordinary shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder’s adjusted tax basis in its ordinary shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of the ordinary shares in a taxable year in which we are treated as a PFIC will be treated as ordinary income. Special tax rules may also apply if a U.S. holder makes a mark-to-market election for a taxable year after the first taxable year in which the U.S. Holder holds (or is deemed to hold) its ordinary shares and for which we are determined to be a PFIC.

The mark-to-market election is available only for stock that is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission, including the Nasdaq Capital Market, or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Although our ordinary shares are currently listed on the Nasdaq Capital Market, U.S. Holders nevertheless should consult their own tax advisors regarding the availability and tax consequences of a mark-to-market election in respect to our ordinary shares.

If we are a PFIC and, at any time, have a foreign subsidiary that is classified as a PFIC, a U.S. Holder of our ordinary shares generally should be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or dispose of all or part of our interest in, or the U.S. Holder were otherwise deemed to have disposed of an interest in, the lower-tier PFIC. Upon request, we will endeavor to cause any lower-tier PFIC to provide to a U.S. Holder no later than 90 days after the request the information that may be required to make or maintain a QEF election in respect to the lower-tier PFIC. However, there is no assurance that we will have timely knowledge of the status of any such lower-tier PFIC or will be able to cause the lower-tier PFIC to provide the required information. A mark-to-market election generally would not be available in respect to such a lower-tier PFIC. U.S. Holders are urged to consult their own tax advisors regarding the tax issues raised by lower-tier PFICs.

A U.S. Holder that owns (or is deemed to own) ordinary shares in a PFIC during any taxable year of the U.S. Holder may have to file an IRS Form 8621 (whether or not a QEF election or mark-to-market election is or has been made) with such U.S. Holder’s U.S. federal income tax return and provide such other information as may be required by the U.S. Treasury Department.

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of our ordinary shares should consult their own tax advisors concerning the application of the PFIC rules to our ordinary shares under their particular circumstances.

Additional Taxes

U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally will be subject to a 3.8% Medicare contribution tax on unearned income, including, without limitation, dividends on, and gains from, the sale or other taxable disposition of, our ordinary shares, subject to certain limitations and exceptions. Under applicable regulations, in the absence of a special election, such unearned income generally would not include income inclusions under the QEF rules discussed above under “— Passive Foreign Investment Company Rules,” but would include distributions of earnings and profits from a QEF. U.S. Holders should consult their own tax advisors regarding the effect, if any, of such tax on their ownership and disposition of our ordinary shares.

Non-U.S. Holders

Cash dividends paid to a Non-U.S. Holder in respect to our ordinary shares generally will not be subject to U.S. federal income tax unless such dividends are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States).

In addition, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain attributable to a sale or other taxable disposition of our ordinary shares unless such gain is effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of such sale or other disposition and certain other conditions are met (in which case, such gain from U.S. sources generally is subject to U.S. federal income tax at a 30% rate or a lower applicable tax treaty rate).

Cash dividends and gains that are effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States) generally will be subject to regular U.S. federal income tax at the same regular U.S. federal income tax rates as applicable to a comparable U.S. Holder and, in the case of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

Backup Withholding and Information Reporting

In general, information reporting for U.S. federal income tax purposes will apply to cash distributions made on our ordinary shares within the United States to a U.S. Holder (other than an exempt recipient) and to the proceeds from sales and other dispositions of our ordinary shares by a U.S. Holder (other than an exempt recipient) to or through a U.S. office of a broker. Payments made (and sales and other dispositions effected at an office) outside the United States will be subject to information reporting in limited circumstances. In addition, certain information concerning a U.S. Holder’s adjusted tax basis in its ordinary shares and adjustments to that tax basis and whether any gain or loss with respect to such ordinary shares is long-term or short-term also may be required to be reported to the IRS, and certain holders may be required to file an IRS Form 8938 (Statement of Specified Foreign Financial Assets) to report their interest in our ordinary shares.

Moreover, backup withholding of U.S. federal income tax at a rate of 28%, generally will apply to cash dividends paid on our ordinary shares to a U.S. Holder (other than an exempt recipient) and the proceeds from sales and other dispositions of our ordinary shares by a U.S. Holder (other than an exempt recipient), in each case who:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that backup withholding is required; or
- in certain circumstances, fails to comply with applicable certification requirements.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS. Holders are urged to consult their own tax advisors regarding the application of backup withholding and the availability of and procedures for obtaining an exemption from backup withholding in their particular circumstances.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

You may inspect our securities filings, including this Annual Report and the exhibits and schedules thereto, without charge at the offices of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of the Annual Report from the Public Reference Section of the SEC, 100 F Street, NE, Washington, D.C. 20549 upon the payment of the prescribed fees. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants like us that file electronically with the SEC. You can also inspect the Annual Report on this website.

A copy of each document (or a translation thereof to the extent not in English) concerning our company that is referred to in this Annual Report is available for public view (subject to confidential treatment of certain agreements pursuant to applicable law) at our principal executive offices.

I. Subsidiary Information

See "Item 4. Information on the Company – C. Organizational Structure."

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Credit Risk

Credit risk is one of the most significant risks for the Company's business. Credit risk exposures arise principally in financial guarantee activities which is an off-balance sheet financial instrument.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures including due-diligence visits and post-lending visits to the clients. The Company manages credit risk through in-house research and analysis of the Chinese economy and the underlying obligors and transaction structures. To minimize credit risk, the Company requires collateral in the form of rights to cash, securities or property and equipment. The Company identifies credit risk collectively based on industry, geography and customer type. This information is monitored regularly by management.

- Financial guarantee activities

In measuring the credit risk of financial guarantee services with customers, the Company mainly reflects the "probability of default" by the customer on its contractual obligations and considers the current financial position of the customer and the exposures to the customer and its likely future development.

The Company manages their credit risk guarantee exposure by performing preliminary credit checks of each guarantee customer and ongoing monitoring of payments each month. Management periodically reviews the probability of default of guarantee customer and will accrue a guarantee liability when necessary.

In addition, the Company calculates the provision amount as below:

1. General Reserve - is based on total balance of off-balance-sheet guarantee and to be used to cover unidentified probable loan loss. According to management assessment, the General Reserve is required to be no less than 1% of total loan guarantee balance.
2. Specific Reserve – is based on a guarantee by guarantee basis covering losses due to risks related to the ability and intention of repayment of guarantee commissions by each customer. The reserve rate was individually assessed based on management estimate of guarantee fee commission collectability. According to management assessment, the Specific Reserve is no less than 50% of guarantee fee commission earned during the year.

The Company has been providing the financial guarantees of loans for limited history. The customer deposits or other assets are held as collateral for the repayment of each loan. As of December 31, 2019, the amount of outstanding loans and related interests that the Company has guaranteed is approximately \$35.1 million. The Company estimates the fair market value of the collateral to be approximately \$61.4 million as of December 31, 2019.

- Other operating activities

Assets that potentially subject the Company to significant concentration of credit risk primarily consist of cash and cash equivalents. The maximum exposure of such assets to credit risk is their carrying amount as at the balance sheet dates. As of December 31, 2019, the Company had no deposits with a bank in the United States. As of December 31, 2019, cash of \$6,911,592 and restricted cash of \$15,233,933, respectively, were primarily deposited in banks located in Mainland China, which were uninsured by the government authority. To limit exposure to credit risk relating to deposits, the Company primarily place cash deposits with large financial institutions in China which management believes are of high credit quality.

The Company's operations are carried out in Mainland China. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC as well as by the general state of the PRC's economy. In addition, the Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, rates and methods of taxation, and the extraction of mining resources, among other factors.

Liquidity Risk

The Company is also exposed to liquidity risk which is risk that it is unable to provide sufficient capital resources and liquidity to meet its commitments and business needs. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures. When necessary, the Company will turn to other financial institutions and the shareholders to obtain short-term funding to meet the liquidity shortage.

Foreign Currency Risk

Substantially all of the Company's operating activities and the Company's assets and liabilities are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the Peoples' Bank of China ("PBOC") or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Other risk

The Company's business, financial condition and results of operations may also be negatively impacted by risks related to natural disasters, extreme weather conditions, health epidemics and other catastrophic incidents, such as the COVID-19 outbreak and spread, which could significantly disrupt the Company's operations.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization categorized it as a pandemic. The COVID-19 outbreak is causing lockdowns, quarantines, travel restrictions, and closures of businesses and schools. The potential impact which may be caused by the outbreak is uncertain; however it may result in a material adverse impact on the Company's financial position, operations and cash flows for fiscal year 2020. Based on the Company's operating results from January 1, 2020 through the date of this report, due to temporary closure of our office during February 3, 2020 and February 29, 2020, limited support from our workforce, and delay in repayments of outstanding receivables from customers, the Company expects a lower amount of revenue and net income during February to April 2020 period. However, the extent of the impact of COVID-19 on the Company's results of operations and financial condition for fiscal year 2020 will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, all of which are uncertain and cannot be predicted at this point.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the changes to the rights of shareholders.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures

Material weaknesses and significant deficiencies consist of the following:

- The Company does not have a U.S. GAAP full-time qualified accountant to oversee the recording of the daily transactions;
- Accounting department open/close bank account with CEO’s oral approval, no written approval kept in the Company, which was not following the procedures;
- The Company did not record loan payable on a timely basis;
- The Company does not have appropriate policies and procedures in place to evaluate the proper accounting and disclosures for new factoring business.

(b)-(c) Management’s annual report on internal control over financial reporting and attestation report of the registered public accounting firm

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, it used the criteria established in the updated framework in the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992 and updated in May 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on our assessment, as of December 31, 2019, our internal control over financial reporting is ineffective.

The specific material weaknesses we identified in our internal control our set forth above in section (a) of Item 15. We are committed to taking appropriate steps for remediation, including, but not limited to, the following:

- Recruiting qualified professionals with U.S. GAAP knowledge and experience to assist in resolving accounting issues on daily basis and to handle non-routine or complex transactions. Providing U.S. GAAP training to accounting department staff;
- Written approval must be obtain from the CEO when the Company opens and closes bank accounts;
- Improving the routine review and check of accounting procedure;
- Obtaining formal written collaterals valuation reports;
- Improving communications between management and the Board;
- Improving internal audit function, internal control policies and monitoring controls, to ensure our operating processes follow our control procedures;
- Holding our financial manager accountable for any omissions or material misleading transactions not reported to the Board and the independent auditors;

Management is committed to remediating the material weaknesses in a timely fashion. We have begun the process of executing remediation plans to address the material weaknesses above in internal control over financial reporting. Specifically, we established Audit Committee and Corporate Governance and Nominating Committee and Compensation Committee. We have taken and are implementing the following measures to further address the material weakness include:

(i) We plan to establish a desired level of corporate governance with regard to identifying and measuring the risk of material misstatement. We are setting up a key monitoring mechanism including independent directors and audit committee to oversee and monitor Company's risk management, business strategies and financial reporting procedure.

(ii) We plan to hire experts to further help the Company establish and maintain an effective control environment, enhance our process and internal control related to sales, account receivables and inventory and establish comprehensive accounting policies and procedures.

(iii) We will hold regular seminars, briefings and training sessions for accounting department employees with U.S. GAAP knowledge.

Our management, including our Chief Executive Officer, believes the measures described above and others that will be implemented will remediate the control deficiencies identified and will strengthen our internal control over financial reporting. Management is committed to continuous improvement of the Company's internal control processes and will continue to diligently review our financial reporting controls and procedures.

We do not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud.

Attestation report of the registered public accounting firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the SEC.

(d) Change in internal control over financial reporting:

Except for the matters described above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

Our Board of Directors has determined that Mr. John Chen, a member of our audit committee is an audit committee financial expert as defined by rules of the U.S. Securities and Exchange Commission and is an independent director under NASDAQ Listing Rules. Although we are not currently listed on the Nasdaq, we have opted to voluntarily comply with the Nasdaq Listing Rules.

ITEM 16B. CODE OF ETHICS.

We have adopted a Code of Ethics that applies to all of our employees, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. Our Code of Ethics is available on our corporate website. If we amend or grant a waiver of one or more of the provisions of our Code of Ethics, we intend to satisfy the requirements under Form 6-K regarding the disclosure of amendments to or waivers from provisions of our Code of Ethics that apply to our principal executive officer, principal financial officer and principal accounting officer by posting the required information on our website at the above address.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Friedman LLP (“Friedman”) was appointed by the Company to serve as its independent registered public accounting firm for the year ended December 31, 2018 and re-appointed to serve for the year ended December 31, 2019.

UHY LLP (“UHY”) served as the Company’s independent registered public accounting firm from April 8, 2014 (inception) through April 5, 2017. During the fiscal years ended December 31, 2016, March 31, 2016 and March 31, 2015, and through April 5, 2017, there were no disagreements with UHY, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to UHY’s satisfaction, would have caused it to make a reference to the subject matter of the disagreement in connection with any reports it would have issued. During the fiscal years ended December 31, 2016, March 31, 2016 and March 31, 2015, and through April 5, 2017, there were no reportable events as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

The following table represents aggregate fees billed to us for professional services rendered for the fiscal years ended December 31, 2019 and 2018 by Friedman:

	2019	2018
Audit Fees ⁽¹⁾	\$ 165,000	165,000
Audit-Related Fees ⁽²⁾	7,800	46,991
Tax Fees ⁽³⁾	-	-
Total	\$ 172,800	211,991

- (1) The audit fees for the years ended December 31, 2019 and 2018 were for professional services rendered for the audit of our annual consolidated financial statements, review of the financial information included in our quarterly reports for the respective periods, the registration statement and other required filings with the SEC.
- (2) Audit-related fees for the year ended December 31, 2019 and 2018 were for assurance and related services that are reasonably related to performance of the audit or review of our consolidated financial statements and are not reported under “Audit Fees”.
- (3) Tax fees for the years ended December 31, 2019 and 2018 were for services related to tax compliance, including the preparation of tax returns and tax planning and tax advice.

The following table represents aggregate fees billed to us for professional services rendered for the fiscal years ended December 31, 2019 and 2018 by UHY:

	2019	2018
Audit Fees ⁽⁴⁾	\$ -	\$ 20,500
Audit-Related Fees ⁽⁵⁾	-	-
Tax Fees ⁽⁶⁾	-	-
Total	\$ -	\$ 20,500

- (4) The audit fees for the years ended December 31, 2018 were for professional services rendered for the audit of our annual consolidated financial statements, review of the financial information included in our quarterly reports for the respective periods, the registration statement and other required filings with the SEC.
- (5) Audit-related fees for the years ended December 31, 2018 were for assurance and related services that are reasonably related to performance of the audit or review of our consolidated financial statements and are not reported under “Audit Fees”.
- (6) Tax fees for the years ended December 31, 2018 were for services related to tax compliance, including the preparation of tax returns and tax planning and tax advice.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

See Item 16.C of this Annual Report on Form 20-F.

ITEM 16G. CORPORATE GOVERNANCE.

While the Company is not currently listed on the Nasdaq, it has opted to comply with the Nasdaq Listing Rules with respect to corporate governance as stated below. Pursuant to Nasdaq Listing Rule 5615(a)(3), the Company has amended its Articles of Association by resolution of its Board of Directors to remove the obligation to hold annual general meetings and shall follow British Virgin Islands practices in lieu of the requirements of Nasdaq Listing Rule 5620. Except as stated above, we currently intend to comply with all other rules generally applicable to U.S. domestic companies listed on NASDAQ.

ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Financial Statements are set forth under Item 18.

ITEM 18. FINANCIAL STATEMENTS

Our Financial Statements beginning on pages F-1 through F-48, as set forth in the following index. These Financial Statements are filed as part of this Annual Report.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Roan Holdings Group Co., Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Roan Holdings Group Co., Ltd. (the “Company”, formerly known as China Lending Corporation) as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders’ equity (deficit) and cash flows for each of the years in the three year period ended December 31, 2019, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Friedman LLP

We have served as the Company’s auditor since 2017.

New York, New York
June 26, 2020

ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018
(Expressed in U.S. dollar, except for the number of shares)

	December 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,911,592	\$ 1,301,124
Restricted cash	15,233,933	-
Short-term investments	8,610,796	-
Accounts receivable, net	3,727,017	-
Loan receivable due from factoring customers	-	64,702,803
Loan receivable due from third parties	5,952,223	2,254,784
Due from related parties	2,906	-
Other current assets	2,305,642	813,409
Assets of discontinued operations	-	26,500,293
Total Current Assets	42,744,109	95,572,413
Pledged deposits	5,597,017	-
Property and equipment, net	852,525	27,980
Intangible assets, net	4,876,228	44,044
Right of use assets	400,720	-
Other noncurrent assets	918,683	-
Assets of discontinued operations, noncurrent	-	24,093
Total Assets	\$ 55,389,282	\$ 95,668,530
LIABILITIES AND EQUITY		
Current Liabilities		
Secured loan payable for factoring business	\$ -	\$ 64,702,803
Customer pledged deposits	7,176	-
Unearned income	114,615	-
Reserve for financial guarantee losses	453,489	-
Dividends payable	480,000	480,000
Income tax payable	1,122,155	-
Due to related parties	280,714	-
Warrant liabilities	19,938	550,800
Operating lease liabilities, current portion	106,136	-
Accrued expenses and other liabilities	710,865	298,116
Current liabilities of discontinued operations	-	55,984,465
Total Current Liabilities	3,295,088	122,016,184
Operating lease liabilities, noncurrent portion	265,797	-
Deferred tax liabilities	1,735,576	-
Total Liabilities	5,296,461	122,016,184
Commitments and Contingencies		
Class A convertible preferred shares, no par value, unlimited shares authorized; 715,000 shares issued and outstanding as of December 31, 2019 and 2018, respectively	-	9,652,527
Shareholders' Equity (Deficit)		
Ordinary Share (no par value, unlimited shares authorized; 25,287,851 and 25,288,003 shares issued and outstanding as of December 31, 2019 and 2018, respectively)	-	-
Class A convertible preferred shares, no par value, unlimited shares authorized; 715,000 shares issued and outstanding as of December 31, 2019 and 2018, respectively	10,338,927	-
Class B convertible preferred shares, no par value, unlimited shares authorized; 291,795,150 and nil shares issued and outstanding as of December 31, 2019 and 2018, respectively	31,087,732	-
Additional paid-in capital	3,312,189	98,036,152
Statutory reserve	658,662	6,621,063
Accumulated deficit	(12,407,304)	(136,620,068)
Accumulated other comprehensive loss	(7,906)	(4,037,404)
Total Roan Holdings Group Co., Ltd.'s Shareholders' Equity (Deficit)	32,982,300	(36,000,257)
Noncontrolling interests	17,110,521	76
Total Equity (Deficit)	50,092,821	(36,000,181)
Total Liabilities and Equity	\$ 55,389,282	\$ 95,668,530

The accompanying notes are an integral part of the consolidated financial statements

ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2019, 2018 and 2017
(Expressed in U.S. dollar, except for the number of shares)

	For the Years Ended December 31,		
	2019	2018	2017
Revenues from services	\$ 639,220	\$ 71,568	\$ -
Cost of revenues	(8,080)	-	-
Net revenues of services	631,140	71,568	-
Commissions and fees on financial guarantee services	8,797	-	-
Provision for financial guarantee services	(5,008)	-	-
Commission and fee income on guarantee services, net	3,789	-	-
Interest and fees income			
Interest and fees on direct loans	1,153	15,035	1,628,525
Interest income on loans due from third parties	34,707	-	-
Interest income from factoring business	2,782,332	35,229	-
Interest income on deposits with banks	64,636	418	537
Total interest and fee income	2,882,828	50,682	1,629,062
Interest expense			
Interest expenses and fees on secured loans	(2,218,815)	(25,118)	-
Net interest income	664,013	25,564	1,629,062
Provision for loan losses	(2,244,601)	(2,176,216)	(565,187)
Net interest (loss) income after provision for loan losses	(1,580,588)	(2,150,652)	1,063,875
Operating (loss) income	(945,659)	(2,079,084)	1,063,875
Total operating expenses			
Salaries and employee surcharge	(512,314)	(572,117)	(518,015)
Business taxes and surcharge	(352)	(714)	(9,879)
Other operating expenses	(1,384,907)	(1,468,738)	(1,691,387)
Changes in fair value of warrant liabilities	530,863	748,346	-
Total operating expenses	(1,366,710)	(1,293,223)	(2,219,281)
Loss before income taxes	(2,312,369)	(3,372,307)	(1,155,406)
Income tax expenses	(244,741)	(17,635)	(250,245)
Net loss from continuing operations	(2,557,110)	(3,389,942)	(1,405,651)
Net income (loss) from discontinued operations, net of income tax	26,846,018	(90,736,365)	(53,377,622)
Net income (loss)	24,288,908	(94,126,307)	(54,783,273)
Dividend – convertible redeemable Class A preferred share	(686,400)	(686,400)	(686,400)
Net income attributable to noncontrolling interests	(76,108)	(76)	-
Net income (loss) attributable to Roan Holding Group Co., Ltd.'s shareholders	\$ 23,526,400	\$ (94,812,783)	\$ (55,469,673)
Other comprehensive (loss) income			
Foreign currency translation adjustment	1,435,262	(29,318)	5,608,353
Reclassified to net gain from discontinued operations	2,691,969	-	-
	4,127,231	(29,318)	5,608,353
Comprehensive income (loss)	28,416,139	(94,155,625)	(49,174,920)
Other comprehensive income attributable to noncontrolling interests	(97,733)	-	-
Dividend – convertible redeemable Class A preferred share	(686,400)	(686,400)	(686,400)
Net income attributable to noncontrolling interests	(76,108)	(76)	-
Total comprehensive income (loss) attributable to Roan Holdings Group Co., Ltd.'s shareholders	\$ 27,555,898	\$ (94,842,101)	\$ (49,861,320)
Weighted average number of ordinary share outstanding			
Basic and Diluted*	25,287,887	24,380,051	17,343,763
Earnings (Loss) per share			
Net earnings (loss) per share – Basic and Diluted	\$ 0.93	\$ (3.89)	\$ (3.20)

Net loss per share from continuing operations - Basic and Diluted	\$ (0.13)	\$ (0.17)	\$ (0.12)
Net earnings (loss) per share from discontinued operations - Basic and Diluted	\$ 1.06	\$ (3.72)	\$ (3.08)

* The Company reported a discontinued operation for the year ended December 31, 2019, it used net loss from continuing operations as the control number to determine whether the warrants, Class A and Class B preferred shares are anti-dilutive. Because the Company incurred a net loss from continuing operations, the number of warrants, Class A preferred shares and Class B preferred shares are excluded from the computation as the anti-dilutive effect.

The accompanying notes are an integral part of the consolidated financial statements

ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2019, 2018 and 2017
(Expressed in U.S. dollar, except for the number of shares)

	Attributable to Roan Holdings Group Co., Ltd.'s Shareholders											
	Ordinary Share		Class A Preferred Shares		Class B Preferred Shares		Additional paid-in capital	Statutory Reserve	Retained earnings (Accumulated Deficit)	Accumulated other comprehensive (loss) income	Non-controlling interest	Total equity
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance as of January 1, 2017	22,898,864	\$ -	-	\$ -	-	-	\$ 91,644,559	\$ 6,536,238	\$ 15,691,462	\$ (9,616,439)	\$ -	\$104,255,820
Share dividend payment to shareholders	859,953	-	-	-	-	-	5,332,969	-	-	-	-	5,332,969
Net loss	-	-	-	-	-	-	-	-	(54,783,273)	-	-	(54,783,273)
Dividend to shareholders	-	-	-	-	-	-	-	-	(2,630,649)	-	-	(2,630,649)
Transfer to statutory reserve	-	-	-	-	-	-	-	84,825	(84,825)	-	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	-	5,608,353	-	5,608,353
Balance as of December 31, 2017	23,758,817	\$ -	-	\$ -	-	-	\$ 96,977,528	\$ 6,621,063	\$ (41,807,285)	\$ (4,008,086)	\$ -	\$ 57,783,220
Issuance of ordinary shares in a private placement with two investors	769,232	-	-	-	-	-	247,747	-	-	-	-	247,747
Issuance and exercise of Series B Warrants	390,579	-	-	-	-	-	504,238	-	-	-	-	504,238
Issuance of restricted shares	370,525	-	-	-	-	-	315,724	-	-	-	-	315,724
Forfeiture of restricted shares	(1,150)	-	-	-	-	-	(9,085)	-	-	-	-	(9,085)
Net income (loss)	-	-	-	-	-	-	-	-	(94,126,383)	-	76	(94,126,307)
Dividend to shareholders	-	-	-	-	-	-	-	-	(686,400)	-	-	(686,400)
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	(29,318)	-	(29,318)
Balance as of December 31, 2018	25,288,003	\$ -	-	\$ -	-	-	\$ 98,036,152	\$ 6,621,063	\$ (136,620,068)	(4,037,404)	76	(36,000,181)
Forfeiture of restricted shares	(152)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary by issuance of Class B Preferred Shares (Note 4)	-	-	-	-	291,795,150	31,087,732	-	-	-	-	16,936,604	48,024,336
Disposal of a variable interest entity (Note 5)	-	-	-	-	-	-	(94,723,963)	(5,981,661)	100,705,624	2,691,969	-	2,691,969
Net income	-	-	-	-	-	-	-	-	24,212,800	-	76,108	24,288,908
Reclassification of Class A Preferred Shares	-	-	715,000	9,652,527	-	-	-	-	-	-	-	9,652,527
Dividend to shareholders	-	-	-	686,400	-	-	-	-	(686,400)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	19,260	(19,260)	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	1,337,529	97,733	1,435,262
Balance as of December 31, 2019	25,287,851	\$ -	715,000	\$10,338,927	291,795,150	\$31,087,732	\$ 3,312,189	\$ 658,662	\$ (12,407,304)	(7,906)	17,110,521	50,092,821

The accompanying notes are an integral part of the consolidated financial statements

ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, 2018 and 2017
(Expressed in U.S. dollar, except for the number of shares)

	For the Years Ended December 31,		
	2019	2018	2017
Cash Flows from Operating Activities:			
Net income (loss)	\$ 24,288,908	\$ (94,126,307)	\$ (54,783,273)
Less: Net income (loss) from discontinued operations	26,846,018	(90,736,365)	(53,377,622)
Net loss from continuing operations	(2,557,110)	(3,389,942)	(1,405,651)
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization expenses	48,322	22,122	13,228
Amortization of right of use assets	7,176	-	-
Provision for loan losses	2,244,601	2,176,216	565,187
Provision for financial guarantee losses	5,008	-	-
Deferred tax expenses	57,674	-	12,139
Changes in fair value of warrant liabilities	(530,863)	(748,346)	-
Share-based compensation expenses	-	306,639	-
Changes in operating assets and liabilities:			
Accounts receivable	(206,442)	-	-
Interest and fees receivable	(149,013)	(108,158)	11,580
Other current assets	(289,694)	(308,635)	(41,803)
Advances from customers	(6,702)	-	-
Income tax payable	273,589	9,410	(579,719)
Accrued expenses and other liabilities	28,875	475,966	104,088
Net Cash Used in Operating Activities from Continuing Operations	(1,074,579)	(1,564,728)	(1,320,951)
Net Cash (Used in) Provided by Operating Activities from Discontinued Operations	(26,564)	(634,314)	11,218,771
Net Cash (Used in) Provided by Operating Activities	(1,101,143)	(2,199,042)	9,897,820
Cash Flows from Investing Activities:			
Loans disbursement to factoring customers	(43,422,881)	(67,258,135)	(7,640,381)
Repayment of loans from factoring customers	107,833,488	-	4,838,119
Loans disbursement to third parties	-	(166,256)	-
Repayment of loans from third parties	-	1,133,564	-
Purchases of property and equipment	(833)	-	-
Acquisition of a subsidiary	(427,318)	-	-
Acquisition of cash from acquired subsidiary	21,442,122	-	-
Proceeds from disposal of discontinued operations	504,713	-	-
Net Cash Provided by (Used in) Investing Activities from Continuing Operations	85,929,291	(66,290,827)	(2,802,262)
Net Cash Provided by (Used in) Investing Activities from Discontinued Operations	35,765	(301,276)	(12,779,689)
Net Cash Provided by (Used in) Investing Activities	85,965,056	(66,592,103)	(15,581,951)
Cash Flows from Financing Activities:			
Proceeds from private placement, net of issuance costs	-	1,190,000	-
Proceeds from private placements, deposited in escrow account	-	500,000	-
Proceeds from exercise of Series B Warrants	-	391	-
Repayments of convertible promissory note	-	-	(650,000)
Payments of dividends	-	-	(873,600)
Borrowing from a related party	279,020	-	-
Proceeds from secured loans	43,422,881	67,258,135	-
Repayment of secured loans	(107,833,488)	-	-
Net Cash (Used in) Provided by Financing Activities from Continuing Operations	(64,131,587)	68,948,526	(1,523,600)
Net Cash (Used in) Provided by Financing Activities from Discontinued Operations	(7,251)	(30,985)	4,068,058
Net Cash (Used in) Provided by Financing Activities	(64,138,838)	68,917,541	2,544,458
Effect of exchange rate changes on cash, cash equivalents, and restricted cash in banks	119,326	(5,150)	126,361
Net increase (decrease) in cash, cash equivalents, and restricted cash in banks	20,844,401	121,246	(3,013,312)
Cash, cash equivalents, and restricted cash in banks at beginning of year	1,301,124	1,179,878	4,193,190
Cash, cash equivalents, and restricted cash in banks at end of year	\$ 22,145,525	\$ 1,301,124	\$ 1,179,878
Supplemental Cash Flow Information			
Cash paid for interest expense	\$ -	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -	\$ -
Noncash investing activities			
Acquisition of a subsidiary by issuance of Class B Preferred Shares	\$ 31,087,732	\$ -	\$ -
Receivable from disposal of discontinued operations	\$ 940,829	\$ -	\$ -
Right of use assets obtained in exchange for operating lease obligations	\$ 615,000	\$ -	\$ -

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	December 31, 2019	December 31, 2018

Cash and cash equivalents	\$ 6,911,592	\$ 1,301,124
Restricted cash in banks	15,233,933	-
Total Assets	<u>\$ 22,145,525</u>	<u>\$ 1,301,124</u>

The accompanying notes are an integral part of the consolidated financial statements

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Roan Holdings Group Co., Ltd. (formerly known as China Lending Corporation or DT Asia Investments Limited) (“Roan”, or the “Company”) is a holding company incorporated on April 8, 2014, under the laws of the British Virgin Islands. On November 27, 2019, the BVI Registrar of Corporate Affairs approved the Company’s name change to Roan Holdings Group Co., Ltd., and on January 8, 2020, the Financial Industry Regulatory Authority (“FINRA”) accepted the Company’s request for the following changes on the Over the Counter Bulletin Board (“OTCBB”): 1) the name change from China Lending Corporation to Roan Holdings Group Co., Ltd., and 2) the ticker symbol change from “CLDOF” to “RAHGF” for its ordinary shares and from “CLDCF” to “RONWF” for its warrants. The new CUSIPS of the Company’s ordinary shares and warrants are G7606D 115 and G7606D 107, respectively.

On December 30, 2019, the Company set up Fortis Health Industrial Group Limited in Hong Kong, which was a holding company and did not commence operation as of December 31, 2019.

Acquisition of Lixin Financial Holdings Group Limited (“Lixin Cayman”)

In January 2019, the Company acquired 1% equity interest in Zhejiang Lixin at a cash consideration of \$427,318 (RMB 2,858,600).

On June 13, 2019 and August 23, 2019, the Company entered into a share purchase agreement (“SPA”) and a supplementary to the SPA with Lixin Cayman and certain shareholders of Lixin Cayman., pursuant to which the Company would acquire 65.0177% equity interests in Lixin Cayman and its subsidiaries at a consideration of approximately \$39.38 million (RMB 276.00 million). Lixin Cayman is engaged in financial guarantee business, asset management, supply chain financing, and business factoring through its subsidiaries based in Zhejiang Province, China.

The transaction was closed on December 20, 2019 upon the Company’s issuance of 291,795,150 Class B Preferred Shares at the consideration of \$31.09 million (RMB 217.88 million). These convertible preferred shares are embedded with liquidation preference and dividend preference but with no voting rights. Upon the second anniversary of the closing date, the preferred shares are convertible to the equal number of ordinary shares or can be redeemed at a conversion price calculated at the average closing price per share for ninety consecutive trading days before conversion date.

Disposition of Urumqi Fenghui Direct Lending Co., Ltd. (“Feng Hui”)

On July 31, 2019 and November 22, 2019, the Company entered into a framework agreement (the “Agreement”) and a supplementary to the Agreement with Zhejiang Zhongfeng Investment Management Co., Ltd. (“Zhongfeng”, or the “Purchaser”), pursuant to which Zhongfeng will either acquire a 100% equity interest in Feng Hui, a variable interest entity of the Company, or enter into a series of agreements to become primary beneficiary of Feng Hui. Feng Hui primarily provides loan facilitation services to micro, small and medium sized enterprises in the Xinjiang Uygur Autonomous Region. On November 22, 2019, the disposition transaction was closed at a consideration of approximately \$1.44 million (RMB 10 million) upon the Company received a deposit of \$504,713 (RMB 3.5 million) and transferred control over Feng Hui to Zhongfeng. On April 30, 2020, the Company subsequently received additional \$0.43 million (RMB 3.0 million) from Zhongfeng.

Upon closing of the disposition on November 22, 2019, the Company released all equity interests to Feng Hui’s shareholders and those interests were transferred to Zhongfeng through Feng Hui’s shareholders. Zhongfeng assumed all assets and obligations of Feng Hui. Upon the closing of the transaction, the Company does not bear any contractual commitment or obligation to the microcredit business or the employees of Feng Hui, nor to the Purchaser.

As of December 31, 2019, the Company was mainly engaged in management and assessment services for factoring business through Zeshi, loan business through Zhiyuan, the factoring company, and financial guarantee services, and financial consulting services through Lixin Cayman and its subsidiaries.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

The accompanying consolidated financial statements reflect the activities of the Company and its subsidiaries as follows:

Name	Background	Ownership
Adrie Global Holdings Limited ("Adrie")	<ul style="list-style-type: none"> • A BVI company • Incorporated on November 19, 2014 • A holding company 	100% owned by Roan
China Roan Industrial-Financial Holdings Group Co., Limited ("Roan HK")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on February 11, 2015 • A holding company • Formerly known as China Feng Hui Financial Holding Group Co., Limited 	100% owned by Adrie
Fortis Health Industrial Group Limited ("FHIG")	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on December 30, 2019 • A holding company 	100% owned by Adrie
Xinjiang Feng Hui Jing Kai Direct Lending Limited ("Jing Kai")	<ul style="list-style-type: none"> • A PRC company and deemed a wholly foreign owned enterprise • Incorporated on May 14, 2015 • Registered capital of \$18 million • A holding company 	100% owned by Roan HK
Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited ("Ding Xin")	<ul style="list-style-type: none"> • A PRC company and deemed a wholly foreign owned enterprise • Incorporated on May 20, 2015 • Registered capital of \$1 million with registered capital fully paid-up • Engaged in the business of financial consulting services 	100% owned by Roan HK
Ningbo Ding Tai Financial Leasing Co., Limited ("Ding Tai")	<ul style="list-style-type: none"> • A PRC company and deemed a wholly foreign owned enterprise • Incorporated on December 19, 2016 • Registered capital of \$30 million • Planning for financial lease services 	100% owned by Roan HK
Xinjiang Xin Quan Financial Leasing Co., Limited ("Xin Quan")	<ul style="list-style-type: none"> • A PRC company and deemed a wholly foreign owned enterprise • Incorporated on January 24, 2017 • Registered capital of \$50 million • Planning for financial lease services 	60% owned by Roan HK
Zhiyuan Commercial Factoring (Guangzhou) Co., Limited. ("Zhiyuan")	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on November 19, 2018 • Registered capital of \$4,321,434 (RMB 30 million) • Engaged in business factoring program, financing products design, related corporate financing solutions, investments and asset management 	99% owned by Ding Xin
Hangzhou Zeshi Investment Partnership (Limited Partnership) ("Zeshi")	<ul style="list-style-type: none"> • A PRC limited liability partnership • Incorporated on December 21, 2017 • Acquired on November 29, 2019 • Registered capital of \$7,750,878 (RMB 51 million) • Engaged in business factoring program, financing products design, related corporate financing solutions, investments and asset management 	98.04% owned by Ding Tai and 1.96% owned by Ding Xin as of December 31, 2019. Ding Xin transferred the 1.96% equity interest to Nibo Zeshi Insurance Technology Co., Ltd. ("Zeshi Insurance")
Lixin Financial Holdings Group Limited ("Lixin Cayman")	<ul style="list-style-type: none"> • A Cayman company • Incorporated on October 25, 2017 • A holding company 	65.0177% owned by Roan

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

Name	Background	Ownership
Lixin Financial Holdings (BVI) Limited (“Lixin BVI”)	<ul style="list-style-type: none"> • A BVI company • Incorporated on November 29, 2017 • A holding company 	100% owned by Lixin Cayman
Lixin Financial Holdings Group Limited (“Lixin HK”)	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on January 15, 2018 • A holding company 	100% owned by Lixin BVI
Zhejiang Lixin Enterprise Management Group Co., Ltd. (“Zhejiang Lixin”)	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on July 3, 2015 • Registered capital of \$16,162,259 (RMB 101 million) with registered capital fully paid-up • Engaged in financial guarantee services and related assessment and management services 	99% owned by Lixin HK and 1% owned by Roan HK
Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd (“Zhejiang Jingyuxin”)	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on January 5, 2013 • Registered capital of \$48,517,261 (RMB 303 million) with registered capital fully paid-up • Engaged in financial guarantee services and related assessment and management services 	93.4% owned by Zhejiang Lixin
Lixin (Hangzhou) Asset Management Co., Ltd. (“LAM”)	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on March 21, 2017 • Registered capital of \$4,358,565 (RMB 30 million) with \$2,905,710 registered capital paid-up • Engaged in provision of consulting and assessment services to customers and facilitates financial guarantee services between customers and guarantors 	100% owned by Zhejiang Jingyuxin
Lixin Supply Chain Management (Tianjin) Co., Ltd. (“Lixin Supply Chain”)	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on December 19, 2017 • Registered capital of \$1,513,226 (RMB 10 million) • Planning for provision of supply chain management service 	100% owned by LAM

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. LIQUIDITY

For the year ended December 31, 2019, the Company incurred net loss from continuing operations of approximately \$2.56 million, and cash outflows of approximately \$1.07 million from operating activities from continuing operations. The continuing net loss from continuing operations and cash outflow from operating activities caused the management's consideration of the Company's liquidity and its ability to continue as a going concern.

In assessing the Company's liquidity, the Company monitors and analyzes its cash and its ability to generate sufficient cash flow in the future to support its operating and capital expenditure commitments. The Company's liquidity needs are to meet its working capital requirements and operating expenses obligations.

As of December 31, 2019, the Company had cash balance of \$6,911,592 and a positive working capital of \$39,449,021. In addition to the cash balance, the working capital was mainly comprised of restricted cash of \$15,233,933, short-term investments in financial products of \$8,610,796 and loan receivable due from third parties of \$5,952,223. The balances of these assets are expected to be repaid on maturity dates and will also be used for working capital.

In addition, the management estimated the operating expenses obligation for the next twelve months after issuance of the consolidated financial statements to be \$1.85 million, which will be covered by the cash flows of \$7.79 million generated from financial guarantee services and financial consulting services. The Company's shareholder also pledged to provide continuous financial support to the Company whenever necessary.

The Company plans to fund its operations through revenue generated from its revenues of financial guarantee services and financial consulting services, private placements from investors, and financial support commitments from the Company's shareholders.

Based on above operating plan, the management believes that the Company will continue as a going concern in the following 12 months.

The Company's ability to fund these needs will depend on its future performance, which will be subject in part to general economic, competitive and other factors beyond its control. Recent COVID-19 outbreak and spread is causing lockdowns, quarantines, travel restrictions, and closures of businesses and schools. Due to COVID-19 outbreak, the facilities remained closed or had limited business operations after the Chinese New Year holiday until early March 2020. In addition, COVID-19 has caused severe disruptions in transportation, limited access to the facilities and limited support from workforce employed in operations, and as a result, the Company may experience the delays in provision of financial guarantee services and consulting services to customers. Although the Company has taken all possible measures to overcome the adverse impact derived from the COVID-19 outbreak and have resumed normal business activities in early March 2020, it is estimated that a lower amount of revenue and profit during the period from February to April 2020. The extent to which the coronavirus impacts the results for fiscal year 2020 will depend on certain future developments, including the duration and spread of the outbreak, emerging information concerning the severity of the coronavirus and the actions taken by governments and private businesses to attempt to contain the coronavirus, all of which is uncertain at this point.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying audited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(b) Principal of consolidation

The consolidated financial statements include the accounts of the Company, its wholly and majority owned subsidiaries.

All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

(c) Non-controlling interest

Non-controlling interests represent the equity interests in the subsidiaries that are not attributable, either directly or indirectly, to the Company.

(d) Foreign currency translation

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing on the dates of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the applicable exchange rates on the date of the balance sheet. The resulting exchange differences are recorded in the statement of operations.

The reporting currency of the Company and its subsidiaries ("US\$") and the accompanying consolidated financial statements have been expressed in US\$, because that is the primary and functional currency where all entities operate.

In general, for consolidation purposes, assets and liabilities of the Company and its subsidiaries whose functional currency is not the US\$, are translated into US\$, using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from translation of consolidated financial statements of the Company and its subsidiaries are recorded as a separate component of accumulated other comprehensive income within the statement of shareholders' equity.

Translation of amounts from RMB into \$ has been made at the following exchange rates for the respective periods:

	December 31, 2019	December 31, 2018
Balance sheet items, except for equity accounts	6.9680	6.8776

	2019	2018	2017
	For the Years Ended December 31,		
Items in the statements of operations and comprehensive income (loss), and statements of cash flows	6.9088	6.6163	6.7588

No representation is made that the RMB amounts could have been, or could be, converted into U.S. dollars at the rates used in translation.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities on the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews these estimates and assumptions using the currently available information. Changes in facts and circumstances may cause the Company to revise its estimates. The Company bases its estimates on past experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Estimates are used when accounting for items and matters including, but not limited to, determination of fair value of acquiree, determinations of the useful lives and valuation of long-lived assets, estimates of allowances for loan receivables relating to direct loan business, estimates of allowances for other doubtful accounts, valuation of deferred tax assets, assumptions impacting the valuation of ordinary shares, share option, restricted shares and warrant liabilities, and other provisions and contingencies.

(f) Fair value of financial instruments

The Company's financial instruments are accounted for at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are described below:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value.

As of December 31, 2019 and 2018, financial instruments of the Company comprised primarily current assets and current liabilities including cash and cash equivalents, restricted cash in banks and other financial institutions, accounts receivable, loan receivables, interest and fees receivable, other receivables, dividends payable, income tax payable, other payables, and due from/to related parties, which approximate their fair values because of the short-term nature of these instruments. Short-term investments are held to their maturities and are carried at amortized cost, which approximates fair value.

Warrant liabilities

The inputs used to measure the estimated fair value of warrant liabilities are classified as Level 3 fair value measurement due to the significance of unobservable inputs using company-specific information. The valuation methodology used to estimate the fair value of warrant liabilities is discussed in Note 19.

As of December 31, 2019 and 2018, the Company's warrant liabilities was comprised of Series A Warrants relating to a private placement closed in July 2018, and the warrants issued to the agent for the private placement, at the aggregated fair value of \$19,938 and \$550,800, respectively.

(g) Cash and cash equivalents

Cash and cash equivalents consist of bank deposits with original maturities of three months or less, all of which are unrestricted as to withdrawal and uninsured. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which at times, may exceed the U.S. Federal depository insurance coverage of \$250,000, or other limits of protection if held in financial institutions outside of the U.S., such as Government securities coverage of HK\$500,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Restricted cash

Restricted cash represents cash pledged with banks and other financial institutions as guarantor deposit for the guarantee business customers. The banks or financial institutions providing loans to the Company's guarantee service customers generally require the Company, as the guarantor of the loans, to pledge a cash deposit of 10% to 20% of the guaranteed amount to an escrow account and is restricted from use. The deposits are released after the guaranteed loans are paid off and the Company's guarantee obligation expires which is usually within 12 months.

(i) Short-term investments

Short-term investments consist primarily of investments in financial products with variable return rates and maturities between three months and one year. Short-term investments are held to their maturities and are carried at amortized cost, which approximates fair value because of the short-term nature of these investments. The Company reviews its investments for other-than-temporary impairment ("OTTI") based on the specific identification method. The Company considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds the investment's fair value, the Company considers, among other factors, general market conditions, expected future performance of the investees, the duration and the extent to which the fair value of the investment is less than the cost, and the Company's intent and ability to hold the investment. OTTI is recognized as a loss in the statement of income. For the years ended December 31, 2019, 2018 and 2017, the Company did not provide OTTI on the short-term investments.

(j) Accounts receivable, net

Accounts receivable represents the consulting service fees earned from customers but have not yet collected. An allowance for doubtful accounts is established and recorded based on management's assessment of potential losses based on the credit history and relationships with the customers. Management reviews its receivables on a regular basis to determine if bad debt allowance is adequate, and adjusts the allowance when necessary. Delinquent account balances are written-off against allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. The Company recognizes a charge-off when management determines that full repayment of the receivable is not probable. The primary factor in making that determination is the potential outcome of a lawsuit against the delinquent debtor. The Company will recognize a charge-off when the Company loses contact with the delinquent customer for more than six months or when the court rules against the Company to collect the outstanding balances. As of December 31, 2019 and 2018, the Company had allowance against doubtful accounts receivable of \$405,802 and \$nil, respectively.

While management uses the best information available to make loan loss allowance evaluations, adjustments to the allowance may be necessary based on changes in economic and other conditions or changes in accounting guidance.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Loans receivable, net relating to direct loan business

Loans receivable relating to direct loan business primarily represent loan amounts due from customers. Loans receivable are recorded at unpaid principal balances net of allowance against loans receivables that reflects the Company's best estimate of the amounts that will not be collected. The loans receivable portfolio consists of business and personal loans.

The allowance for doubtful loans receivable is increased by charges to income and decreased by charge offs (net of recoveries). Recoveries represent subsequent collection of amounts previously charged-off. The increase in provision for loan losses is the netting effect of "reversal" and "provision" for both business and personal loans. If the ending balance of the provision for loan losses after any charge offs (net of recoveries) is less than the beginning balance, it will be recorded as a "reversal"; if it is larger, it will be recorded as a "provision" in the provision for loan loss. The netting amount of the "reversal" and the "provision" is presented in the consolidated statements of operations and comprehensive income.

The Company recognizes a charge-off when management determines that full repayment of a loan is not probable. The primary factor in making that determination is the potential outcome of a lawsuit against the delinquent debtor. The Company will recognize a charge-off when the Company loses contact with the delinquent borrower for more than nine months or when the court rules against the Company to seize the collateral asset of the delinquent debt from either the guarantor or borrower. In addition, when the recoverability of the delinquent debt is highly unlikely, the senior management team will go through a stringent procedure to approve a charge-off. Management estimates the provision balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the provision may be made for specific loans, but the entire provision is available for any loan that, in management's judgment, should be charged-off.

The allowance for doubtful loans receivable is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the provision. The provision is based on the Company's past loan loss history, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance is calculated at portfolio-level since our loans portfolio is generally comprised of smaller balance homogenous loans and is collectively evaluated for impairment.

In estimating the probable loss of the loan portfolio, the Company also considers qualitative factors such as current economic conditions and/or events in specific industries and geographical areas, including unemployment levels, trends in real estate values, peer comparisons, and other pertinent factors such as regulatory guidance. Finally, as appropriate, the Company also considers individual borrower circumstances and the condition and fair value of the loan collateral, if any.

In addition, the Company calculates the provision amount as below:

- 1) General Reserve - this reserve covers potential losses due to risks related to the region of China, industry, company or types of loan. The reserve rate is determined by total loan receivable balance and to be used to cover unidentified probable loan loss.
- 2) Special Reserve - is fund set aside covering losses due to risks related to the region of China, industry, company or type of loans. The reserve rate could be decided based on management estimate of loan collectability. The loan portfolio did not include any loans outside of the PRC.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Loans receivable, net relating to direct loan business (continued)

Generally, the primary factors for the evaluation of provision for loan losses consist of business performance, financial position, cash flow and other operational performance of the debtors. Among these, cash flow of the debtors is the primary funding source for repayment for determining the provision for loan losses and any collateral, pledged asset or guarantee is considered as a secondary funding source for repayment.

Besides the repayment ability and willingness to repay, the Company evaluates the provision for loan losses of collateral backed loans based on whether the fair value of the collateral if the repayment is expected to be provided by the collateral is sufficient or not. For loans with pledged assets, the net realizable value of pledged assets for pledged backed loans will be estimated to see if they have sufficient coverage on the loans. For the guarantee backed loans, the Company evaluates the provision for loan losses based on the combination of the guarantee, including the fair value and net realizable value of guarantor's financial position, credibility, liquidity and cash flow.

For the years ended December 31, 2019 and 2018, the Company issued guarantee-backed loans in accordance with its loan management policy, and each guarantee-backed loan will undergo standard assessment procedures for willingness and ability of the guarantor to perform under its guarantee. The Company accepts guarantees provided by three types of guarantors: professional guarantee companies, corporations and individuals which includes related parties.

- 1) In assessing the willingness and ability of a professional guarantee company to perform under a guarantee, the Company consider factors including its guarantee licenses, size of registered capital, corporate governance, internal audit system, risk management and compensation system, risk reserve, length of operation history especially cooperation history with The Company, its default costs and other pertinent factors such as the loan size backed by guarantee over its net assets.
- 2) In assessing the willingness and ability of a corporate guarantor to perform under a guarantee, the Company consider factors including nature of its businesses, size of registered capital, annual revenues, continuous profitability in the past three years, stability and adequacy of income and cash flows, clean credit history, current liabilities, willingness to accept credit monitoring by the Company, its default costs and other pertinent factors such as the loan size backed by guarantee over its net assets.
- 3) In assessing the willingness and ability of an individual guarantor to perform under a guarantee, the Company consider factors including their residency, whether being able to provide permanent residential addresses, marital status, occupations, legitimacy and stability of incomes, assets and liabilities, clean credit history, no criminal history, their default costs and other pertinent factors such as the loan size backed by guarantee over their net assets.

(l) Interest and fees receivable

Interest and fee receivables are accrued and credited to income as earned but not received. The Company determines a loan past due status by the number of days that have elapsed since a borrower has failed to make a contractual interest or principal payment. Accrual of interest is generally discontinued when either (i) reasonable doubt exists as to the full, timely collection of interest or principal or (ii) when a loan interest or principal becomes past due by more than 90 days. Additionally, any previously accrued but uncollected interest is reversed. Subsequent recognition of income occurs only to the extent payment is received, subject to management's assessment of the collectability of the remaining interest and principal. Loans are generally restored to an accrual status when it is no longer delinquent and collectability of interest and principal is no longer in doubt and past due interest is recognized at that time.

(m) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment in value. Depreciation is computed using the straight-line method with residual value rate of 5% based on the estimated useful lives as follows:

Electronic equipment	3 years
Vehicles	3 - 4 years
Office equipment	5 years
Leasehold improvements	5 years
Building	20 years

Costs of repairs and maintenance are expensed as incurred and asset improvements are capitalized. The cost and related accumulated depreciation of assets disposed of or retired are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of income and comprehensive income (loss).

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets, net

On December 20, 2019, the Company acquired 65.0177% of Lixin Cayman and its subsidiaries, which are engaged in financial guarantee business, asset management, supply chain financing, and business factoring.

The acquisition was accounted for under the acquisition method of accounting which required the Company to perform an allocation of the purchase price to the assets acquired. Under the acquisition method of accounting, the total purchase price is allocated to net tangible and intangible assets based on their estimated fair values as of the acquisition date.

Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives using the straight-line method as follows:

Customer relationship	3 years
License	10 years
Non-Compete Agreements	4 years
Software and others	5-10 years
Credit rating system	10 years

The Company's purchased intangible assets are comprised of software and credit rating system for direct loan business. Intangible assets are recognized and measured at fair value upon acquisition, and are amortized over their useful lives in a manner that best reflects their economic benefit, which may include straight line or accelerated methods of amortization. Intangible assets are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company does not have indefinite-lived intangible assets.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment of long-lived assets was recognized for the years ended December 31, 2019, 2018 and 2017.

(p) Business combination

The Company accounted for its business combination using the acquisition method of accounting in accordance with ASC 805 “Business Combinations”. The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities incurred by the Company to the sellers and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total costs of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial guarantee services

Financial guarantee service contracts provide guarantees which protects the holder of a debt obligation against default. Pursuant to such guarantee, the Company makes payments if the obligor responsible for making payments fails to do so as scheduled.

The contract amounts reflect the extent of involvement the Company has in the guarantee transaction and also represent the Company's maximum exposure to credit loss in its guarantee business. The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. Financial instruments representing credit risk are as follows:

	December 31, 2019	December 31, 2018
Guarantee	\$ 35,103,876	\$ -

A provision for possible loss to be absorbed by the Company for the financial guarantee is recorded as an accrued liability when the guarantees are made and recorded as "Reserve for financial guarantee services" on the consolidated balance sheets. This liability represents probable losses and is increased or decreased by accruing an "Provisions or reversals of provisions on financial guarantee services" against the guarantee fee income. As of December 31, 2019 and 2018, the reserve for financial guarantee services amounted to \$453,489 and \$nil, respectively.

This is reviewed throughout the life of the guarantee, as necessary when additional relevant information becomes available. The methodology used to estimate the liability for possible guarantee loss considers the guarantee contract amount and a variety of factors, which include, depending on the counterparty, latest financial position and performance of the borrowers, actual defaults, estimated future defaults, historical loss experience, estimated value of the relevant collateral or guarantees the costumers or third parties offered, and other economic conditions such as the economy trend of the area and the country. The estimates are based upon currently available information (Note 3(II)).

Referring to the historical information and industry experience, the Company estimates the probable loss for immature financial guarantee services to be 1% of contract amount and the probable loss for uncollected guarantee commission to be 50% of outstanding balance.

For the years ended December 31, 2019, 2018 and 2017, the Company provided provisions for the financial guarantee services of \$5,008, \$nil and \$nil. The Company reviews the provisions on a quarterly basis.

See Note 3(kk) for newly issued accounting guidance ASU 2016-13 for recognition of credit losses on financial instruments, which is effective January 1, 2023 for future measurement of the accrual of financial guarantee liabilities.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Customer pledged deposits

To mitigate the potential credit risks exposure to the financial guarantee services, the Company requires the guarantee service customers to make a deposit to the Company of the same amount as the deposit the Company pledged to the banks for their loans if the customer does not pledge or collateralize other assets with the Company. The Company recorded the deposit received as “customer pledged deposits” on the consolidated balance sheet. The deposit is returned to the customer after the customer repays the bank loan and the Company’s guarantee obligation expires.

(s) Unearned income

The Company receives the commissions from guarantee services either in full at inception or in instalments during the guarantee period. For the full collection of commission at inception, the Company initially records commissions as unearned income and amortizes the commission over the period of guarantee.

(t) Warrant liabilities

In connection with the issuances of common stocks, the Company may issue options or warrants to purchase common stock. In certain circumstances, these options or warrants may be classified as liabilities, rather than as equity.

Warrants classified as equity are initially recorded at fair value and subsequent changes in fair value are not recognized as long as the warrants continue to be classified as equity. Warrants classified as liabilities are initially recorded at fair value with gains and losses arising from changes in fair value recognized in the consolidated statements of operations and comprehensive income (loss) during the period in which such instruments are outstanding.

(u) Revenue recognition

The Company adopted ASC 606, Revenue from Contracts with Customers (“ASC 606”) on January 1, 2018, using the modified retrospective approach. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The Company has assessed the impact of the guidance by reviewing its existing customer contracts and current accounting policies and practices to identify differences that will result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, the Company concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of ASC 605 and therefore there was no material changes.

Pursuant to ASC606-10-15-2, the interest income generated from direct loan business, factoring business and financial guarantee income generated by financial guarantee business are scoped out of ASC606.

Management and assessment services

Service fees for management and assessment services are paid by customers for the management and assessment services provided during the loan period. The Company recognizes the revenue over the loan period using a time-based measure of progress.

Consulting services for financial guarantee customers

The Company provided financial consulting services to financial guarantee customers. Pursuant to the contracts with customers, the Company facilitated financial guarantee services between customers and financial guarantors, and charged referral fees at a fixed amount. The performance obligations are completed and control of the service is transferred at the inception of financial guarantee period. Transaction prices are generally paid upon successful facilitation. The Company recognizes the revenue at the inception of guarantee period.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

Consulting services relating to debt collection services

For the year ended December 31, 2019, the Company entered into agreements with certain factoring companies to provide consulting services relating to debt collection services for these customers. The management consulting services either involved two performance obligations which are to assist the customers to obtain court judgments on outstanding debt and to assist the customers to receive repayment on outstanding debt, or one performance obligation which is to assist the customers to receive repayment on outstanding debt. Pursuant to the contracts with customers, the service fees are fixed and payable upon the completion of each performance obligation. In addition, a collection amount based incentive is agreed in the agreements. As of December 31, 2019, the Company did not include incentive in the transaction price because the Company had limited information on the collection amount of outstanding debts. The transaction price is allocated to each performance obligation based on the relative standalone selling prices of the services being provided to the customer.

- 1) For the Company's assistance with customers to obtain court judgments on outstanding debt, the customers receive and consume benefits from the services provided by the Company, and thus the Company recognized revenues over period. The Company measures progress towards completion of the performance obligation by using input method based on the staff cost incurred.
- 2) For the Company's assistance with customers to receive repayment on outstanding debt, the Company recognized revenues upon collection of outstanding debts.

The following table identifies the disaggregation of our revenue from services for the years ended December 31, 2019, 2018 and 2017, respectively.

	For the Years Ended December 31,		
	2019	2018	2017
Management and assessment services	\$ 135,938	\$ 71,568	\$ -
Consulting services for financial guarantee customers	9,503	-	-
Consulting services relating to debt collection	493,779	-	-
	<u>\$ 639,220</u>	<u>\$ 71,568</u>	<u>\$ -</u>

(v) Interest income on loans

Interest on loan receivables is accrued monthly in accordance with their contractual terms and recorded in accrued interest receivable. The Company does not charge prepayment penalties. Additionally, any previously accrued but uncollected interest is reversed and accrual is discontinued, when either (i) reasonable doubt exists as to the full, timely collection of interest or principal or (ii) when a loan becomes past due by more than 90 days.

(w) Interest income from factoring business

Interest income from factoring business is recognized ratably on a monthly basis in accordance with their contractual terms and recorded in accrued interest receivable. The Company does not charge prepayment penalties.

(x) Financial guarantee commission

The Company receives the commissions from guarantee services either in full at inception or in instalments during the guarantee period. For the full collection of commission at inception, the Company initially records commissions as unearned income and amortizes the commission over the period of guarantee.

(y) Operating expenses

Operating expenses consisted of salaries and employee surcharge, business taxes and surcharges, other operating expenses and changes in fair value of warrant liabilities. The other operating expenses primarily consisted of legal and consulting expenses, depreciation and amortization expenses, rental expenses and others.

(z) Employee benefits

The full-time employees of the Company are entitled to staff welfare benefits including medical care, housing fund, pension benefits, unemployment insurance and other welfare, which are government mandated defined contribution plans. The Company is required to accrue for these benefits based on certain percentages of the employees' respective salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, and make cash contributions to the state-sponsored plans out of the amounts accrued. Total expenses for the plans were \$31,012, \$33,999, and \$88,519 for the years ended December 31, 2019, 2018, and 2017, respectively.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Operating leases

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-02, Leases (Topic 842), which is effective for annual reporting periods (including interim periods) beginning after December 15, 2018, and early adoption is permitted. The Company adopted the Topic 842 on January 1, 2019 using a modified retrospective approach reflecting the application of the standard to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements.

The Company leases its offices which are classified as operating leases in accordance with Topic 842. Under Topic 842, lessees are required to recognize the following for all leases (with the exception of short-term leases) on the commencement date: (i) lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

As permitted by ASC 842, leases with expected durations of less than 12 months from inception (i.e. short-term leases) were excluded from the Company’s calculation of its lease liability and right-of-use asset. Furthermore, the Company elected to apply the package of practical expedients, which allows companies not to reassess: (a) whether its expired or existing contracts are or contain leases, (b) the lease classification for any expired or existing leases, and (c) initial direct costs for any existing leases.

At the commencement date, the Company recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate for the same term as the underlying lease. The right-of-use asset is recognized initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment. No impairment for right-of-use lease assets as of December 31, 2019 and 2018.

(bb) Share-based compensation

Share-based awards granted to the Company’s employees are measured at fair value on grant date and share-based compensation expense is recognized (i) immediately at the grant date if no vesting conditions are required, or (ii) using the accelerated attribution method, net of estimated forfeitures, over the requisite service period. The fair value of share options is determined using the Black-Scholes valuation model and the fair value of restricted shares and restricted share units (“RSUs”) is determined with reference to the fair value of the underlying shares. Share-based awards granted to non-employees are initially measured at fair value on the grant date and remeasured at each reporting date through the vesting date. Such value is recognized as expense over the respective service period, net of estimated forfeitures. Share-based compensation expense, when recognized, is charged for the consolidated statements of operations and comprehensive income (loss) with the corresponding entry to additional paid-in capital.

At each date of measurement, the Company reviews internal and external sources of information to assist in the estimation of various attributes to determine the fair value of the share-based awards granted by the Company, including but not limited to the fair value of the underlying shares, expected life, expected volatility and expected forfeiture rates. The Company is required to consider many factors and make certain assumptions during this assessment. If any of the assumptions used to determine the fair value of the share-based awards changes significantly, share-based compensation expense may differ materially in the future from that recorded in the current reporting period. The Company recognizes the impact of any revisions to the original forfeiture rate assumptions in the consolidated statements of operations and comprehensive income (loss), with a corresponding adjustment to equity.

(cc) Value added tax

The Company is subject to value added tax (“VAT”) and related surcharges on the revenues earned for services provided in the PRC. The applicable rate of value added tax is 6%. The related surcharges for revenues derived from provision medical courses are deducted from gross receipts to arrive at net revenues.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(dd) Income taxes

The Company accounts for income taxes in accordance with the U.S. GAAP for income taxes. Under the asset and liability method as required by this accounting standard, the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes.

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis. Deferred tax assets are recognized to the extent that it is probable that taxable income to be utilized with prior net operating loss carried forwards. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. As of December 31, 2019, income tax returns for the tax years ended December 31, 2014 through December 31, 2018 remain open for statutory examination.

(ee) Earnings (Loss) per share

Basic earnings (loss) per ordinary share is computed by dividing net earnings attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to ordinary shareholders by the sum of the weighted average number of ordinary share outstanding and of potential ordinary share (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential ordinary share that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted earnings per share. For the years ended December 31, 2019, 2018 and 2017, the Company had no dilutive stocks.

(ff) Comprehensive income (loss)

A Comprehensive income (loss) includes net income (loss) and other comprehensive income (loss) arising from foreign currency adjustments. Comprehensive income is reported in the consolidated statements of operations and comprehensive income (loss).

(gg) Commitments and contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations and tax matters. In accordance with ASC No. 450 Sub topic 20, “Loss Contingencies”, the Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(hh) Segment reporting

In accordance with ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision making group, in deciding how to allocate resources and in assessing performance. The Company uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company’s reportable segments. Management, including the chief operating decision maker, reviews operation results by the revenue of different services. For the year ended December 31, 2019, the Company had two operating business lines, including business conducted by Adrie and its subsidiaries, primarily management and assessment services and factoring business, and business conducted by Lixin Cayman and its subsidiaries, primarily financial guarantee and consulting services. Based on management’s assessment, the Company has determined that the two operating business lines are two operating segments as defined by ASC 280 (Note 20).

(ii) Discontinued operation

In accordance with ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results when the components of an entity meets the criteria in paragraph 205-20-45-1E to be classified as held for sale. When all of the criteria to be classified as held for sale are met, including management, having the authority to approve the action, commits to a plan to sell the entity, the major current assets, other assets, current liabilities, and noncurrent liabilities shall be reported as components of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinued operations, less applicable income taxes (benefit), shall be reported as components of net income (loss) separate from the net income (loss) of continuing operations in accordance with ASC 205-20-45.

On November 22, 2019, Feng Hui, the VIE of the Company, met all the conditions required in order to be classified as a discontinued operation (Note 1). Accordingly, the operating results of Feng Hui are reported as a gain (loss) from discontinued operations in the accompanying consolidated financial statements for all periods presented. In addition, the assets and liabilities related to the VIE are reported as assets and liabilities of discontinued operations in the accompanying consolidated balance sheets at December 31, 2018. For additional information, see Note 5, “Disposition of Feng Hui”.

(jj) Reclassification

Certain items in the consolidated financial statements of comparative period have been reclassified to conform to the consolidated financial statements for the current period, primarily for the effects of discontinued operations, and reclassification of operating income as a result of acquisition of Lixin Cayman and its subsidiaries.

(kk) Recently issued accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. This ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of the Company’s portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. Its mandatory effective dates are as follows: 1. Public business entities that meet the definition of an SEC filer for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years; 2. All other public business entities for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years; and 3. All other entities (private companies, not-for-profit organizations, and employee benefit plans) for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. On November 15, 2019, FASB issued ASU 2019-10 which provides a framework to stagger effective dates for future major accounting standards (including ASC 326 Financial instrument-credit losses) and amends the effective dates to give implementation relief to certain type of entities: 1. Public business entities that meet the definition of an SEC filer, excluding entities eligible to be Smaller Reporting Companies, or SRC, as defined by the SEC, for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years; and 2. All other entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As an “emerging growth company,” or EGC, the Company has elected to take advantage of the extended transition period provided in the Securities Act Section 7(a)(2)(B) for complying with new or revised accounting standards applicable to private companies. The Company will adopt ASU 2016-13 and its related amendments effective January 1, 2023, and the Company is in the process of evaluating the potential effect on its consolidated financial statements.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(kk) Recently issued accounting pronouncements (continued)

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement," to improve the effectiveness of disclosures in the notes to financial statements related to recurring or nonrecurring fair value measurements by removing amounts and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, policies for timing of transfers between different levels for fair value measurements, and the valuation processes for Level 3 fair value measurements. The new standard requires disclosure of the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments in this update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company does not expect that the adoption of this ASU will have a material impact on its consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

(ll) Significant risks and uncertainties

1) Credit risk

Credit risk is one of the most significant risks for the Company's business. Credit risk exposures arise principally in financial guarantee activities which is an off-balance sheet financial instrument.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures including due-diligence visits and post-lending visits to the clients. The Company manages credit risk through in-house research and analysis of the Chinese economy and the underlying obligors and transaction structures. To minimize credit risk, the Company requires collateral in the form of rights to cash, securities or property and equipment. The Company identifies credit risk collectively based on industry, geography and customer type. This information is monitored regularly by management.

- Financial guarantee activities

In measuring the credit risk of financial guarantee services with customers, the Company mainly reflects the "probability of default" by the customer on its contractual obligations and considers the current financial position of the customer and the exposures to the customer and its likely future development.

The Company manages their credit risk guarantee exposure by performing preliminary credit checks of each guarantee customer and ongoing monitoring of payments each month. Management periodically reviews the probability of default of guarantee customer and will accrue a guarantee liability when necessary.

In addition, the Company calculates the provision amount as below:

1. General Reserve - is based on total balance of off-balance-sheet guarantee and to be used to cover unidentified probable loan loss. According to management assessment, the General Reserve is required to be no less than 1% of total loan guarantee balance.
2. Specific Reserve – is based on a guarantee by guarantee basis covering losses due to risks related to the ability and intention of repayment of guarantee commissions by each customer. The reserve rate was individually assessed based on management estimate of guarantee fee commission collectability. According to management assessment, the Specific Reserve is no less than 50% of guarantee fee commission earned during the year.

The Company has been providing the financial guarantees of loans for limited history. The customer deposits or other assets are held as collateral for the repayment of each loan. As of December 31, 2019, the amount of outstanding loans and related interests that the Company has guaranteed is approximately \$35.1 million. The Company estimates the fair market value of the collateral to be approximately \$61.4 million as of December 31, 2019.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(II) Significant risks and uncertainties (continued)

- Other operating activities

Assets that potentially subject the Company to significant concentration of credit risk primarily consist of cash, cash equivalents and restricted cash. The maximum exposure of such assets to credit risk is their carrying amount as at the balance sheet dates. As of December 31, 2019, the Company had no deposits with a bank in the United States. As of December 31, 2019, cash of \$6,911,592 and restricted cash of \$15,233,933, respectively, were primarily deposited in banks located in Mainland China, which were uninsured by the government authority. To limit exposure to credit risk relating to deposits, the Company primarily place cash deposits with large financial institutions in China which management believes are of high credit quality.

The Company's operations are carried out in Mainland China. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC as well as by the general state of the PRC's economy. In addition, the Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, rates and methods of taxation, and the extraction of mining resources, among other factors.

2) Liquidity risk

The Company is also exposed to liquidity risk which is risk that it is unable to provide sufficient capital resources and liquidity to meet its commitments and business needs. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures. When necessary, the Company will turn to other financial institutions and the shareholders to obtain short-term funding to meet the liquidity shortage.

3) Foreign currency risk

Substantially all of the Company's operating activities and the Company's assets and liabilities are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the Peoples' Bank of China ("PBOC") or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

4) Other risk

The Company's business, financial condition and results of operations may also be negatively impacted by risks related to natural disasters, extreme weather conditions, health epidemics and other catastrophic incidents, such as the COVID-19 outbreak and spread, which could significantly disrupt the Company's operations (Note 22).

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION OF LIXIN CAYMAN

In January 2019, the Company acquired 1% equity interest in Zhejiang Lixin at a cash consideration of \$427,318 (RMB 2,858,600)

On December 20, 2019, the Company completed the acquisition of 65.0177% equity interest in Lixin Cayman and its subsidiaries (“Lixin”), which are engaged in financial guarantee business, asset management, supply chain financing, and business factoring through its subsidiaries based in Zhejiang Province, China. The acquisition had been accounted for as a business combination in accordance with ASC 805. Under the terms of the purchase agreement, the consideration was \$39.38 million (RMB 276.00 million). As per an independent valuation report issued by a professional valuation firm dated on December 20, 2019, the fair value of 65.0177% equity interest in Lixin Cayman and its subsidiaries was \$31.09 million (RMB 217.88 million). The consideration was paid by Class B convertible preferred share which was equivalent to \$31.09 million (RMB 217.88 million) and at \$0.1065 per Class B convertible preferred share. On December 20, 2019, the Company issued 291,795,150 shares of Class B convertible preferred shares. (Note 18)

The Company assessed the Company as the accounting acquirer because of the following reasons:

- 1) The Class B preferred shares are without voting rights. Though the Company’s Board has the rights to convert any or all of the Class B Preferred Shares, in whole or in part, into ordinary share. The Company does not expect the Board will exercise the rights before the conversion date. Therefore as of the acquisition date, the Company’s existing shareholders had voting rights whereas the selling shareholders of Lixin Cayman didn’t have such right in the combined entity and are not expected to have such a right before conversion.
- 2) The Company’s major shareholders with voting rights did not change before and after the acquisition date. There is no existence of a large minority voting interest which has a significant voting interest over the combined entity.
- 3) For the period from January 1, 2019 to the date of this report, the Company changed two executive directors and one non-executive director in the Company’s Board, all duly elected by the shareholders.
- 4) For the period from January 1, 2019 to the date of this report, the Company appointed a new Chief Executive Officer who is also the Chairman of the Board, and Lixin appointed a new Chief Financial Officer. The Company assessed the CEO dominates the senior management team of combined company.

The Company has allocated the purchase price of Lixin based upon the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date. The Company estimated the fair values of the assets acquired and liabilities assumed at the acquisition date in accordance with the business combination standard issued by FASB. The Company used carrying amount of assets and liabilities as fair value, which approximate the fair value, and used income approach to estimate the fair value of intangible assets, including customer relationship, license and non-compete agreements. Management of the Company is responsible for determining the fair value of assets acquired, liabilities assumed and intangible assets identified as of the acquisition date and considered a number of factors including valuations from an independent appraiser firm. Acquisition-related costs incurred for the acquisitions are not material and have been expensed as incurred in other operating expenses.

The following table summarizes the estimated fair values of the identifiable assets acquired at the acquisition date, which represents the net purchase price allocation at the date of the acquisition of Lixin based on a valuation performed by an independent valuation firm engaged by the Company and translated the fair value from RMB to USD using the exchange rate on December 20, 2019 at the rate of USD 1.00 to RMB 7.0086.

	Fair value
Net tangible assets (5)	\$ 44,762,922
Customer relationship (1)	156,950
License (2)	1,983,277
Non-Compete Agreements (3)	2,454,127
Deferred tax liabilities recognized	(1,148,589)
Other intangible assets (4)	243,072
Less: Noncontrolling interests	(16,936,604)
Total purchase consideration	\$ 31,515,155

- (1) Lixin has provided financial services to over 300 clients in the past four years, which will enable the Company to benefit from these customer in future operations and with an estimated average finite useful life of three years.
- (2) Lixin has obtained the Financing Guarantee Agency Business License which permits the Company to engage in financing guarantee business, non-financial guarantee business and consulting intermediary business related to guarantee business. The estimated useful life of the license is 10 years.
- (3) Pursuant to purchase agreement between the Company and Lixin, Lixin’s management and key employees were limited to be engaged in similar business to compete with the Company during the performance commitment period and within six-months to two years after leaving.
- (4) Approximately \$0.24 million of other intangible assets arising from the acquisition was mainly for the assembled workforce.
- (5) The following is a reconciliation of the fair value of major classes of assets acquired and liabilities assumed which comprised of net tangible assets on December 20, 2019.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION OF LIXIN CAYMAN (CONTINUED)

	December 20, 2019
Carrying amounts of major classes of acquired assets	
Cash, cash equivalents and restricted cash	\$ 21,442,122
Short-term investments	8,560,911
Accounts receivable, net	3,252,159
Loan receivable due from third parties	5,917,714
Pledged deposits	5,564,592
Other assets	2,537,990
Total assets	\$ 47,275,488
Less: total liabilities	(2,512,566)
Net tangible assets	\$ 44,762,922

The amount of operating income and net income what resulted from the acquisition and included in the consolidated statements of operations and comprehensive income (loss) during the year ended December 31, 2019 were \$280,972 and \$192,483, respectively.

The accounting literature establishes guidelines regarding the presentation of this unaudited pro forma information. Therefore, this unaudited pro forma information is not intended to represent, nor does the Company believe it is indicative of, the consolidated results of operations of the Company that would have been reported had the acquisition been completed as of January 1, 2017. Furthermore, this unaudited pro forma information does not give effect to the anticipated business and tax synergies of the acquisition and is not representative or indicative of the anticipated future consolidated results of operations of the Company.

The unaudited pro forma consolidated financial information reflects the historical results of the Lixin Cayman and its subsidiaries, adjusted to reflect the acquisition had it been completed as of January 1, 2017. The most significant pro forma adjustments to the historical results of operations relate to the application of purchase accounting for the acquisition. The unaudited pro forma financial information includes various assumptions, including those related to the finalization of the purchase price allocation.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION OF LIXIN CAYMAN (CONTINUED)

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED December 31, 2019

	Roan	Lixin Cayman and its subsidiaries*	Pro Forma Adjustment**	Pro Forma Financial Data
Net revenues from services	\$ 631,140	\$ 2,591,381	\$ -	\$ 3,222,521
Net interest loss after provision for loan losses	(1,580,588)	1,075,726	50,681	(454,181)
Commission and fee income on guarantee services, net	3,789	1,829,566	(45,192)	1,788,163
Operating (Loss) Income	(945,659)	5,496,673	5,489	4,556,503
Other income, net	-	195,519	-	195,519
Total Operating Expenses	(1,366,710)	(2,087,917)	(855,729)	(4,310,356)
(Loss) Income Before Income Taxes	(2,312,369)	3,604,275	(850,240)	441,666
Income tax expenses	(244,741)	(936,982)	212,560	(969,163)
Net (Loss) Income from continuing operations	(2,557,110)	2,667,293	(637,680)	(527,497)
Net income from discontinued operations, net of income tax	26,846,018	-	-	26,846,018
Net Income	24,288,908	2,667,293	(637,680)	26,318,521
Dividend – Convertible Redeemable Class A preferred stock	(686,400)	-	-	(686,400)
Net income attributable to noncontrolling interests	(76,108)	(90,928)	-	(167,036)
Net Income Attributable to Roan Holding Group Co., Ltd.'s shareholders	\$ 23,526,400	\$ 2,576,365	(637,680)	\$ 25,465,085
Weighted average number of ordinary share outstanding				
Basic	25,287,887	-	-	25,287,887
Diluted	25,287,887	-	-	25,287,887
Earnings per share				
Basic	\$ 0.93			\$ 1.01
Diluted	\$ 0.93			\$ 1.01

* The consolidated statements of income of Lixin was for the period from January 1, 2019 to December 20, 2019.

** The proforma adjustment represents the transaction elimination between Roan and Lixin, amortization of intangible assets arising from the acquisition of \$850,240, and deferred income tax benefits of \$212,560 in relation to amortization of intangible assets arising from the acquisition.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION OF LIXIN CAYMAN (CONTINUED)

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED December 31, 2018

	Roan	Lixin Cayman and its subsidiaries*	Pro Forma Adjustment**	Pro Forma Financial Data
Net revenues from services	71,568	2,269,754	-	2,341,322
Net interest loss after provision for loan losses	\$ (2,150,652)	\$ 498,219	\$ -	\$ (1,652,433)
Commission and fee income on guarantee services, net	-	3,051,078	-	3,051,078
Operating (Loss) Income	(2,079,084)	5,819,051	-	3,739,967
Other income, net	-	334,910	-	334,910
Total Operating Expenses	(1,293,223)	(3,889,261)	(915,416)	(6,097,900)
Income (Loss) Before Income Taxes	(3,372,307)	2,264,700	(915,416)	(2,023,023)
Income tax expenses	(17,635)	(565,505)	228,854	(354,286)
Net (Loss) Income from continuing operations	(3,389,942)	1,699,195	(686,562)	(2,377,309)
Net loss from discontinued operations, net of income tax	(90,736,365)	-	-	(90,736,365)
Net (Loss) Income	(94,126,307)	1,699,195	(686,562)	(93,113,674)
Dividend – Convertible Redeemable Class A preferred stock	(686,400)	-	-	(686,400)
Net income attributable to noncontrolling interests	(76)	(127,514)	-	(127,590)
Net (Loss) Income Attributable to Roan Holding Group Co., Ltd.'s shareholders	\$ (94,812,783)	\$ 1,571,681	(686,562)	\$ (93,927,664)
Weighted average number of ordinary share outstanding				
Basic	24,380,051	-	-	24,380,051
Diluted	24,380,051	-	-	24,380,051
Loss per share				
Basic	\$ (3.89)			\$ (3.85)
Diluted	\$ (3.89)			\$ (3.85)

* The consolidated statements of income of Lixin was for the period from January 1, 2018 to December 31, 2018.

** The proforma adjustment represents the amortization of intangible assets arising from the acquisition of \$915,416, and deferred income tax benefits of \$228,854 in relation to amortization of intangible assets arising from the acquisition.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION OF LIXIN CAYMAN (CONTINUED)

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED December 31, 2017

	<u>Roan</u>	<u>Lixin Cayman and its subsidiaries*</u>	<u>Pro Forma Adjustment**</u>	<u>Pro Forma Financial Data</u>
Revenues from services	-	1,376,661	-	1,376,661
Net interest loss after provision for loan losses	\$ 1,063,875	\$ 812,181	\$ -	\$ 1,876,056
Commission and fee income on guarantee services, net	-	6,914,962	-	6,914,962
Operating (Loss) Income	<u>1,063,875</u>	<u>9,103,804</u>	<u>-</u>	<u>10,167,679</u>
Non-interest income, net	<u>-</u>	<u>10,028</u>	<u>-</u>	<u>10,028</u>
Total Non-interest Expenses	<u>(2,219,281)</u>	<u>(4,049,428)</u>	<u>(896,116)</u>	<u>(7,164,825)</u>
(Loss) Income Before Income Taxes	<u>(1,155,406)</u>	<u>5,064,404</u>	<u>(896,116)</u>	<u>3,012,882</u>
Income tax expenses	(250,245)	(1,296,063)	224,029	(1,322,279)
Net (Loss) Income from continuing operations	<u>(1,405,651)</u>	<u>3,768,341</u>	<u>(672,087)</u>	<u>1,690,603</u>
Net loss from discontinued operations, net of income tax	(53,377,622)	-	-	(53,377,622)
Net (Loss) Income	<u>(54,783,273)</u>	<u>3,768,341</u>	<u>(672,087)</u>	<u>(51,687,019)</u>
Dividend – Convertible Redeemable Class A preferred stock	(686,400)	-	-	(686,400)
Net income attributable to noncontrolling interests	-	(248,730)	-	(248,730)
Net (Loss) Income Attributable to Roan Holding Group Co., Ltd.'s shareholders	<u>\$ (55,469,673)</u>	<u>\$ 3,519,611</u>	<u>(672,087)</u>	<u>\$ (52,622,149)</u>
Weighted average number of ordinary share outstanding				
Basic	17,343,763	-	-	17,343,763
Diluted	17,343,763	-	-	17,343,763
Loss per share				
Basic	\$ (3.20)			\$ (3.03)
Diluted	\$ (3.20)			\$ (3.03)

* The consolidated statements of income of Lixin was for the period from January 1, 2017 to December 31, 2017.

** The proforma adjustment represents the amortization of intangible assets arising from the acquisition of \$896,116, and deferred income tax benefits of \$224,029 in relation to amortization of intangible assets arising from the acquisition.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. DISPOSITION OF FENG HUI

On July 31, 2019, the Company entered into a framework agreement (the “Agreement”) with Zhejiang Zhongfeng Investment Management Co., Ltd. (“Zhongfeng”), pursuant to which Zhongfeng will acquire a 100% equity interest in Feng Hui, a variable interest entity of the Company. Feng Hui primarily provides loan facilitation services to micro, small and medium sized enterprises in the Xinjiang Uygur Autonomous Region. The consideration was approximately \$1.44 million (RMB 10 million), and the Company received \$504,713 (RMB 3.5 million) for the year ended December 31, 2019. As of December 31, 2019, the Company had an outstanding receivable of \$932,836 (RMB 6.5 million) due from Zhejiang Zhongfeng. On April 30, 2020, the Company subsequently received additional \$0.43 million (RMB 3.0 million) from Zhongfeng.

Upon completion of the disposition on November 22, 2019, the Company released all equity interests to Feng Hui’s shareholders and those interests were transferred to Zhongfeng through Feng Hui’s shareholders. Zhongfeng assumed all assets and obligations of Feng Hui. Upon the closing of the transaction, the Company does not bear any contractual commitment or obligation to the microcredit business or the employees of Feng Hui, nor to the Purchaser.

On November 22, 2019, management was authorized to approve and commit to a plan to sell Feng Hui, therefore the major assets and liabilities relevant to the disposal are reported as components of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinued operations, less applicable income taxes, are reported as components of net income (loss) separate from the net loss of continuing operations in accordance with ASC 205-20-45. The assets relevant to the sale of Feng Hui with a carrying value of \$1.59 million were classified as assets held for sale as of November 22, 2019. The assets held for sale mainly consisted of loan receivables, net of doubtful allowance of \$1.56 million due from third parties. The liabilities relevant to the sale of Feng Hui with a carrying value of \$57.60 million were classified as liabilities held for sale as of November 22, 2019, which was comprised of loans of \$36.22 million and other current liabilities of \$20.61 million. A net gain of \$54.75 million was recognized as the net gain from disposal of discontinued operation in 2019, all attributable to the Company’s shareholders. The following is a reconciliation of net gain of \$54.75 million from disposition in the consolidated statements of operations and comprehensive income (loss):

	Fair value
Consideration in exchange for the disposal	\$ 1,435,132
Less: Net liabilities (comprised of assets of \$1,593,879 and liabilities of \$57,601,524)	(56,007,645)
Gains from disposal	57,442,777
Other comprehensive loss	(2,691,969)
Net gain from discontinued operations	\$ 54,750,808

In accordance with ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results when the components of an entity meets the criteria in paragraph ASC205-20-45-1E to be classified as held for sale. When all of the criteria to be classified as held for sale are met, including management, having the authority to approve the action, commits to a plan to sell the entity, the major current assets, other assets, current liabilities, and noncurrent liabilities shall be reported as components of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinued operations, less applicable income taxes (benefit), shall be reported as components of net income (loss) separate from the net income (loss) of continuing operations in accordance with ASC 205-20-45.

The following is a reconciliation of the carrying amounts of major classes of assets and liabilities held for sale in the in the consolidated balance sheet as of November 22, 2019 and December 31, 2018.

	November 22, 2019	December 31, 2018
Carrying amounts of major classes of assets held for sale:		
Cash	\$ 12,397	\$ 10,625
Loan receivable, net	1,557,568	25,623,079
Other assets	23,914	890,682
Total assets of disposal group classified as held for sale	\$ 1,593,879	\$ 26,524,386
Carrying amounts of major classes of liabilities held for sale:		
Loans	\$ 36,221,099	\$ 40,346,674
Other current liabilities	20,611,079	14,851,106
Income tax payable	769,346	786,685
Liabilities directly associated with the assets classified as held for sale	\$ 57,601,524	\$ 55,984,465

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. DISPOSITION OF FENG HUI (CONTINUED)

The following is a reconciliation of the amounts of major classes of income from operations classified as discontinued operations in the consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2019, 2018 and 2017:

	For the Years Ended December 31,		
	2019	2018	2017
Discontinued Operations			
Total interest and fees income	\$ 3,514	\$ 141,921	\$ 14,897,253
Total interest expenses	(6,314,400)	(6,870,408)	(7,367,549)
Provision for loan losses	(24,702,109)	(83,539,532)	(54,734,562)
Other operating expenses	3,108,205	(468,346)	(3,668,260)
Income tax expenses	-	-	(2,504,504)
Net gain from discontinued operations	54,750,808	-	-
Net income (loss) from discontinued operations	\$ 26,846,018	\$ (90,736,365)	\$ (53,377,622)

6. RESTRICTED CASH

Restricted cash represents cash pledged with banks and financial institutions as guarantor deposit for the Company's guarantee service customers. The banks providing loans to the Company's guarantee service customers generally require the Company, as the guarantor of the loans, to pledge a cash deposit usually in the range of 10% to 20% of the guaranteed amount, and the other financial institutions requires of a cash deposit of 50% of the guaranteed amount. The deposits are released after the guaranteed bank loans are paid off and the Company's guarantee obligation expires which is usually within 12 months.

At the same time, the Company requires the guarantee service customers to make a deposit to the Company of the same amount as the deposit the Company pledged to the banks for their loans if the customer does not pledge or collateralize other assets with the Company. The Company recorded the deposit received as restricted cash on the consolidated balance sheet. The deposit is returned to the customer after the customer repays the bank loan and the Company's guarantee obligation expires.

7. SHORT-TERM INVESTMENT

As of December 31, 2019, the balance of short-term investment was comprised of investments in financial product from a Chinese bank, with variable return rate and was due in six months. The Company classified the financial assets as held-to-maturity financial asset and recorded the assets at amortized cost, which approximates fair value. The fair value is referred to the value of the short-term investments on the bank statements as of each reporting date. As of December 31, 2019 and 2018, the Company did not provide OTTI on short-term investments.

The following table summarizes the amortized cost and fair value of our short-term investments as of December 31, 2019.

	Amortized cost	Fair value
Short-term investments		
Due within six months	\$ 8,610,796	\$ 8,610,796
Total	\$ 8,610,796	\$ 8,610,796

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. ACCOUNTS RECEIVABLE, NET

As of December 31, 2019 and 2018, the accounts receivable consisted of the following:

	December 31, 2019	December 31, 2018
Accounts receivable	\$ 4,132,819	\$ -
Less: allowance for doubtful accounts	(405,802)	-
	<u><u>\$ 3,727,017</u></u>	<u><u>\$ -</u></u>

Movement of allowance for doubtful accounts was as follows:

	December 31, 2019	December 31, 2018
Balance at beginning of the year	\$ -	\$ -
Acquired from Lixin	403,451	-
Provisions	-	-
Foreign exchange (gain) loss	2,351	-
Balance at ending of the year	<u><u>\$ 405,802</u></u>	<u><u>\$ -</u></u>

9. LOANS RECEIVABLE DUE FROM FACTORING CUSTOMERS

As of December 31, 2019 and 2018, the loans receivable due from factoring customers consisted of the following:

	December 31, 2019	December 31, 2018
Loans receivable	\$ -	\$ 64,702,803
Less: allowance for doubtful accounts	-	-
	<u><u>\$ -</u></u>	<u><u>\$ 64,702,803</u></u>

For the years ended December 31, 2019 and 2018, the Company disbursed loans of \$43,422,881 and \$67,258,135 to four and one factoring customers, respectively. The loan terms varied from two months to one year. As of December 31, 2019, the Company collected all principals and interests from these factoring customers.

For the years ended December 31, 2019 and 2018, the Company earned interest income from loans of \$2,782,332 and \$35,229, respectively.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. LOANS DUE FROM THIRD PARTIES

	December 31, 2019	December 31, 2018
Loans due from third parties (1)	\$ 5,952,223	\$ -
Loans from direct loan customers (2)	4,870,838	4,934,861
Less: allowance for doubtful accounts	(4,870,838)	(2,680,077)
	<u>\$ 5,952,223</u>	<u>\$ 2,254,784</u>

- (1) As of December 31, 2019, the balance of loans due from third parties was mainly comprised of loans of \$3,157,292 and \$2,776,982 due from two third parties, and a non-interest bearing loan of \$17,949 due from one third party. The two loans are due on December 31, 2020 and September 24, 2020, respectively. Both loans were fully pledged with the customer's outstanding trade receivable and charges an interest rate of 8% from customers.

As of December 31, 2019, the Company recorded an interest receivable of \$1,111,322 in the account of "other current assets" (Note 11).

- (2) All loans from direct loan customers are short-term loans that the Company has made to both business and individual customers. As of December 31, 2019 and 2018, the Company had four business loan customers, and two personal loan customers, respectively. All loans are guaranteed by third parties. Allowance for doubtful accounts is estimated on a quarterly basis based on an assessment of specific evidence indicating doubtful collection, historical experience, loan balance aging and prevailing economic conditions.

For the years ended December 31, 2019, 2018 and 2017, a net provision of \$2,244,601, \$2,176,216 and \$565,187 were charged against the consolidated statements of operations and comprehensive income (loss), respectively. For the years ended December 31, 2019, 2018, and 2017, the Company did not charge write-offs against provisions.

Interest on loans receivable is accrued and credited to income as earned. The Company determines a loan's past due status by the number of days that have elapsed since a borrower has failed to make a contractual loan payment. Accrual of interest is generally discontinued when either (i) reasonable doubt exists as to the full, timely collection of interest or principal or (ii) when a loan becomes past due by more than 90 days.

As of December 31, 2019, loan balance of \$71,757 aged between 180 ~ 365 days, and balance of \$4,799,081 aged over one year.

Movement of allowance for doubtful accounts was as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Balance at beginning of the year	\$ 2,680,077	\$ 619,910	\$ 30,814
Provisions	2,244,601	2,233,650	565,187
Reversals	-	(57,434)	-
Foreign exchange (gain) loss	(53,840)	(116,049)	23,909
Balance at end of the year	<u>\$ 4,870,838</u>	<u>\$ 2,680,077</u>	<u>\$ 619,910</u>

11. OTHER CURRENT ASSETS

Other current assets consist of the following:

	December 31, 2019	December 31, 2018
Interest receivable	<u>\$ 1,111,322</u>	<u>\$ 34,908</u>
Receivable from disposal of discontinued operations	932,836	-
Advances to customers	50,716	-
Stamp duties due from former shareholders of Zhejiang Jingyuxin	34,587	-
Prepaid legal and consulting expenses	-	407,890
Prepaid insurance expenses	-	154,582
Others	176,181	216,029
	<u>\$ 2,305,642</u>	<u>\$ 813,409</u>

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	December 31, 2019	December 31, 2018
Electronic equipment	\$ 136,983	\$ 11,265
Vehicles	253,108	29,080
Office equipment	36,919	14,616
Leasehold improvements	46,464	-
Building	840,241	-
Less: Accumulated depreciation	(461,190)	(26,981)
	\$ 852,525	\$ 27,980

Depreciation expenses totaled \$15,184, \$15,897 and \$7,134 for the years ended December 31, 2019, 2018 and 2017, respectively.

13. INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

	December 31, 2019	December 31, 2018
Credit rating system	\$ 54,156	\$ 54,868
Software	4,955	5,021
Customer relationship	157,865	-
License	1,994,834	-
Non-Compete Agreements	2,468,427	-
Other intangible assets	244,487	-
Less: Accumulated amortization	(48,496)	(15,845)
	\$ 4,876,228	\$ 44,044

Amortization expenses totaled \$33,138, \$6,225 and \$6,094 for the years ended December 31, 2019, 2018 and 2017, respectively.

The following table sets forth the Company's amortization expenses for the twelve months ending December 31 of the following years:

2020	\$ 924,020
2021	924,020
2022	924,020
2023	871,399
2024	871,399
Thereafter	361,370
	\$ 4,876,228

14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	December 31, 2019	December 31, 2018
Accrued payroll	\$ 312,044	\$ 133,448
Accrued rental fee	49,395	-
Accrued professional service fee	83,110	140,504
Dividends due to former shareholders of Zhejiang Jingyuxin (1)	170,781	-
Interest payable	-	24,164
Other current liabilities	95,535	-
	\$ 710,865	\$ 298,116

(1) The balance represented the unpaid dividends due to former shareholders of Lixin, who sold equity interests in Lixin to the Company.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. INCOME TAXES

Cayman Islands

Under the current tax laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Under the current tax laws of BVI, the Company's subsidiary incorporated in the BVI is not subject to tax on income or capital gains.

Hong Kong

Roan HK and Lixin HK are incorporated in Hong Kong and are subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate for the first HKD\$2 million of assessable profits is 8.25% and assessable profits above HKD\$2 million will continue to be subject to the rate of 16.5% for corporations in Hong Kong, effective from the year of assessment 2018/2019. Before that, the applicable tax rate was 16.5% for corporations in Hong Kong. The Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong since inception. Under Hong Kong tax laws, Roan HK and Lixin HK are exempted from income tax on its foreign-derived income and there are no withholding taxed in Hong Kong on remittance of dividends.

PRC

PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") on the taxable income in accordance with the relevant PRC income tax laws. The EIT rate for companies operating in the PRC is 25%.

Income tax expenses consist of the following:

	For the Years Ended December 31,		
	2019	2018	2017
Current income tax expenses	\$ 187,067	\$ 17,635	\$ 238,106
Deferred income tax expenses	57,674	-	12,139
Income tax expenses	\$ 244,741	\$ 17,635	\$ 250,245

Below is a reconciliation of the statutory tax rate to the effective tax rate for continuing operations:

	For the Years Ended December 31,		
	2019	2018	2017
PRC statutory income tax rate	25%	25%	25%
Effect of different income tax rate in other jurisdictions	(8.2)%	(7.3)%	-%
Effect of non-deductible expenses	(0.1)%	(0.1)%	(0.3)%
Effect of valuation of deferred tax allowance	(27.3)%	(18.2)%	(46.3)%
Effective tax rate	(10.6)%	(0.6)%	(21.6)%

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. INCOME TAXES (CONTINUED)

Deferred tax assets (liabilities), net as of December 31, 2019 and 2018 consist of the following:

	December 31, 2019	December 31, 2018
<i>Deferred tax assets</i>		
Accrued interest receivable	\$ 59,489	\$ 60,561
Allowance for doubtful loan receivables	1,217,710	670,019
Allowance on doubtful accounts	119,373	-
Accrued expenses	15,572	14,635
Net operating loss carrying forward	458,427	41,412
Less: valuation allowance	(1,401,891)	(786,627)
Total deferred tax assets	\$ 468,680	\$ -
<i>Deferred tax liabilities</i>		
Timing difference on revenue recognition	(1,055,711)	-
Recognition of intangible assets arising from business combination	(1,148,545)	-
<i>Deferred tax liabilities, net</i>	\$ (1,735,576)	\$ -

As of December 31, 2019 and 2018, the Company had net operating loss carryforwards of \$1,846,032 and \$210,152, respectively. The net operating loss carryforwards begin to expire in the tax year ending December 31, 2022. The Company reviews deferred tax assets for a valuation allowance based upon whether it is more likely than not that the deferred tax asset will be fully realized. As of December 31, 2019 and 2018, the Company accrued valuation allowance of \$1,401,891 and \$786,627 against the deferred tax assets based upon management's assessment as to their realization.

The Company recognized deferred tax liabilities related to recognition of intangible assets arising from acquisition of Lixin Cayman and its subsidiaries on December 20, 2019. The deferred tax liabilities will reverse as the intangible assets are amortized for financial statement reporting purposes.

The Company evaluates its valuation allowance requirements at end of each reporting period by reviewing all available evidence, both positive and negative, and considering whether, based on the weight of that evidence, a valuation allowance is needed. When circumstances cause a change in management's judgement about the realizability of deferred tax assets, the impact of the change on the valuation allowance is generally reflected in income from operations. The future realization of the tax benefit of an existing deductible temporary difference ultimately depends on the existence of sufficient taxable income of the appropriate character within the carryforward period available under applicable tax law.

Uncertain tax positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2019 and 2018, the Company did not have any significant unrecognized uncertain tax positions or any unrecognized liabilities, interest or penalties associated with unrecognized tax benefit. The Company does not believe that its uncertain tax benefits position will materially change over the next twelve months.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted loss per common share for the years ended December 31, 2019, 2018 and 2017, respectively:

	For the Years Ended December 31,		
	2019	2018	2017
Net Income (Loss) Attributable to Roan Holding Group Co., Ltd.'s shareholders	\$ 23,526,400	\$ (94,812,783)	\$ (55,469,673)
Net Loss from continuing operations attributable to Roan Holdings Group Co., Ltd.'s shareholders	\$ (3,319,618)	\$ (4,076,418)	\$ (2,092,051)
Net income (loss) from discontinued operations, net of income tax	\$ 26,846,018	\$ (90,736,365)	\$ (53,377,622)
Weighted average number of ordinary share outstanding			
Basic and Diluted*	25,287,887	24,380,051	17,343,763
Earnings per share			
Net loss per share from continuing operations - Basic and Diluted	\$ (0.13)	\$ (0.17)	\$ (0.12)
Net earnings (loss) per share from discontinued operations - Basic and Diluted	\$ 1.06	\$ (3.72)	\$ (3.08)

Basic loss per share to the ordinary shareholders are computed by dividing the net loss attributable to the ordinary shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per share is the same as basic loss per share due to the lack of dilutive items in the Company for the years ended December 31, 2019, 2018 and 2017. The number of warrants, Class A preferred shares and Class B preferred shares are excluded from the computation as the anti-dilutive effect.

17. RELATED PARTY TRANSACTIONS AND BALANCES

1) Transactions with related parties

Upon the acquisition of Lixin Cayman in December 2019, the Company acquired a lease agreement with one related party, which is an associate of Lixin Cayman's 4.7703% shareholder. The lease agreement was a three-year agreement to be matured in April 2020, with a monthly rental fee of \$8,805. For the year ended December 31, 2019, the Company incurred rental expenses of \$2,935 from its rental agreements with the related party.

During the year ended December 31, 2019, the Company borrowed \$279,020 from a related party. The loan was interest free and was payable in March 2020.

2) Balances with related parties

As of December 31, 2019, the balance of due from related parties of \$2,906 consisted of various advances due on open account and non-interest bearing to various shareholders and other related entities. The Company had no balances with related parties as of December 31, 2018.

As of December 31, 2019, the balance of due to related parties of \$280,714 was a loan borrowed from a related party. The loan was interest free and was payable in March 2020.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. REDEEMABLE CONVERTIBLE PREFERRED SHARES

Class A Preferred Share

On July 6, 2016, the Company sold 715,000 Class A Preferred Shares at a price of \$12.00 per Class A Share with an annual dividend of 8%. The Company received gross proceeds of \$8,580,000 from this private placement without issuance cost.

The Class A Shares were mandatorily redeemable at a price \$12.00 per Class A Share (subject to equitable adjustments for stock splits, stock dividends, recapitalizations and other similar adjustments), plus accrued dividends on the fifth anniversary of the original issue date of the Class A Shares ("Mandatory Conversion Date"). Each Class A Share is convertible into one ordinary share (subject to equitable adjustments for stock splits, stock dividends, recapitalizations and other similar adjustments) at shareholder's option after the closing of an initial acquisition by the Company, whether through a merger, share reconstruction or amalgamation, asset or share acquisition, exchangeable share transaction, contractual control arrangement or other similar type of transaction, with an acquirer at fair value ("Business Combination"). The Class A preferred shares are automatically convertible on the date on which the average closing price of the Company's ordinary shares for three consecutive trading days, that is equal to or exceeds \$16.00, provided that such date is after the closing of the Business Combination.

In the event of a Reorganization Event occurring following the closing of the Business Combination (which includes certain business combinations involving the Company or the Company having confirmed that at least 80% of the Class A Shares originally issued have elected to be converted at the election of their holders), each Class A Share outstanding immediately prior to such Reorganization Event shall be redeemed by the Company by making a redemption payment equal to the greater of the following (as reasonably determined by the Company's Board of Directors): (i) an amount in cash equal to the liquidation preference, plus an amount equal to accumulated and unpaid dividends as of (but excluding) the date of the Reorganization Event, per Class A Share that is so redeemed, or (ii) the kind of securities, cash and other property that the holder of Class A Shares holding such Class A Share would have been entitled to receive if such holder had converted its Class A Shares into ordinary shares immediately prior to such Reorganization Event.

The Company did not recognize the beneficial conversion feature for the Class A Preferred shares since each Class A Share is convertible into one ordinary share (subject to equitable adjustments for stock splits, stock dividends, recapitalizations and other similar adjustments) at holder's option. In accordance with ASC 480, redemption provisions not solely within the control of the Company require the security to be classified outside of permanent equity. ASC 480-10-S99 notes that if a reporting entity issues preferred shares that are conditionally redeemable (e.g., at the holder's option or upon the occurrence of an uncertain event not solely within the company's control), the shares are not within the scope of ASC 480 because there is no unconditional obligation to redeem the shares by transferring assets at a specified or determinable date or upon an event certain to occur. If the uncertain event occurs, the condition is resolved, or the event becomes certain to occur, then the shares become mandatorily redeemable under FAS 150 and would require reclassification to a liability. The Class A Preferred Shares have been classified as mezzanine equity in the consolidated financial statement, presented below total liabilities but not included in the subtotal for total equity as of December 31, 2018. The Class A Preferred Share is not deemed to be an embedded derivative instrument to be bifurcated since it's indexed to its own stock.

In December 2019, the Company's board approved an amendment to the Memorandum and Articles of Association ("M&A"). Pursuant to the new M&A, each Class A Share is convertible into two ordinary share (subject to equitable adjustments for stock splits, stock dividends, recapitalizations and other similar adjustments) at shareholder's option after the closing of the Business Combination. The Class A preferred shares are automatically convertible on the date on which the average closing price of the Company's ordinary shares for three consecutive trading days, that is equal to or exceeds \$6.00, provided that such date is after the closing of the Business Combination.

The new M&A granted the Directors with the rights to convert any or all of the Class A Preferred Shares, in whole or in part, into ordinary shares prior to the Mandatory Conversion Day. In the event of a Reorganization Event occurring following the closing of the Business Combination, the directors also have the rights to convert any or all of the Class A Preferred Shares, in whole or in part, into ordinary shares prior to the Mandatory Conversion Day, or to repurchase or redeem any or all of the Class A Preferred Shares, in whole or in part (but in no event less than one Class A Preferred Share), for a cash amount equal to the value of the Class A Preferred Shares being repurchased or redeemed on an as-converted basis.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. REDEEMABLE CONVERTIBLE PREFERRED SHARES (CONTINUED)

With the amendment to the M&A, the redemption of Class A Preferred Shares are no longer solely within the control of the holders of these preferred shares. As the Class A Preferred Shares does not embody a unconditional obligation that requires the Company to redeem the preferred shares by transferring cash or assets, and it does not contain a specific date upon which assets must be transferred. The preferred shares are not considered mandatorily redeemable and are scoped out of ASC 480, Liabilities. In addition, the redemption was not solely controlled by the holders of the preferred shares, it was not required to be classified out of permanent equity. The Class A Preferred Shares was classified as an equity as of December 31, 2019.

The Company did not recognize the beneficial conversion feature for the Class A Preferred shares since each Class A Share is convertible into two ordinary shares (subject to equitable adjustments for stock splits, stock dividends, recapitalizations and other similar adjustments) at either party's discretion. The Class A Preferred Share is not deemed to be an embedded derivative instrument to be bifurcated since it's indexed to its own stock.

As of December 31, 2019 and 2018, dividend of \$686,400 and \$686,400 was accrued for Convertible Redeemable Class A Preferred Shares and the balance for Class A Preferred Shares was \$10,338,927 and \$9,652,527, respectively.

Class B Preferred Share

On December 20, 2019, the Company issued 291,795,150 shares of Class B Preferred Shares to exchange 65.0177% equity interest in Lixin Cayman and its subsidiaries.

The Class B Preferred Shares are characteristic with 1) No voting rights at a shareholder meeting or on any resolution of members; 2) No rights to receive any dividends declared on any shares of the Company; 3) Rights of liquidation preference. In the event of any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary, each Class B Holders shall be entitled to receive, in priority to the holders of any other class of Shares in the Company, an amount equal to their pro rata share of the Class B Liquidation Preference Amount, which is calculated at an aggregation of RMB 276,000,000 and liquidation premium of 8% per annum of RMB 276,000,000.

The Class B Shares are mandatorily converted into Ordinary Shares of the Company on the second anniversary of the original issue date of the Class B Shares, at a rate of 1 Ordinary Share per Class B Preferred Share so converted, or can be redeemed at a conversion price calculated at the average closing price per share for ninety consecutive trading days before conversion date. Because the Company's board has the rights to convert any or all of the Class B Preferred Shares, in whole or in part, into ordinary shares. As such, the redemption provisions are solely at the discretion of the Company.

In the event of a Reorganization Event occurring following the closing of the an initial acquisition by the Company, whether through a merger, share reconstruction or amalgamation, asset or share acquisition, exchangeable share transaction, contractual control arrangement or other similar type of transaction, with an acquiree at fair value ("Business Combination"), the directors also have the rights to convert any or all of the Class B Preferred Shares, in whole or in part, into ordinary shares prior to the Mandatory Conversion Day, or to repurchase or redeem any or all of the Class B Preferred Shares, in whole or in part (but in no event less than one Class B Preferred Share), for a cash amount equal to the value of the Class B Preferred Shares being repurchased or redeemed on an as-converted basis.

As the Class B Preferred Shares does not embody a unconditional obligation that requires the Company to redeem the preferred shares by transferring cash or assets, and it does not contain a specific date upon which assets must be transferred. The preferred shares are not considered mandatorily redeemable and are scoped out of ASC 480, Liabilities. In addition, the redemption provisions are solely at the discretion of the Company. The Class B Preferred Shares was classified as an equity as of December 31, 2019.

The Company did not recognize the beneficial conversion feature for the Class B Preferred shares since each Class B Share is convertible into one ordinary share (subject to equitable adjustments for stock splits, stock dividends, recapitalizations and other similar adjustments) at either party's discretion. The Class B Preferred Share is not deemed to be an embedded derivative instrument to be bifurcated since it's indexed to its own stock.

As of December 31, 2019 and 2018, the balance for Class B Preferred Shares was \$31,087,732 (RMB 217,881,478) and \$nil, respectively.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. EQUITY

Ordinary share

The Company is authorized to issue unlimited ordinary shares. Holders of the Company's ordinary shares are entitled to one vote for each share.

On July 6, 2018, the Company and certain institutional investors entered into a securities purchase agreement ("Private Placement"), pursuant to which the Company agreed to sell to such investors an aggregate of 769,232 ordinary shares together with Series A warrants to purchase a total of 576,924 ordinary shares (the "Series A Warrants"), for gross proceeds of approximately \$2.0 million. Each investor will receive a Series A Warrant to purchase a number of shares equal to 75% of the number of ordinary shares the investor purchases in the offering with a warrant term of four (4) years. The purchase price for each ordinary share and the related Series A Warrants is \$2.60. The Series A Warrants have an exercise price of \$2.60. In connection with the offering, the investors also received Series B warrants with an initial face amount of 200,000 ordinary shares, which are subject to adjustment not in excess of an aggregate of 462,843 ordinary shares (the "Series B Warrants") for nominal consideration. If on the 30th day after the closing date of the transaction (the "Adjustment Date"), the closing bid price of the Company's ordinary shares is less than \$2.60, the investors shall have the right to exercise the Series B Warrants and the number of ordinary shares to be issued to the investors upon exercise of the Series B Warrants shall be adjusted (upward or downward, as necessary) based on the closing bid price of the Company's ordinary shares on such date. The closing of the offering took place on July 10, 2018. On August 9, 2018, the closing bid price of the Company's ordinary shares was \$1.29, and thus the Series B Warrant was exercised for 390,579 ordinary shares.

As of December 31, 2019 and 2018, there were 25,287,851 and 25,288,003 ordinary shares issued and outstanding, respectively.

Ordinary Shares Held in Escrow

Upon consummation of the business combination between the Company and Adrie, an aggregate of 20 million ordinary shares were issued and 8 million of the issued ordinary shares were deposited in escrow (the "Escrow Shares"). One-third of the Escrow Shares (along with the related accrued dividends and distributions) shall be released upon the post-combination company obtaining certain specified adjusted consolidated net income targets in each of calendar years 2016, 2017 and 2018.

The target adjusted consolidated net income ranging in 2016 from \$20.2 million at the bottom to \$32.0 million at the top, in 2017 from \$22.6 million at the bottom to \$38.0 million at the top, and in 2018 from \$25.6 million at the bottom to \$44.0 million at the top, and with the average adjusted consolidated net income target for the alternative earn-out payment ranging from \$23.3 million at the bottom to \$40.0 million at the top.

The Company has achieved the earn-out payment requirement in 2016 thus one third of 8 million escrowed restricted shares were released in 2017. However the Company has not achieved the earn-out payment requirement in both 2018 and 2017, thus the two thirds of 8 million escrowed restricted shares were not released.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. EQUITY (CONTINUED)

Restricted Shares

On April 4, 2018, 1,150 shares of restricted shares were forfeited as the employees resigned from the Company.

On September 18, 2018, the Company granted 370,525 shares of restricted shares to four employees and one independent director of the Company for the services provided for the past one year. These shares are vested immediately upon grant. The fair value of restricted shares is determined with reference to the fair value of the underlying shares on grant date and is recognized as expense on the grant date. Share-based compensation expense, when recognized, is charged for the consolidated income statements with the corresponding entry to additional paid-in capital.

A summary of the changes in the restricted shares related to ordinary shares granted by the Company during the year ended December 31, 2019 and 2018 is as follows:

	Number of restricted shares	Weighted average granted date fair value
Granted and unvested as of December 31, 2017	\$ 1,308	\$ 7.90
Granted	370,525	0.85
Vested	(370,683)	0.85
Forfeited	(1,150)	7.90
Granted and unvested as of December 31, 2018	<u>\$ -</u>	<u>\$ -</u>
Granted and unvested as of December 31, 2019	<u>\$ -</u>	<u>\$ -</u>

Preferred Shares

The Company is authorized to issue unlimited preferred shares, in one or more series, with such designations, voting and other rights and preferences as may be determined from time to time by the board of directors. As of December 31, 2019 and 2018, there were 715,000 Class A preferred shares issued and outstanding. As of December 31, 2019 and 2018, there were 291,795,150 and nil Class B preferred shares issued and outstanding.

Warrants

A summary of warrants activity for the years ended December 31, 2019 and 2018 is as follows:

	Number of shares	Weighted average life	Expiration dates
Balance of warrants outstanding as of December 31, 2017	9,280,323	3.52 years	July 6, 2021
Grants of Series A Warrants	576,924	4 years	July 9, 2022
Grants of Placement Agent Warrant	46,154	4 years	July 9, 2022
Grants of Series B Warrants	390,579	0.08 years	August 9, 2018
Exercise of Series B Warrants	(390,579)		
Balance of warrants outstanding as of December 31, 2018	<u>9,903,401</u>	2.58 years	*
Balance of warrants outstanding as of December 31, 2019	<u>9,903,401</u>	1.58 years	*

* As of December 31, 2019 and 2018, the Company's 9,903,401 shares of warrants were comprised of 9,280,323 shares which would expire on July 6, 2021, and 623,078 shares which would expire on July 9, 2022, respectively.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. EQUITY (CONTINUED)

Warrants (continued)

Series A Warrants

In connection with the private placement closed on July 10, 2018, the Company issued Series A warrants to investors to purchase a total of 576,924 ordinary shares with a warrant term of four (4) years. The Series A Warrants have an exercise price of \$2.60 per share. On January 9, 2019, the Board of the Company approved an downward adjustment of exercise price from \$2.6 to \$1.18.

The Series A Warrants have customary anti-dilution protections including a “full ratchet” anti-dilution adjustment provision which are triggered in the event the Company sells or grants any additional shares of common stock, options, warrants or other securities that are convertible into common stock at a price lower than \$2.60 per share. The anti-dilution adjustment provision is not triggered by certain “exempt issuances” which among other issuances, includes the issuance of shares of common stock, options or other securities to officers, employees, directors, consultants or service providers.

Based on an evaluation as discussed in FASB ASC 815-15, “Embedded Derivatives” and FASB ASC 815-40-15, “Contracts in Entity’s Own Equity – Scope and Scope Exceptions,” the Company determined that the Series A Warrants were not considered indexed to its own stock because neither the occurrence of a sale of equity securities by the issuer at market nor the issuance of another equity contract with a lower strike price is an input to the fair value of a fixed-for-fixed option or forward on equity shares. As such, the Series A Warrants was classified as a liability. Liability classification requires the warrant to be re-measured to their fair value for each reporting period.

As of July 10, 2018, December 31, 2018 and 2019, the Company estimated fair value of the Series A Warrants at \$1,202,310, \$510,000 and \$18,462, respectively, using the Black-Scholes valuation model, which took into consideration the underlying price of ordinary shares, a risk-free interest rate, expected term and expected volatility. As a result, the valuation of the warrant was categorized as Level 3 in accordance with ASC 820, “Fair Value Measurement”.

On the July 10, 2018, December 31, 2018 and 2019, the Company estimated the fair value of Series A Warrants using the following assumption.

	On July 10, 2018	On December 31, 2018	On December 31, 2019
Terms of warrants	48 months	42 months	30 months
Exercise price	2.60	2.60	1.18
Risk free rate of interest	2.77%	2.77%	1.56%
Dividend yield	0.00%	0.00%	0.00%
Annualized volatility of underlying stock	2.03	2.09	2.45

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. EQUITY (CONTINUED)

Warrants (continued)

Series B Warrants

In connection with the private placement closed on July 10, 2018, the investors also received Series B warrants with an initial face amount of 200,000 ordinary shares, which are subject to adjustment not in excess of an aggregate of 462,843 ordinary shares (the “Series B Warrants”) for nominal consideration. If on the 30th day after the closing date of the transaction (the “Adjustment Date”), the closing bid price of the Company’s ordinary shares is less than \$2.60, the investors shall have the right to exercise the Series B Warrants and the number of ordinary shares to be issued to the investors upon exercise of the Series B Warrants shall be adjusted (upward or downward, as necessary) based on the closing bid price of the Company’s ordinary shares on such date.

Based on an evaluation as discussed in FASB ASC 815-40-15, “Contracts in Entity’s Own Equity – Scope and Scope Exceptions,” the Company determined that the Series B Warrants were not considered indexed to its own stock because the settlement amount does not equal the difference between the fair value of a fixed number of the Company’s shares and a fixed strike price. Liability classification requires the warrant to be re-measured to their fair value for each reporting period.

The Company estimated its fair value of the Series B Warrants at \$504,499 using the Black-Scholes valuation model on the July 10, 2018 using the following assumption.

	On July 10, 2018
Terms of warrants	1 month
Exercise price	0.001
Risk free rate of interest	1.88%
Dividend yield	0.00%
Annualized volatility of underlying stock	0.87

On August 9, 2018, the closing bid price of the Company’s ordinary shares was \$1.29, and thus the investors exercised the Series B Warrant for 390,579 ordinary shares at \$391. The carrying fair value of the warrant liabilities on the exercise day was \$503,847 and the fair value change in warrant liabilities for the years ended December 31, 2018 was \$652. The Company incurred a gain of \$652 upon exercise of the warrants.

Placement Agent Warrants

On April 6, 2018, the Company entered into a letter agreement with FT Global Capital, Inc., as exclusive placement agent (the “Placement Agent”), pursuant to which the Placement Agent has agreed to act as placement agent on a best efforts basis in connection with the above offering. In addition to the cash payments, the Company has also agreed to issue to the Placement Agent a warrant to purchase a number of ordinary shares equal to 6.0% of the aggregate number of ordinary shares sold in this offering, which warrant will have the same term as Series A Warrants, including exercise price, vesting period, antidilution terms and etc. As such, same as the classification of Series A Warrants, the Placement Agent Warrants were classified as a liability, which requires the warrant to be re-measured to their fair value for each reporting period.

As of July 10, 2018, December 31, 2018 and 2019, the Company estimated fair value of the Placement Agent Warrants at \$96,185, \$40,800 and \$1,477, respectively, using the Black-Scholes valuation model. The assumptions used to estimate the fair value of the warrants were the same as those used for Series A Warrants.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. EQUITY (CONTINUED)

Allocation of Issuance Costs

In connection with the Private Placement closed on July 10, 2018, the Company incurred direct and incremental issuance costs of \$310,000. These costs were allocated to common stock, Series A Warrants and Series B Warrants in proportion to the allocation of proceeds. The issuance costs allocated to common stock were accounted for as a reduction of proceeds of the common stocks, while the issuance costs allocated to warrants were accounted for as non-operating expenses.

Statutory reserve

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiary. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations and after it has met the PRC requirements for appropriation to statutory reserves. Paid in capital of the PRC subsidiaries included in the Company's consolidated net assets are also non-distributable for dividend purposes. The results of operations reflected in the accompanying consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of PRC subsidiaries. The Company is required to set aside at least 10% of their after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, the Company may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion fund and staff bonus and welfare fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends.

As of December 31, 2019 and 2018, the Company had statutory reserve of \$658,662 and \$6,621,063, respectively.

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. SEGMENT REPORTING

In accordance with ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision making group, in deciding how to allocate resources and in assessing performance. The Company uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company’s reportable segments. Management, including the chief operating decision maker, reviews operation results by the revenue of different services. For the year ended December 31, 2019, the Company has two operating business lines, including business conducted by Adrie and its subsidiaries, primarily management and assessment services and factoring business, and business conducted by Lixin Cayman and its subsidiaries, primarily financial guarantee and consulting services. Based on management’s assessment, the Company has determined that the two operating business lines are two operating segments as defined by ASC 280. For the year ended December 31, 2018, the Company has one operating business line and one reporting unit.

The following table presents summary information by segment for the years ended December 31, 2019 and 2018:

	For the Year Ended December 31, 2019		
	Business conducted by Adrie and its subsidiaries	Business conducted by Lixin Cayman and its subsidiaries	Total
Net revenues of services	\$ 452,733	\$ 178,407	\$ 631,140
Commission and fee income on guarantee services, net	-	3,789	3,789
Total interest and fee income	2,784,052	98,776	2,882,828
Interest expenses	(2,218,815)	-	(2,218,815)
Provision for loan losses	(2,244,601)	-	(2,244,601)
Net (loss) income from operation	\$ (1,226,631)	\$ 280,972	\$ (945,659)
Depreciation	\$ (12,882)	\$ (2,302)	\$ (15,184)
Capital expenditures	\$ (833)	\$ -	\$ (833)
Income tax expense	\$ (185,762)	\$ (58,979)	\$ (244,741)
Segment (loss) profit from continuing operations	\$ (2,729,212)	\$ 172,102	\$ (2,557,110)
Segment assets as of December 31, 2019	\$ 3,113,525	\$ 52,275,757	\$ 55,389,282

	For the Year Ended December 31, 2018		
	Business conducted by Adrie and its subsidiaries	Business conducted by Lixin Cayman and its subsidiaries	Total
Net income from operation, before interest expenses	\$ (2,053,966)	\$ -	\$ (2,053,966)
Interest expenses	(25,118)	-	(25,118)
Net fees income (loss) and revenues	\$ (2,079,084)	\$ -	\$ (2,079,084)
Depreciation	\$ (15,897)	\$ -	\$ (15,897)
Capital expenditures	\$ -	\$ -	\$ -
Income tax expense	\$ (17,635)	\$ -	\$ (17,635)
Segment loss from continuing operations	\$ (3,389,942)	\$ -	\$ (3,389,942)
Segment assets as of December 31, 2018	\$ 95,668,530	\$ -	\$ 95,668,530

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company is involved in various legal actions arising from providing financial guarantee services to defaulted guarantees by Lixin Cayman and its subsidiaries. As of December 31, 2019, Lixin Cayman and its subsidiaries initiated an accumulated 18 legal proceedings against financial guarantee customers to collect delinquent balances of payment on behalf of these guarantee customers, with an aggregated claim of \$7.92 million. All these legal proceedings have been adjudicated by the PRC courts in favour of the Company. When the Company closed the Lixin Acquisition on December 20, 2019, 17 legal proceedings were concluded after the enforcement, and one case with a claim of approximately \$2.95 million (including principal of \$2.85 million and interest of \$0.1 million) was adjudicated and in the process of enforcement.

As of December 31, 2019, the Company provided financial guarantee of \$35,103,876 to financial guarantee customers by Lixin Cayman and its subsidiaries, and had a balance of \$4,283,608 due from 10 financial guarantee customers, representing payments on behalf of these financial guarantee customers when they defaulted in repayments to financial institutions. The balance of \$4,283,608 consisted \$2,845,248 due from one financial guarantee customer, against whom the legal case is still in progress of enforcement, and \$1,438,360 due from nine financial guarantee customers, against whom the legal cases were concluded. The Company assessed the payment abilities of these customers, and expected it is remote to collect the balance. As of December 31, 2019, the Company fully wrote off the \$4,283,608 on the balance of payment on behalf of financial guarantee customers.

From time to time, the Company may be subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. Although the outcomes of these legal proceedings cannot be predicted, the Company does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity.

Lease commitment

As of December 31, 2019, the Company leases offices space under seven non-cancellable operating lease arrangements, one of which had over 12 months. The Company considers those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of right of use assets and lease liabilities. Lease expense for lease payment is recognized on a straight-line basis over the lease term.

The Company determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. Therefore, the Company discount lease payments based on an estimate of its incremental borrowing rate.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The table below presents the operating lease related assets and liabilities recorded on the balance sheets.

	December 31, 2019
Right of use assets	\$ 400,720
Operating lease liabilities, current portion	\$ 106,136
Operating lease liabilities, noncurrent portion	265,797
Total operating lease liabilities	\$ 371,933

As of December 31, 2019, the weighted average remaining lease term was 3.5 years, and discount rates were 4.75% for the operating lease.

Rental expense for the years ended December 31, 2019, 2018 and 2017 was \$78,756, \$10,896 and \$nil, respectively.

The following is a schedule, by years, of maturities of lease liabilities as of December 31, 2019:

Twelve months ended December 31, 2020	\$ 107,397
Twelve months ended December 31, 2021	112,767
Twelve months ended December 31, 2022	118,405
Twelve months ended December 31, 2023	60,647
Total lease payments	399,216
Less: imputed interest	(27,283)
Present value of lease liabilities	\$ 371,933

ROAN HOLDINGS GROUP CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. SUBSEQUENT EVENTS

(1) Change of the Company's Name (See Note 1 – Organization and principal activities)

On January 8, 2020, the Financial Industry Regulatory Authority (“FINRA”) accepted the Company’s request for the following changes on the Over the Counter Bulletin Board (“OTCBB”): 1) the name change from China Lending Corporation to Roan Holdings Group Co., Ltd., and 2) the ticker symbol change from “CLDOF” to “RAHGF” for its ordinary shares and from “CLDCF” to “RONWF” for its warrants. The new CUSIPS of the Company’s ordinary shares and warrants are G7606D 115 and G7606D 107, respectively.

(2) Setup of new subsidiaries

Ningbo Zeshi Insurance Technology Co., Ltd. (“Zeshi Insurance”) was incorporated on February 28, 2020 under the laws of the PRC. Ding Tai owns 99% of Zeshi Insurance equity interest with the remaining 1% owned by Hangzhou Zeshi. Its principal business is providing insurance technology services and related services.

Zeshi (Hangzhou) Health Management Co., Ltd. (“Zeshi Health”) was incorporated on March 3, 2020 under the laws of the PRC. Hangzhou Zeshi and Ningbo Dingtai own 99% and 1%, respectively, of its interest. Zeshi Health provides services in health management, health big data management and blockchain technology-based health information management.

(3) The impact of Coronavirus (COVID-19)

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization categorized it as a pandemic. The COVID-19 outbreak is causing lockdowns, quarantines, travel restrictions, and closures of businesses and schools. The potential impact which may be caused by the outbreak is uncertain; however it may result in a material adverse impact on the Company’s financial position, operations and cash flows for fiscal year 2020. Based on the Company’s operating results from January 1, 2020 through the date of this report, due to temporary closure of our office during February 3, 2020 and February 29, 2020, limited support from our workforce, and delay in repayments of outstanding receivables from customers, the Company expects a lower amount of revenue and net income during February to April 2020 period. However, the extent of the impact of COVID-19 on the Company’s results of operations and financial condition for fiscal year 2020 will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, all of which are uncertain and cannot be predicted at this point.

ITEM 19. EXHIBITS

Exhibit No.	Description
1.1	<u>Amended and Restated Memorandum and Articles of Association (1)</u>
2.1	<u>Underwriting Agreement, dated September 30, 2014, between the Company and EarlyBirdCapital, Inc. as representative for the underwriters (2)</u>
2.2	<u>Business Combination Marketing Agreement, dated September 30, 2014, between the Company and EarlyBirdCapital, Inc. (2)</u>
2.3	<u>Specimen Ordinary shares Certificate (3)</u>
2.4	<u>Specimen Warrant Certificate (3)</u>
2.5	<u>Warrant Agreement, dated September 30, 2014, between the Company and Continental Stock Transfer & Trust Company (2)</u>
2.6	<u>Rights Agreement, dated September 30, 2014, between the Company and Continental Stock Transfer & Trust Company (2)</u>
2.7	<u>Form of Unit Purchase Option between the Registrant and EarlyBirdCapital, Inc. (3)</u>
4.1	<u>Letter Agreement, dated September 30, 2014, among the Company, EarlyBirdCapital, Inc. and each shareholder, director and officer of the Company (2)</u>
4.2	<u>Amended and Restated Investment Management Trust Agreement, dated April 1, 2016, between the Company and Continental Stock Transfer & Trust Company (7)</u>
4.3	<u>Administrative Services Agreement, dated September 30, 2014, between the Company and DeTiger Holdings Limited (2)</u>
4.4	<u>Escrow Agreement, dated September 30, 2014, among the Company, initial shareholders and Continental Stock Transfer & Trust Company (2)</u>
4.5	<u>Securities Purchase Agreement, dated June 5, 2014, between the Company and Emily Chui-Hung Tong (3)</u>
4.6	<u>Securities Purchase Agreement, dated June 5, 2014, between the Company and Stephen N. Cannon (3)</u>
4.7	<u>Securities Purchase Agreement, dated June 8, 2014, between the Company and DeTiger Holdings Limited (3)</u>
4.8	<u>Unit Purchase Agreement, dated August 26, 2014, between the Registrant and DeTiger Holdings Limited (3)</u>
4.9	<u>Unit Purchase Agreement, dated August 26, 2014, between the Registrant and EarlyBirdCapital, Inc. (3)</u>
4.10	<u>Registration Rights Agreement, dated September 30, 2014, between the Company and security holders (2)</u>
4.11	<u>Form of Indemnity Agreement (4)</u>
4.12	<u>Sponsor Warrants Purchase Agreement, dated September 22, 2014, between the Registrant and sponsor (5)</u>
4.13	<u>Share Exchange Agreement, dated as of January 11, 2016, by and among DT Asia Investments Limited, DeTiger Holdings Limited, in the capacity as the DT Representative thereunder, Adrie Global Holdings Limited, the shareholders of Adrie Global Holdings Limited, and Jingping Li, in the capacity as the Seller Representative thereunder (6)</u>
4.14	<u>Amended and Restated Convertible Promissory Note, dated June 14, 2016 (8)</u>
4.15	<u>Registration Rights Agreement, dated as of July 6, 2016, by and among DT Asia Investments Limited, DeTiger Holdings Limited, in the capacity as the DT Representative and shareholders of Adrie Global Holdings Limited (9)</u>
4.16	<u>Lock-Up Agreement, dated as of July 6, 2016, by and among DT Asia Investments Limited, DeTiger Holdings Limited, in the capacity as the DT Representative and shareholders of Adrie Global Holdings Limited named as Investors therein (9)</u>
4.17	<u>Escrow Agreement, dated as of July 6, 2016, by and among DT Asia Investment Limited, Jingping Li, in the capacity as the Seller Representative, and Continental Stock Transfer & Trust Company as escrow agent (9)</u>
4.18*	<u>Zhigang Liu Employment Agreement, dated November 20, 2019</u>
4.19	<u>English Translation of Lihua Shen Employment Agreement, dated January 17, 2020 (10)</u>
4.20	<u>Letter Agreement, dated April 6, 2018 by and between FT Global Capital, Inc. and China Lending Corporation (11)</u>
4.21	<u>Form of Securities Purchase Agreement, dated July 6, 2018 (11)</u>
4.22	<u>Form of Warrant (11)</u>
4.23*	<u>English Translation of Capital Contribution Agreement by and among Roan, Lixin Financial Holdings Group, et al</u>
4.24*	<u>English Translation of Share Purchase Agreement dated June 13, 2019 among China Lending Corporation and Lixin Financial Holdings Group, et al.</u>
4.25*	<u>English Translation of Framework Agreement dated July 31, 2019 among China Lending Corporation and Zhejiang Zhongfeng Investment Management Co., Ltd, et al.</u>

Exhibit No.	Description
4.26*	English Translation of Supplemental Agreement to Share Purchase Agreement dated August 23, 2019, among China Lending Corporation and Lixin Financial Holdings Group, et al
4.27*	English Translation of Supplemental Agreement to Framework Agreement dated November 20, 2019 with Zhejiang Zhongfeng Investment Management Co., Ltd.
4.28*	English Translation of Share Transfer and VIE Termination Agreement dated November 22, 2019
4.29*	English Translation of Supplemental Agreement to Share Transfer and VIE Termination Agreement dated January 18, 2020
4.30*	English Translation of Lease Agreement between Junrong Capital Holdings Limited and Lixin (Hangzhou) Asset Management Co., Ltd.
4.31*	English Translation of Lease Agreement between Hangzhou Yuhuangshannan Fund Town Management Committee and Zhejiang Lixin Enterprise Management Group Co., Ltd., dated July 3, 2018
4.32*	English Translation of Lease between Zhejiang Fengfan Electrical Accessories Co., Ltd. and Zhejiang Jing yu xin Financing Guarantee Co., Ltd., dated April 7, 2020
4.33*	English Translation of Lease Agreement between Junrong Capital Holdings Limited and Zhiyuan Factoring (Guangzhou) Co., Ltd.
4.34*	English Translation of Guangzhou City Lease Contract between Guangdong Letian Creative Investment Co., Ltd. and Zhiyuan Factoring (Guangzhou) Co., Ltd., dated June 21, 2019
4.35*	English Translation of Lease Contract between Yajuan Zhu and Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd.,
8.1*	List of Subsidiaries
12.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a)
12.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a)
13.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	Press release dated June 26, 2020 titled “Roan Holdings Group Co., Ltd. Reports Full Year 2019 Financial Results”
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith

- (1) Incorporated by reference to the Company’s Form 6-K, file with the SEC on January 22, 2020.
- (2) Incorporated by reference to the Company’s Form 8-K, filed with the SEC on October 6, 2014.
- (3) Incorporated by reference to the Company’s Form S-1/A, filed with the SEC on August 27, 2014.
- (4) Incorporated by reference to the Company’s Form S-1/A, filed with the SEC on September 11, 2014.
- (5) Incorporated by reference to the Company’s Form S-1/A, filed with the SEC on September 23, 2014.
- (6) Incorporated by reference to the Company’s Form 8-K, filed with the SEC January 13, 2016.
- (7) Incorporated by reference to the Company’s Form 8-K, filed with the SEC on April 5, 2016.
- (8) Incorporated by reference to the Company’s Form 8-K, filed with the SEC on June 14, 2016.
- (9) Incorporated by reference to the Company’s Form 8-K, filed with the SEC on July 11, 2016.
- (10) Incorporated by reference to the Company’s Form 6-K, filed with the SEC on January 17, 2020.
- (11) Incorporated by reference to the Company’s 6-K, filed with the SEC on July 6, 2018.

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ROAN HOLDINGS GROUP CO., LTD.

Date: June 26, 2020

By: /s/ Zhigang Liu

Name: Zhigang Liu

Title: Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the dates indicated. Each person whose signature appears below hereby authorizes Zhigang Liu as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution for him or her and in his or her name, place and stead, in any and all capacities to sign any and all amendments to this report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

<u>Name</u>	<u>Position</u>	<u>Date</u>
<u>/s/ Zhigang Liu</u> Zhigang Liu	Chief Executive Officer (Principal Executive Officer)	June 26, 2020
<u>/s/ Lihua Shen</u> Lihua Shen	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 26, 2020
<u>/s/ Shuangping Feng</u> Shuangping Feng	Director	June 26, 2020
<u>/s/ Yiguo Xu</u> Yiguo Xu	Director	June 26, 2020
<u>/s/ Jianfeng Yin</u> Jianfeng Yin	Director	June 26, 2020
<u>/s/ John Chen</u> John Chen	Director	June 26, 2020

Employment Agreement

This Employment Agreement (this “Agreement”) is entered into in Hangzhou, Zhejiang, China on November 20, 2019 by and between:

Party A: Roan Holdings Group Co., Ltd. (“the Company”)

Address: 147 Ganshui Lane, Yuhuangshannan Fund Town, Shangcheng District, Hangzhou, Zhejiang, China.

Legal Representative: Li Jinping, Chairwoman and Chief Financial Officer

Party B: LIU Zhigang

Address: No.264 Miaohuang Village, Gucheng Town, Huaiyuan County, Bengbu City, Anhui Province, China

Chapter 1 General Provisions

1. Pursuant to the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and other relevant provisions, the parties hereto have, after mutual discussions and consultations and careful consideration and adequate communications and understanding, reached the following terms and conditions:

Chapter 2 Term

2. This Agreement shall have an initial term commencing on November 20, 2019 and ending on 19, 2020, and shall, subject to Chapter 10 below, automatically renew for successive one year periods.

Chapter 3 Scope of Work

3. According to Party A’s work requirements, Party B agrees to assume the position of Vice President and Chief Executive Officer (to carry out works relating to the listed company). With respect to Party B’s job duties, work assignments, responsibility goals, job disciplines, relevant management policies, etc., the rules formulated by Party A for that job and other relevant provisions shall apply.

Chapter 4 Party B's Obligations

4. Party B agrees that, in addition to the obligations and responsibilities set forth herein, he or she shall also:

4.1. Within the specified work hours, contribute his time, energy and skills exclusively in fulfilling the obligations established by Party A and effectively performing his duties, in order to exert best efforts to ensure the successful completion of Party A's assignments; and

4.2. Comply with the provisions of this Agreement, Party A's internal rules and policies and relevant laws and regulations, fulfill his duties to Party A, and not to engage in any activities that harm Party A's interests or to abuse his position or duties at Party A to directly or indirectly seek personal benefits.

Chapter 5 Primary Work Location, Work Hours, Labor Protection and Work Conditions

5. Party B shall principally work at the Party's A headquarters located in Hangzhou, Zhejiang, China and other cities. Party A shall be required to work Monday through Friday from 9:00 a.m. to 5:00 p.m. Party B's work hours shall be mainly for the purpose of meeting the needs of the listed company. CEO may change work hours for the needs of the listed company.

6. Party A shall provide Party B with proper work conditions and facilities and labor protection up to the local government's standards. Party B shall comply with Party A's labor safety policies.

7. Party A is responsible for arranging education and trainings to Party B with respect to professional skills, labor safety and hygiene policies and the Company's articles of association.

8. Party A shall reimburse Party B's business travel, entertainment and other expenses incurred for work purposes, for which Party B is obligated to completely provide supporting voucher documents.

Chapter 6 Remunerations

9. Part B shall receive the compensation based on operating and management performance. The Company will identify the commission rate of each project and the commission will be paid on a case by case basis. Annual bonus will be paid according to an annual performance target set by the Company.

Chapter 7 Benefits and Holidays

10. Party B shall be entitled to the China public holidays and statutory holidays. If Party B is required to work on public holidays, Party B will be compensated by alternative day(s) off as substitution.

10.1. Annual Leave. Party B is entitled to the paid annual leave pursuant to Party A's vacation policy.

10.2. Sick Leave must be certified by a registered doctor.

10.3. Unauthorized Absences. Without prejudice to the other rights of Party A, Party A may deduct the equivalent amount of basic daily salary from Party B's salary for every day of absence from employment without the prior permission of Party A.

Chapter 8 Labor Disciplines

11. Party B shall comply with Party A's lawfully formulated labor disciplines and the Company's articles of association, strictly abide by Party A's instructions and decisions, safeguard all the assets of Party A and observe professional ethics.

12. If Party B violates any relevant laws, labor disciplines or the Company's articles of association which results in any economic losses to Party A, Party A may impose penalties on Party A pursuant to the relevant provisions.

13. In the event of any economic losses caused to Party A due to Party B's violation of relevant laws, labor disciplines or the Company's articles of association, Party A has the right to claim compensation from Party B for the losses.

14. Party A has the right to make reasonable modifications to the labor disciplines and the Company's articles of association according to its business needs, provided that Party A shall inform Party B in the forms regarded as proper by Party A, which forms include but not limited to notification, public announcement, e-mail and memorandum.

15. Party B shall not hold any concurrent position at any other enterprise or organization during the period of his employment with Party A, unless with the permission of Party A. All service inventions, creations, developments, designs, renovations, production results made by Party B during the period of his her employment shall be owned by Party A, and all intellectual property rights obtained therefrom, including but not limited to patent rights, copyrights and non-patent technologies, shall be owned by Party A.

Chapter 9 Confidentiality Obligations

16. Party B shall keep confidential Party A's proprietary information and confidential information concerning Party A and its subsidiaries and affiliates and its and their respective businesses including without limitation, confidential information regarding suppliers, customers, products, and marketing and pricing data, as long as such information is not publicly disclosed, except as required either by law or by a court of competent jurisdiction, and shall comply with Party A's relevant confidentiality policies. Unless as required either by law or by a court of competent jurisdiction or subject to prior written consent from Party A, Party B shall not use, or disclose to any third party, any materials or information of Party A.

17. Non-compete. During the term of Party B's employment hereunder and for a term of two years following termination, Party B shall not initiate, directly or indirectly, on his own behalf or on behalf of any person, contact with any person who is or was a customer of Party A within the twelve (12) month period preceding the termination of Party B's employment hereunder, or who was a prospective customer of Party A with whom Party B had dealings with in the twelve (12) month period preceding the termination of Party B's employment, for the purpose of conducting any business which is the same as or which competes with any part of the business of Party A with which Party B was involved.

18. Party B agrees that Party A shall, according to any reasonable operational needs, whether direct or indirect, have the right to disclose Party B's personal information, including but not limited to his name, address, nationality, position, and salary, this Agreement and the renewals and changes thereof.

Chapter 10 Change and Termination of Agreement

19. If any laws and regulations applicable for this Agreement is amended, the corresponding portions hereof or annexes hereto shall be amended accordingly. In the event of any material change to, or any conflict with relevant Chinese laws and regulations by, any objective condition on which the entry into the Agreement was based, which makes the performance of the Agreement impossible, the parties may, after friendly consultation, change the relevant portions of the Agreement pursuant to the relevant laws and regulations.

20. In the occurrence of following circumstances, Party A has the right to unilaterally terminate this Agreement without a prior written notice, provided that Party A shall inform Party B of such termination decision, and the termination shall take effect immediately:

20.1. Party B materially violates the Company's labor disciplines or rules and policies (including but not limited to labor disciplines and the Company's articles of association);

20.2. Party B commits gross negligence or engages in malpractice for selfish ends, thereby causing material losses to Party A;

20.3. Party B establishes employment relationship concurrently with any other employer, thereby causing material impact on the completion of Party A's work assignments;

20.4. Party B uses such means as fraud, coercion or taking advantage of other's unfavorable position to cause the execution or change of the Agreement by Party A against its genuine will, thus leading to void the Agreement;

20.5. Party B is held criminally liable pursuant to the law.

21. During the term of this Agreement, Party A may terminate this Agreement at any time by giving Party B 60-day prior written notice.

22. During the term of the Agreement, Party B has the right to resign and terminate the Agreement, provided that he or she shall give a 60-day prior written notice to Party A.

23. Immediately upon termination of the Agreement, Party B shall cease its engagement in any activities in Party A's name or complete any business as Party A so requested, and shall settle all the accounts. Party B shall, within 3 days of the termination hereof, return all of Party A's assets that are in Party B's possession and deliver all the documents and files (including but not limited to any written documents and electronic documents). Party A will handle the departure formalities for Party B after Party A's confirmation and issue a departure consent letter. If Party B fails to complete the said transfer formalities, Party A may refuse to handle the departure formalities for Party B.

Chapter 11 Economic Compensation and Indemnification

24. If Party B terminates this Agreement in violation of any provisions hereof, he or she shall, pursuant to the provisions of laws and regulations, compensate for the losses caused to Party A due to such termination.

Chapter 12 Resolution of Labor Disputes

25. Any dispute arising from the interpretation and performance hereof shall be resolved through friendly consultation by the parties. If such friendly consultation fails, either or both of the parties may, within one year of the occurrence of the dispute, submit it for arbitration by a labor dispute arbitration committee having jurisdiction over the dispute. In case the parties have no disagreement as to the arbitral award rendered by such labor dispute arbitration commission, such arbitral award is final and binding upon the parties. In case the parties refuse to accept the arbitration award made by that labor dispute arbitration committee, they may file an action with a court of jurisdiction.

Chapter 13 Miscellaneous

26. The invalidity or non-enforceability of any provision shall not affect the validity of any other provisions hereof.

27. Either party's failure to perform, or delay in performance of, any of the rights hereunder shall not constitute a waiver of such right.

28. In the case of any discrepancy between this Agreement and any related laws and regulations, the provisions of such laws and regulations shall prevail.

29. This Agreement shall become effective upon signing and affixation of seals by both parties on the date first written above.

Party A: Roan Holdings Group Co., Ltd.

Party B: Liu Zhigang

By: _____
Name: Li Jingping

By: _____
Name: LIU Zhigang

Its: Chairwoman and Chief Financial Officer

Zhejiang Lixin Enterprise Management Group Co., Ltd.**Capital Raise Agreement**Party A:**Party A1: Hangzhou Yinxiang Asset Management Co., Ltd.**

Registered address: Room 131, No. 217, Fengshan New Village, Shangcheng District

Registration Country: China

Legal representative: Hong Kang

Party A2: Dayu Yangguang (Beijing) Asset Management Co., Ltd.

Registered address: No. 629, 6th Floor, No.57 Xijiekou North Street, Xicheng District, Beijing

Registration Country: China

Legal representative: Yu Shengxiang

Party A3: Zhejiang Hengmao Construction Co., Ltd.

Registered address: No. 94 Jinhua Road, Cao E Street, Shangyu District, Shaoxing

Registration Country: China

Legal representative: Wang Zhilian

Party A4: Shaoxing Aoyuan Intelligent Technology Co., Ltd.

Registered address: Room 601, No. 110 Jiangdong Road, Baiguan Street, Shangyu District, Shaoxing City, Zhejiang Province

Registration Country: China

Legal representative: Liu Tie

Party A5: Shaoxing Gedun Furniture Co., Ltd.

Registered address: Lianqiao Village, Yiting Town, Shangyu District, Shaoxing City (formerly Liuyi Village)

Registration Country: China

Legal representative: Qin Xia

Party A6: Zhejiang Wensheng Group Co., Ltd.

Registered address: No.555 Chunlan Road, Baiguan Street, Shangyu District, Shaoxing

Registration Country: China

Legal representative: Zhu Feng

Party A7: Zhu Jialin

Address: No. 56, Hujia Community, Shizi Village, Caoe Street, Shangyu City, Zhejiang Province

Nationality: Chinese

Party A8: Wang Zuoming

Address: No. 71 Jiangdong Road, Baiguan Street, Shangyu City, Zhejiang Province

Nationality: Chinese

Party A9: Lv Feibiao

Address: Room 603, Unit 2, No. 67, Zhongfu Garden, Caoe Street, Shangyu City, Zhejiang Province

Nationality: Chinese

Party A10: Liang Guofu

Address: No. 45, Shangbutou, Dongshantou Village, Shangpu Town, Shangyu City, Zhejiang Province, Zhejiang Province

Nationality: Chinese

Party A11: Chen Yongcan

Address: Room 206, Building 6, Yinhe New Village, Caoe Street, Shangyu City, Zhejiang Province

Nationality: Chinese

Party A12: Luo Guansen

Address: Room 107, Building 15, North District, Hengli New Village, Baiguan Street, Shangyu City, Zhejiang Province

Nationality: Chinese

Party A13: Sun Lijin

Address: No.1, Liuxiu Community, Tangpu Town, Shangyu City, Zhejiang Province

Nationality: Chinese

Party A14: Zheng Yuguang

Address: Building 17, Songfengju, Tianxiang Huating, Lianghu Town, Shangyu City, Zhejiang Province

Nationality: Chinese

Party B: China Fenghui Industrial Financial Holding Group Co. Limited

Registered address: Unit A 8/F Winbasr Centre 208 Queen's Road Central Hk

Registration Country: China Hong Kong

Person in charge: Li Jingping

Party C: Zhejiang Lixin Enterprise Management Group Co., Ltd.

Registered address: Room 401-410, No. 88-1, Marshal Temple Rear, Shangcheng District, Hangzhou City, Zhejiang Province

Registration Country: China

Legal representative: Zhu Jialin

Through friendly negotiation, the parties have reached the following specific contents on the issue that Party A and Party B intend to increase the registered capital to Party C:

1. The registered capital of the company increased from RMB 100 million to RMB 101.01 million, and Party B subscribed the newly increased registered capital of the company in currency of RMB 2.8586 million, of which RMB 1.101 million was included in the registered capital of the company, and the remaining part of RMB 184.85 was included in the capital reserve of the company.

2. Payment deadline for contributions: before July 2, 2045.

3. After the completion of this capital increase, the company's equity structure was changed to:

shareholder	Capital contribution (10000 yuan)	Way of contribution	Proportion of contribution
Hangzhou Yinxiang Asset Management Co., Ltd.	1,664.31095	Equity	16.47668%
Dayu Yangguang (Beijing) Asset Management Co., Ltd.	1,328.62191	Equity	13.15335%
Zhejiang Hengmao Construction Co., Ltd.	954.0636	Equity	9.44523%
Shaoxing Aoyuan Intelligent Technology Co., Ltd.	1,342.75618	Equity	13.29328%
Shaoxing Gedun Furniture Co., Ltd.	1,883.39223	Equity	18.64558%
Zhejiang Wensheng Group Co., Ltd.	530.03534	Equity	5.24735%
Zhu Jialin	954.0636	Equity	9.44523%
Wang Zuoming	212.01413	Equity	2.09894%
Lv Feibiao	212.01413	Equity	2.09894%
Liang Guofu	212.01413	Equity	2.09894%
Chen Yongcan	176.67845	Equity	1.74912%
Luo Guansen	176.67845	Equity	1.74912%
Sun Lijin	176.67845	Equity	1.74912%
Zheng Yuguang	176.67845	Equity	1.74912%
China Fenghui Industrial Financial Holding Group Co. Limited	101.01	Currency	1.0000%
Total	10,101.01	-	100.0000%

4. Liability for breach of contract

If any party (“default party”) violates this agreement and causes losses to other parties (“default party”), the default party shall compensate the economic loss caused by the default party. The amount of damages shall be equal to all losses caused by the breach of contract, including the benefits that the normal person can reasonably expect to obtain after the execution of this agreement, but shall not exceed the losses that may be caused by the breach of contract foreseen or should be foreseen when the breaching party signs this agreement , Unless otherwise agreed in this agreement.

5. Applicable laws and dispute resolution

The establishment, validity, performance, rescission, interpretation and dispute settlement of this Agreement shall be governed by the laws publicly promulgated and effectively applied in China.

All disputes arising from or in connection with the performance of this agreement shall be settled through friendly negotiation by all parties. If any party fails to reach an agreement within 30 days from the date of putting forward such dispute in written form, each party may apply to Hangzhou Arbitration Commission for arbitration in Hangzhou in accordance with the arbitration procedures and rules of the Commission. The arbitration tribunal is composed of three arbitrators. The arbitration award is final and binding on all parties.

6. This agreement shall take effect from the date of signature by the legal (authorized) representatives and the official seal , the signature of each natural person.

7. For matters not covered in this agreement, the parties may negotiate separately, and the supplementary agreement signed shall be the appendix of this agreement, which has the same legal effect as this agreement.

8. The original of this agreement shall be in 19 copies, each party shall hold one copy, and the rest shall be submitted to the relevant government department for approval or filing.

9. This agreement is signed in [] on []

[No text following]

(There is no text on this page, the signature and seal page for all shareholders)

China Fenghui Industrial Financial Holding Group Co. Limited (Seal)

(There is no text on this page, the signature and seal page for all shareholders)

Shaoxing Gedun Furniture Co., Ltd. (Seal)

(There is no text on this page, the signature and seal page for all shareholders)

Hangzhou Yinxiang Asset Management Co., Ltd. (Seal)

(There is no text on this page, the signature and seal page for all shareholders)

Dayu Yangguang (Beijing) Asset Management Co., Ltd. (Seal)

(There is no text on this page, the signature and seal page for all shareholders)

Shaoxing Aoyuan Intelligent Technology Co., Ltd. (Seal)

(There is no text on this page, the signature and seal page for all shareholders)

Zhejiang Hengmao Construction Co., Ltd. (Seal)

(There is no text on this page, the signature and seal page for all shareholders)

Zhejiang Wensheng Group Co., Ltd. (Seal)

(There is no text on this page, the signature and seal page for all shareholders)

Luo Guansen (Signature)

Zhu Jialin (Signature)

Wang Zuoming (Signature)

Liang Guofu (Signature)

Zheng Yuguang (Signature)

Chen Yongcan (Signature)

Lv Feibiao (Signature)

Sun Lijin (Signature)

Share Purchase Agreement

Signatories:

China Lending Corporation

Lixin Financial Holdings Group Limited

Lixin Financial Holdings (BVI) Limited

Lixin Financial Holdings Group Limited

Zhejiang Lixin Enterprise Management Group Co., Ltd.

Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd.

And

Selling Shareholders

Date: , 2019

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Appendix

Appendix A Structure of Equity Interest and Target Shares of the Company

Appendix B Delivery document and material list on the Closing Date

Appendix C Selling Shareholder assuming the responsibility of non-competition

Appendix D Core senior managers and responsible Persons of major departments

Appendix E Correspondence address

Attachment A

Format and text of transfer agreement

Share Purchase Agreement

This Share Purchase Agreement (hereinafter referred to as “the Agreement”) was signed by the following signatories on the date of , 2019:

- (i) China Lending Corporation, a limited company incorporated according to BVI laws (the laws of the British Virgin Islands) (hereinafter referred to as “the Buyer”);
 - (ii) Lixin Financial Holdings Group Limited, an exempt company incorporated according to the laws of Cayman Islands (hereinafter referred to as “the Company”);
 - (iii) Lixin Financial Holdings (BVI) Limited, a limited company incorporated according to BVI laws (the laws of the British Virgin Islands) (hereinafter referred to as “the BVI Lixin”);
 - (iv) Lixin Financial Holdings Group Limited, a limited company incorporated according to the laws of Hong Kong (hereinafter referred to as “Hong Kong Lixin”);
 - (v) Zhejiang Lixin Enterprise Management Group Co., Ltd. (hereinafter referred to as “Zhejiang Lixin”);
 - (vi) Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd. (hereinafter referred to as “Zhejiang JYX”);
 - (vii) Zhu Jialin, Zhang Jingxian, Li Sufang, Wang Guohua, Xu Dandan, Chen Jiaqiang, Zhang Peibei (collectively referred to as “Core Indirect Shareholders”; each of them is separately referred to as “every Core Indirect Shareholder”); all of them are Chinese natural Persons, and the ID card number of every Core Indirect Shareholder is provided in Table I of Appendix A, see the column of “*Indirect Shareholder’s ID Card Number*”; and
 - (viii) Every entity listed in the Column of “*Direct Shareholder*” in Table I of Appendix A (collectively referred to as “Direct Shareholders”, or separately referred to as “every Direct Shareholder”) is a limited company incorporated according to the laws of British Virgin Islands.
- All Direct Shareholders and all Core Indirect Shareholders are collectively referred to as “Selling Shareholders” or separately referred to as “every Selling Shareholder”; among them, the Direct Shareholders and Core Indirect Shareholders holding 9% of the shares or above are collectively referred to as “Core Selling Shareholders” or separately referred to as “every Core Selling Shareholder”; all parties of the agreement are collectively referred to as “all Parties”, or separately referred to as “a Party”.

Recitals

WHEREAS, by the date of the Agreement, the Company and other Group Companies (see their definitions in the following paragraphs) shall jointly provide the services related to financing guarantee;

WHEREAS, the final shareholding natural Person of the Company is listed in the column of “Indirect Shareholder” in Table I of Appendix A;

WHEREAS, the relevant Selling Shareholder holds the stock of the quantity and category (see the definitions hereinafter) corresponding to the name as stipulated in the column of “*existing shareholding quantity*” in Table II of Appendix A of the Agreement by the date of the Agreement, and

WHEREAS, the Selling Shareholder and the Company are expecting to sell to the Buyer according to the terms and conditions of the Agreement, and the Buyer is expecting to buy the stock of the given quantity and category from the Selling Shareholders according to the terms and conditions of the Agreement.

NOW, THEREFORE, all parties reach an consensus for the relevant covenants through consultation for mutual observation and obedience.

I. DEFINITIONS

1.1 Definitions. For the purposes of this Agreement, the following terms shall have the meaning as specified in Article 1.1 as follows:

“Litigation”: refers to any civil, criminal or administrative action, prosecution, hearing, arbitration or other procedures.

“Affiliate”: For any Person, it refers to any other Person that directly or indirectly controls such Person through one or more intermediaries, is controlled by such Person, or is controlled with such Person together by a third party. In this agreement, “control” means to directly or indirectly guide or instruct the management and decision-making of a certain Person through the ownership of voting stock, variable interests, or any other means. As for an individual, it should include his or her direct relative and any trust controlled by such natural Person or held for the benefits of such natural Person. The direct relative, for an individual, means the spouse, parent, spouse’s parent, siblings and their spouses, children at or above 18 years old and their spouses, their siblings, and parents of children’s spouses, as well as other family members taking office in the Group Company.

“The/this Agreement” has the meaning as stipulated in the Recitals aforesaid.

“Amended Articles of Association”: the amended memorandum of organization and articles of association that have already been accepted by the Buyer, with their contents consistent with the Agreement, and taking effect as of the Closing Date.

“Audited financial statement” has the meaning as stipulated in Article 3.5(a).

“Exceptions to Bankruptcy and Equity Law”: any bankruptcy, insolvency, fraudulent transfer, restructuring, deferred payment and similar laws and principles of equity of general applicability relating to or affecting the rights of creditors.

“Business day”: any day other than a Saturday, Sunday, public holiday or the day on which a bank in China, Cayman Islands or the British Virgin Islands is required or authorized to close.

“Buyer’s director” has the meaning as stipulated in Article 6.14(a).

“Buyer” has the meaning as stipulated in the Recitals aforesaid.

“Buyer’s stock”: the ordinary no-par value share of the Buyer that is paid to the Selling Shareholder as part of the transfer price.

“BVI Lixin” has the meaning as stipulated in the Recitals aforesaid.

“Consideration stock/share” has the meaning as stipulated in Article 2.2(b).

“Third Party Claim” has the meaning as stipulated in Article 9.3.

“Closing Date” has the meaning as stipulated in Article 2.3.

“Closing” has the meaning as stipulated in Article 2.3.

“Direct Shareholder” has the meaning as stipulated in the Recitals aforesaid.

“Employee”: existing or previous employee, manager, director or individual advisor of any Group Company.

“Company” has the meaning as stipulated in the Recitals aforesaid.

“Competitor” has the meaning as stipulated in Article 6.12.

“Contract”: any agreement, lease, license, contract, instrument, mortgage, covenant, arrangement or other binding obligation (excluding purchase orders).

“Dispute” has the meaning as stipulated in Article 10.4(a).

“Equity interest”: For any entity, it means any stock, equity, registered capital, owner’s equity or other securities of the entity, as well as options, warrants or rights to subscribe, acquire or purchase the above-mentioned equity, or other securities or instruments that can be converted into the stock right aforesaid, can be used to purchase the above-mentioned right or exchange for the above-mentioned right, or any appreciation rights, phantom stock, stock plan or similar rights related to the entity, or any contracts for purchasing or acquiring directly or indirectly the above-mentioned right from such entity.

“Exchange rate”: the central parity rate of US dollar and Renminbi posted by the People’s Bank of China one (1) business day before the Buyer or the Selling Shareholder makes actual payment under the Agreement.

“Current articles of association”: the articles of association that is effective by the date of this Agreement, namely the memorandum of organization and articles of association adopted by the Company through its special resolution on October 25, 2017.

“Financial statement” has the meaning as stipulated in Article 3.5(a).

“Governmental authority”: any supranational, national, federal, state, local, provincial, municipal, foreign or other governmental or quasi-governmental agency, or any department, regulatory or administrative authority, committee, department, bureau, agency, institution, court or other tribunals.

“Group Companies”: the Company, BVI Lixin, Hong Kong Lixin, Zhejiang Lixin, Zhejiang Jing Yu Xin, and their respective subsidiaries, branches and any other entities (excluding natural Persons) directly or indirectly under their control.

“Hong Kong”: Hong Kong Special Administrative Region of the People’s Republic of China.

“Hong Kong Lixin” has the meaning as stipulated in the Recitals aforesaid.

“Liabilities”: at a certain point of time, the following due or undue liabilities of various nature (but not double counting) owed by any entity: (i) all debts, loans and liabilities; (ii) the amount of obligations evidenced by bills, bonds, contracts or similar instruments or debt securities; (iii) the total amount related to the guarantee provided by the entity for the above (i) and (ii) debts of other entities; and (iii) all accrued interests, expenses, premiums, fines and/or other payables of any of the foregoing items.

“Indemnified Party” has the meaning as stipulated in Article 9.3.

“Indemnifying Party” has the meaning as stipulated in Article 9.3.

“Indirect Shareholder” has the meaning as stipulated in the Recitals aforesaid.

“Insurance policy” has the meaning as stipulated in Article 3.12.

“Intellectual property rights”: all intellectual property rights throughout the world, including: (a) trademarks, service marks, trade names, company names, domain names, social and mobile media identifier, logo and other source identifier and all accompanying or represented goodwill; (b) patent, invention, know-how and process, (c) trade secrets and proprietary technology, (d) copyright, and (e) all the registration, application, update and renewal, partial renewal, division, republication, review and foreign version of the foregoing.

“Knowledge”: the actual knowledge of a Selling Shareholder as of the date that this Agreement is executed or as of the Closing Date, or the knowledge of such Party who, as a diligent business Person in managing his or her affairs, is expected to know after due and diligent execution of his or her responsibilities and making relevant inquiries.

“Locked-up stock” has the meaning as stipulated in Article 6.9.

“Latest balance sheet date” has the meaning as stipulated in Article 3.5(a).

“Latest balance sheet” has the meaning as stipulated in Article 3.5(a).

“Law”: any domestic or foreign law, regulation, decree, rule (including common law rule), statute, code, order, or legally binding provision promulgated, issued, adopted or enacted by any governmental authority.

“Liens”: any lien, mortgage, pledge, security interest, other interest, third party claim or other encumbrances, including any mortgage, pledge, claim, security interest, encumbrance, defect of title, lien, charge, easement, adverse claim, restrictive covenant or any other type of restriction or limitation, including the limitations as to the exercise of right to use vote, transfer, receipt of income or partition of ownership.

“Material Adverse Effect”: (a) any materially adverse change, event or impact on the overall financial conditions or business activities of the Group Companies, including, but not limited to (a) the combined cumulative income or EBITDA of the Group Company during the three (3) months prior to the Closing Date being lower than the cumulative income of the same period in the previous year or 90% of the EBITDA, respectively; (b) serious damage to the ability of the Group Companies as a whole or the Selling Shareholders to fulfil the significant obligations borne to the Buyer under this Agreement and other Transaction Documents; or (c) serious damage to the enforceability or binding effect of the Agreement and other Transaction Documents on the Group Companies or the Selling Shareholders.

“EBITDA”: the profits obtained from the operation of normal core business of the Group Companies before deducting depreciation, amortization, applicable interest expenses and income tax, calculated by formula as follows: EBITDA = revenues - cost of revenues - operating expenses + depreciation and amortization.

“Material contract” has the meaning as stipulated in Article 3.14(a).

“Notice of claim” has the meaning as stipulated in Article 9.3.

“Order”: the order, judgment, injunction, ruling, decree or writ adopted or implemented by any governmental authority, including any consent order, settlement agreement or similar written agreement.

“Common stock or ordinary share”: the common stock with face value of HK\$0.01 per share of the Company.

“Long Stop Date” has the meaning as stipulated in Article 2.3.

“All Parties” and “a Party” has the meaning as stipulated in the Recitals aforesaid.

“Permit”: any authorization, license, franchise, consent, certification, registration, approval or other license of any governmental authority.

“China”: the People’s Republic of China, solely for the purpose of this Agreement excluding Hong Kong, Macao and Taiwan .

“Person”: any individual, company, general or limited partnership, limited liability company, joint venture, trust, association, organization, governmental authority or entity of any other kind or nature.

“Target Share” has the meaning as stipulated in Article 2.1.

“Indemnification” has the meaning as stipulated in Article 6.8(a).

“Indemnification claim” has the meaning as stipulated in Article 6.8(a).

“Indemnified Person” has the meaning as stipulated in Article 6.8(a).

“Indemnifying Person” has the meaning as stipulated in Article 6.8(a).

“Representative”: as to any Person, such Person’s director, managerial staff, employee, investment banker, lawyer, accountant and other advisor or agents.

“Selling Shareholder” has the meaning as stipulated in the Recitals aforesaid.

“Selling Shareholder account” has the meaning as stipulated in Article 6.18(b)(iv).

“Stock”: all shares of the Company, which are ordinary shares.

“Convertible shares” has the meaning as stipulated in Article 9.2(b)(iii).

“Subsidiary”: with respect to any specific Person, any other Person that is directly or indirectly controlled by such Person, including through (i) ownership of more than 50% of issued authorized capital, equity, voting rights or registered capital, or (ii) contractual arrangements.

“Tax return”: any return and report related to tax, required to be filed to taxing authorities.

“Taxation” or “tax payable”: including any federal, state, provincial, local and foreign taxes, including net income, profits, franchise, gross profit, custom duties, stamp duties, salaries, sales, use, employment, property, withholding, commodities, production, value-added tax and similar taxes, as well as all related interests, fines and surcharges.

“Transaction Document”: this Agreement, the amended Articles of Association, deed of assignment and other agreements or documents to be executed and/or delivered by either Party or any of its affiliates for the purpose of consummating the proposed transaction under this Agreement.

“Deed of transfer”: see the form document in Appendix A, referring to the deed of transfer to be executed by the Selling Shareholders and the **Buyer** based on which the Selling Shareholders transfer the Target Shares to the Buyer.

“Transfer price” has the meaning as stipulated in Article 2.2(a).

“Zhejiang Jing Yu Xin” has the meaning as stipulated in the Recitals aforesaid.

“Zhejiang Lixin” has the meaning as stipulated in the Recitals aforesaid.

“Spin-off business” has the meaning as stipulated in Article 6.15(b).

“Surplus award stock” has the meaning as stipulated in Article 6.16(b).

“Subsequent acquisition” has the meaning as stipulated in Article 6.18.

“Subsequent acquired shares” has the meaning as stipulated in Article 6.18(a).

“Subsequent acquisition price” has the meaning as stipulated in Article 6.18(b)(i).

“Subsequent acquisition completion date” has the meaning as stipulated in Article 6.18(c)(i).

1.2 Interpretation.

(a) The table of contents and the article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. Unless otherwise specified: the article, appendix or attachment mentioned in this Agreement refer to the corresponding article, appendix or attachment of this Agreement; wherever the term “including” is used in this Agreement, it shall be deemed to be followed by “but not limited to”; all personal pronouns and their variants have the corresponding feminine, masculine or neuter, singular or plural form as required by the context of this Agreement; all agreements (including this Agreement), contract, ordinance or regulation mentioned in this Agreement, unless otherwise specified in the context, shall include their amendment, modification, supplement, restatement or substitution version to be made or provided from time to time (for any contract or agreement, within the scope allowed by the terms thereof); for any part of ordinance or law referred to herein, it shall include the subsequent substitution of such part; for any ordinance referred to herein, it shall include the rules or regulations promulgated thereunder. If the term “USD” or “\$” is mentioned, it shall refer to the legal currency of the United States, *i.e.*: the US dollar. If the term “Renminbi” or “RMB” is mentioned, it shall refer to the legal currency of PRC, *i.e.*: the Renminbi Yuan. If the term “Hong Kong Dollar” or “HKD” is mentioned, it shall refer to the legal currency of Hong Kong, *i.e.*: the Hong Kong dollar. If the term “day” is mentioned, unless otherwise expressed in “business day”, it shall refer to the calendar day. If the term “provide(d)” is mentioned, it shall include all documents that have been delivered or provided by e-mail or other means (including through virtual data stations) to any Buyer’s Representative who participates in the negotiation and due diligence of the proposed transaction.

(b) Each of the Parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if it is drafted by each of the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this Agreement.

II. PURCHASE AND SALE OF SHARES; CLOSING

2.1 Transfer of shares. All Parties agree that the Selling Shareholder shall sell, transfer, assign, and the Buyer shall buy from the Selling Shareholder subject to and upon the terms and conditions of this Agreement, the Company’s share of the corresponding quantity and category as stipulated in the column of “Target Share” in Table II of Appendix A (hereinafter referred to as “Target Share”), free and clear of all liens. All rights, dividends, benefits and ownership of the Target Share from the Closing Date (including) shall belong to the Buyer.

Before the consummation of transfer of shares , the shareholding structure of the Selling Shareholder is shown in Table II of Appendix A; after the consummation of transfer of shares, the shareholding structure of the Buyer and the Selling Shareholder is shown in Table III of Appendix A.

2.2 Transfer price.

(a) Transfer price. The total consideration of the Target Shares transferred by the Selling Shareholders to the Buyer is RMB 276,000,000 (hereinafter referred to as “transfer price”).

(b) The transfer price shall be paid in the form of the Buyer’s ordinary shares (“consideration share”); the corresponding transfer price of every Selling Shareholder is shown in the column of “*Transfer Price or Payment*” in Table IV of Appendix A of this Agreement. The quantity of the Buyer’s share that shall be transferred to each Direct Shareholder shall be calculated by dividing the amount of consideration that such Selling Shareholder is entitled to as set forth in this Agreement by the average Closing price per share of the ordinary shares on the Nasdaq Capital Market for thirty (30) consecutive trading days prior to the Closing Date.

(c) The Selling Shareholder shall confirm and promise that the transfer price that each Indirect Shareholder is entitled to (to be paid in the form of consideration share) is determined by the negotiation among all Indirect Shareholders. At all circumstances, all Indirect Shareholders shall not require the Buyer to directly pay them the transfer price. If any Indirect Shareholder requests the direct payment of such transfer price by the Buyer, which causes the Buyer to suffer certain loss and expenses, the Selling Shareholder shall indemnify the Buyer in full, and the Selling Shareholder shall be jointly and severally liable for such indemnification.

(d) The Selling Shareholder who receives the transfer price shall use every reasonable effort to cooperate to issue, provide and sign all documents required by the issuance of shares and take all required actions according to the requirements of the Buyer.

2.3 Closing. In addition to the separate written agreement of all Parties, subject to the satisfaction or waiver of Closing conditions as stipulated in Article 7.1 and 7.2, the Closing shall take place within 10 business days thereafter (“Closing Date”) by executing and exchanging electronic document or other Closing documents remotely.

Notwithstanding the foregoing provisions of this Agreement, if all Closing conditions as stipulated in Article 7.1 and 7.2 of this Agreement are not satisfied or waived by the sixtieth (60th) day after the Agreement is executed and takes effect (“Long Stop Date”), the Party having no obligation to perform or satisfy the Closing conditions shall have the right to terminate the Agreement and its related Transaction Documents according to Article 8 of the Agreement herein.

2.4 Payment. The Buyer shall pay the total consideration to the Selling Shareholder on the Closing Date, namely to issue the stock certificate indicating the consideration stock of corresponding quantity to the Selling Shareholder; the Selling Shareholder shall use every reasonable effort to take necessary action to cooperate with the payment of consideration stock.

2.5 Filing and payment of tax. All parties agree and confirm that all taxes related to the target share shall be borne by the selling shareholder.

All Parties agree that the Selling Shareholders, within 30 business days from the Closing Date as stipulated in the Agreement, shall promptly start the tax filing procedures and shall communicate with the responsible taxing authority for Zhejiang Lixin and other taxing authority of competent jurisdiction (“competent taxing authority for Zhejiang Lixin”), and report the transactions pursuant to this Agreement. All Parties shall cooperate to issue, provide and execute all documents required for filing and make efforts to facilitate the Selling Shareholders to consummate the filing as soon as possible. After the competent taxing authority of Zhejiang Lixin issues the written confirmation of the tax payable of every Selling Shareholder, the Selling Shareholders shall pay the tax payable in full and submit the certificate of tax payment to the Buyer as soon as possible (or within the time as stipulated in the tax confirmation document issued by the competent taxing authority of Zhejiang Lixin).

All Parties shall use every reasonable effort to coordinate and cooperate to consummate the tax filing for transactions under this Agreement as soon as possible, and shall execute and submit all required documents and take necessary action according to the requirements of taxing authority.

If a Selling Shareholder fails to make tax filing according to the provisions of Article 2.5, all losses and expenses incurred for the Buyer therefrom shall be paid in full by such Selling Shareholder who fails to make such filing, and all such Selling Shareholders shall be jointly and severally liable for such indemnification.

III. REPRESENTATIONS AND WARRANTIES OF RELEVANT GROUP COMPANY

The Company and every Selling Shareholder (collectively known as “every warrantor”, or separately known as “warrantor”) makes representations and warranties to the Buyer for the Group Companies jointly and severally as follows: the representations and warranties contained in Article 3 of this Agreement are true, accurate, complete and are not misleading as of the date of this Agreement, the Closing Date and the subsequent acquisition completion date (if the Buyer elects to conduct subsequent acquisition) (if the relevant representations and warranties are made for a certain date, it shall refer to such date therein).

3.1 Organization, power, good standing and qualification. The Company is a company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power and authority, can own or lease its properties and can carry on its business as now conducted. The Company is duly qualified or permitted to carry on its business as now conducted and is in good legal standing in such applicable jurisdiction.

3.2 Authorization and approval. Each Group Company, as the signatory of this Agreement and Transaction Documents, shall have the requisite power and authority to execute and deliver the Agreement and other Transaction Documents to which the Group Company is a Party, to perform the obligations under the Agreement and Transaction Documents, and to consummate all proposed transactions contemplated under the Agreement and the Transaction Documents. The execution and delivery of the Agreement and other Transaction Documents to which the Group Company is a Party, and the consummation of transactions contemplated therein have been duly and validly authorized by all necessary corporate actions. This Agreement and the other Transaction Documents to which any Group Company is a Party have already been, or shall be, as of Closing Date, duly and validly executed and delivered by such Group Company, and the Agreement and the other Transaction Documents to which a Group Company serves as a Party (provided that all other Parties shall be duly authorized, and execute and deliver such document) shall constitute the valid, effective and binding obligation of the Group Company, and shall be enforceable against the Group Company within their terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy law and laws of equity.

3.3 Capitalization, Group Structure.

(a) The authorized share capital of the Company is composed of: 38,000,000 ordinary shares with the face value of HK\$0.01 per share. As of the date of this Agreement, 1,000,000 ordinary shares are issued and outstanding. All outstanding ordinary shares have been duly authorized, effectively issued, and paid in full, and have no additional capital contribution obligation, or had not violated any right of priority when they were issued.

(b) The Group Companies have truly and accurately disclosed to the Buyer each Group Company's name, place of incorporation, names of shareholders and their share capital held in such Group Company or paid-up capital. Each Group Company is a company duly organized, validly existing and in good standing (only applicable in those jurisdictions where the concept of "good standing" is recognized) under the laws of the jurisdiction of its incorporation and has all requisite power and authority, to own or lease its properties and to carry on its business as now conducted in all material aspects.

(c) Except for the circumstances disclosed to the Buyer, the issued equity interests of every Group Company have been duly authorized, validly issued, fully paid and not subject to any additional capital contribution obligations, and shall be free and clear of all liens; moreover all shareholders of the Group Company who have obtained the equity interests of the Group Company have fulfilled the required legal procedures. (i) There shall be no priority or other unexercised rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, agreements, arrangements, call options, commitments or any kind of securities or liabilities which may cause any Group Company to assume obligations to issue or sell any stock of any Group Company or to obtain any stock of any Group Company through conversion, exchange or exercise of any rights, or any right to entitle any entity to subscribe or acquire any stock of any Group Company; and (ii) there shall be no stock or liabilities that may indicate such rights. Except for the provisions of the Transaction Document and valid shareholder agreement, no Group Company is a party to or is bound by any following contract: any contract that may affect the voting right to any stock of any Group Company or that may require the written consent of other Person for the exercise of voting right, any contract that may have an impact on the registration right of the stock of any Group Company, or any contract that may be related to the aforesaid items .

3.4 Governmental declaration; conflict.

(a) The Group Company need not make any notification, report or other declaration with respect to the execution, delivery and performance of this Agreement or any other Transaction Documents or the consummation of the transactions contemplated hereby; nor need the Group Company obtain any consent, registration, approval or authorization from any governmental authority.

(b) The execution, delivery and performance of this Agreement and other Transaction Documents by the Group Company and the consummation of the transactions under this Agreement and other Transaction Documents shall not constitute or result in: (i) a breach of the current Articles of Association and any constitutional documents in force as of the Closing Date, or a breach of any provisions thereunder; (ii) a breach of any material contract, or a breach of any provisions thereunder (or other event that may upon notice or with the lapse of time may become an event of default), or other Persons' rights to terminate, cancel, change or accelerate the performance of such contract; (iii) impose any liens on any Group Company or its assets, rights or properties, or (iv) a breach of any laws applying to any Group Company, except in the cases of clause (ii), (iii) and (iv) above, circumstances that would not produce a Material Adverse Effect.

3.5 Financial statement; undisclosed liabilities

(a) The Company has provided the Buyer the true and complete copy of the following financial statements ("financial statement"): (a) the audited consolidated balance sheet, audited consolidated income statement, audited statement of changes in stockholder's equity, cash flow statement and all related footnotes and appendices of the Company as of December 31, 2018 (hereinafter referred to as "audited financial statements"), and (b) unaudited consolidated balance sheet as of May 31, 2019, ("latest balance sheet", the date is known as "latest balance sheet date").

(b) The financial statements show, in all significant respects, the consolidated financial position, cash flow, operating performance and changes in shareholder's equity of the Group Company as of the date and the period covered (the unaudited financial statements are limited by the footnotes and regular year-end adjustments not yet added).

3.6 Absence of certain changes.

From the latest balance sheet date to the date of this Agreement, (i) unless otherwise specified by the terms of this Agreement, all Group Companies have carried on their respective businesses in the ordinary course in all material aspects; and (ii) there has been no material adverse effect.

3.7 Litigation. As of the date of this Agreement, except for the circumstances disclosed to the Buyer:

(a) There is no action pending or to the knowledge of the Warrantor that is currently threatened in writing against any Group Company by or to any governmental authority that may generate Material Adverse Effect if decided against such Group Company, and

(b) any Group Company is not a Party of any order binding upon it that has produced Material Adverse Effect, and any Group Company or its respective assets, rights or properties are not restricted by such order.

3.8 Employee matters. To the knowledge of the Warrantor, none of the employees of any Group Company commits any serious violation of any law or order or any breach of any contract or terms thereof due to his/her labor relationship with the Group Company. Except for the compulsory requirements of applicable laws, the Group Company has no any other benefit plans. The term of “benefit plan” herein refers to the formal or informal, verbal or written plan, contract or other arrangement made for the existing or previous senior executive, director or employee of the Group Company, or their respective dependent Person or beneficiary, including employment agreement, profit sharing, deferred compensation, stock option, performance share, employee share purchase, severance package, retirement, health or insurance plan. Other than the contents as described in the financial statement, no Group Company has owed any salaries or other remunerations to its employees. By the date of this Agreement, there is no pending or to the knowledge of the Warrantor any written threat of strike, production stoppage or work stoppage. All Group Companies has abided by all applicable laws of the People’s Republic of China on social insurance, housing fund, employee employment and benefit plan (including the relevant laws and regulations on the payment of social insurance and related benefits). The Article 3.8 herein constitutes the sole and exclusive representation and warranties made by the Group Company for employee matters.

3.9 Compliance with laws.

(a) Apart from circumstances disclosed to the Buyer, to the knowledge of the Warrantor, the Group Companies by the date of this Agreement have complied with the applicable laws and orders of governmental authority, except any noncompliant circumstances that will not produce any Material Adverse Effect. The Group Companies have all licenses and permits required to conduct its business as now conducted, and all licenses and permits have the full force and are not canceled, revoked or suspended.

(b) This Article 3.9 is unrelated to the employee matters (only governed by Article 3.8) , tax matters (only governed by Article 3.10) or intellectual property (only governed by Article 3.11).

3.10 Tax matters.

(a) Except for circumstances disclosed to the Buyer or any circumstance that may not generate Material Adverse Effect:

(i) Each Group Company has filed (or through its Representatives has filed) in a timely manner all returns require to be filed on or before the date of this Agreement (within any applicable extension periods), and has paid all taxes due or withheld (whether shown on the tax return) in a timely manner;

(ii) There is no tax audit, tax examination or administrative procedure related to taxation against the Group Company, and to the knowledge of the Warrantor, there is no threatened tax audit in writing, tax examination or administrative procedures from taxing authority.

(iii) In those jurisdictions in which the Group Company does not file any tax returns, no taxing authority has made any written claims alleging the Company or any Group Company is or might be a taxpayer in such jurisdiction;

(iv) To the knowledge of the Warrantor, no assets of the Group Company have any liens pertaining to taxation;

(v) There is no valid waiver of statute of limitations applicable to the collection of taxes against any Group Company;

(vi) The Group Company has withheld all taxes related to any amount paid or payable to any employee, independent contractor, creditor, shareholder or other third Party, in a timely manner to the responsible governmental authority; and

(vii) The Group Company is not a Party to is bound by any agreement on tax sharing, tax allocation, tax refund or other similar agreements, (excluding any commercial contract that is not primarily related to taxation and is signed among the Group Companies).

(b) The Article 3.10 herein constitutes the sole and exclusive representation and warranties made by the Group Company for taxation or other matters concerning tax laws. No contents of this Article 3.10 or other clauses of this Agreement shall be construed to directly or indirectly apply to any taxable period (or any portion thereof) on or from the Closing Date.

3.11 Intellectual property.

(a) As of the date of the Agreement, the Group Companies have disclosed to the Buyer (i) all applications and registrations of intellectual property owned (including all social media accounts used by any Group Company or registered in the name of any Group Company); (ii) other intellectual property authorized for use by other parties; (iii) the intellectual property actually used other than those described in (i) and (ii).

(b) The registered intellectual property has not expired and is not invalid, revoked or waived; the registered intellectual property does not involve any pending or to the knowledge of each Warrantor proposed objection, cancellation, interference or similar legal procedures. In order to maintain or extend the registered intellectual property, all expenses arising from or required by the registration, maintenance and extension of the registered intellectual property that are relevant and due, have already been paid; all required documents, records and proofs related to the registered intellectual property have already been filed with the registration authority of intellectual property or other responsible authorities in the relevant jurisdictions (depending on the actual case). All authentic and accurate copies of all patents and patent applications, trademark and service mark application and registration, or copyright application and registration that have material importance on the business operations of every Group Company, or are owned, controlled, filed or used by any Group Company or on behalf of any Group Company, or ones in which any Group Company enjoys any benefits, have been provided to the Buyer.

(c) All Group Companies legally own the valid permit or license for using the intellectual property of all other parties, and have executed the relevant license agreement or similar documents.

(d) The intellectual property owned and used by the Group Companies is free of any liens.

(e) Apart from circumstances that will not produce Material Adverse Effect: (a) no Group Company infringes, misappropriates or otherwise violates the intellectual property of other entities when conducting business operation as now conducted; (b) no Group Company has received any written claims: (i) alleging that it infringes, misappropriates or otherwise violates the intellectual property of any entity; or (ii) questioning the validity or enforceability of the intellectual property owned by it; however the two circumstances aforesaid do not include a claim that has been resolved satisfactorily and has not generated any liability or claim for continuous obligation for such Group Company; (c) all items disclosed to the Buyer shall persist and shall not expire as of the date of this Agreement, and to the knowledge of the Warrantor, they are still valid and enforceable.

3.12 Insurance. All insurance policies maintained by the Group Company (“Insurance Policy”) are in full force and effect, and all premiums due and payable under all such insurance policies have been paid; no Group Company has received any written notice of canceling or terminating any insurance policy (excluding the normal renewal of insurance), except for the circumstances that may not generate Material Adverse Effect.

3.13 Asset.

(a) Except for circumstances disclosed to the Buyer, one or multiple Group Companies own, or possess pursuant to a valid and enforceable lease all properties and assets owned or leased by such and listed on the latest balance sheet (personal or real, tangible and intangible asset), and all properties and assets shall be free of any liens (except for the liens to be generated within the scope of normal business operation), however excluding the assets disposed by the Group Company within the scope of normal business operation since the latest balance sheet date.

(b) As for the lease or sublease of each real property executed by a Group Company, where the lease agreement or sublease agreement of every real property to which the Group Company is a party is valid and binding upon the Group Company, it shall be enforceable as set forth by its terms and have full force, except to the extent that enforceability thereof may be limited by applicable bankruptcy law and laws of equity. By the date of this Agreement, no Group Company has sent or received the written default notice against any lease agreement or sublease agreement.

3.14 Material contract.

(a) The Group Companies have disclosed the Buyer the following contract valid as of the date of this Agreement to which such Group Company is a party or bound in other forms (excluding the insurance policy and lease agreement governed by Article 3.12 and Article 3.13 respectively, and the transaction documents thereof) (“Material Contracts”):

- (i) Contract that is related to liabilities, credit extension, guarantee or debt undertaking and liens;
- (ii) Partnership or the joint venture agreements;

(iii) Right that materially restricts or limits any Group Company to engage in business that competes with the business operated by any Person in any geographic area;

(iv) Contract that is signed with a governmental authority;

(v) Contract that grants the preemptive right, right of first refusal or other similar rights to any Person for any significant asset of the Group Company;

(vi) Contract that requires payment in the form of cash, property or service, of which the single amount is or is more than US\$300,000 (or in equivalent foreign currency), or the aggregate amount is or more than US\$500,000 (or in equivalent foreign currency);

(vii) Contract that confers the power of attorney, right of agency or similar rights, and

(viii) Agreement that is entered into by a Group Company and its Affiliates, of which the single or aggregate amount within 12 months is or is more than US\$200,000;

(b) All material contracts are valid, and binding upon the Group Company which serves as a party thereto (or other parties of the contract to the knowledge of the Warrantor) , and are in full force and enforceability, except to the extent that enforceability thereof may be limited by applicable bankruptcy law and laws of equity. The Group Company that serves as a Party to any material contract has not conducted any breach thereunder, and to the knowledge of the Warrantor, there shall be no event that by notice and/or by lapse of time may constitute a breach thereunder by the Group Company or any other party. No Group Company has received written notice of any breach or alleged breach. The true and complete copy of every material contract has already been provided to the Buyer before the date of this Agreement, excluding any contract under the terms of which disclosure to third parties is prohibited, any contract in which its terms contains competitive information (under such circumstances such terms shall have been redacted) or any contract that has already expired by the date of this Agreement.

3.15 Contract with Affiliates. No Group Company has entered into any contract having material importance to the overall interests of the Group Company with any director, senior executive or its Affiliates (excluding those entered into among the Group Companies), however excluding the following contracts: (i) any contract that specifies employment and benefit arrangements, including employment agreement, incentive compensation and equity arrangement; or (ii) any contract that is signed within the normal business scope, provided that its terms contain no more preferential contents compared with any terms entered into with any Person other than the Group Company's director, senior executive or Affiliate under the principles of fair dealing.

IV. REPRESENTATION AND WARRANTIES OF RELEVANT SELLING SHAREHOLDER

The Selling Shareholder makes representations and warranties to the Buyer jointly and severally as follows: the representations and warranties contained in Article 4 of this Agreement are true, accurate, complete and are not misleading on the date of this Agreement and the Closing Date under the Agreement (if the representations and warranties are made for a certain date, it shall refer to such date therein).

4.1 Authorization and approval. Each Selling Shareholder, as the signatory of this Agreement and Transaction Documents, shall have the requisite power and authority to execute and deliver the Agreement and other Transaction Documents to which the Selling Shareholder is a party, to perform the obligations under the Agreement and Transaction Documents, and to consummate all proposed transactions contemplated under the Agreement and the Transaction Documents. If the Selling Shareholder is not a natural Person, the execution and delivery of the Agreement and other Transaction Documents to which the Selling Shareholder is a Party, and the consummation of transactions contemplated therein have been duly and validly authorized by all necessary corporate actions. This Agreement and other Transaction Documents to which any Selling Shareholder is a Party have already been, or shall be, as of Closing Date, duly and validly executed and delivered by the Selling Shareholder, and the Agreement and other Transaction Document to which a Selling Shareholder serves as a Party (provided that all other Parties shall be duly authorized, and execute and deliver such document) shall constitute the valid, effective and binding obligation of the Selling Shareholder, and shall be enforceable against the Selling Shareholder within their terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy law and laws of equity.

4.2 Governmental declaration; conflict.

(a) The Selling Shareholder need not make any notification, report or other declaration with respect to the execution, delivery and performance of this Agreement or any other Transaction Documents or the consummation of the transactions contemplated hereby; nor need the Selling Shareholder obtain any consent, registration, approval or authorization from any governmental authority, excluding any of the foregoing that, if not made or acquired, would interfere with or materially delay the ability of the Selling Shareholder to perform the obligations under the terms of this Agreement.

(b) The execution, delivery and performance of this Agreement and other Transaction Documents by the Selling Shareholder and the consummation of the transactions under this Agreement and other Transaction Documents shall not constitute or result in: (i) (if the Selling Shareholder is not a natural Person) a breach of the current Articles of Association and any constitutional documents in force as of the Closing Date, or a breach of any provisions thereunder; (ii) a breach of any material contract of the Selling Shareholder, or a breach of any provision thereunder (or other event that may upon notice or with the lapse of time may become an event of default); (iii) impose any liens on any Selling Shareholder or its assets, rights or properties, or (iv) a breach of any laws applying to such Selling Shareholder, except in the cases of clause (ii), (iii) and (iv) above, circumstances that would not terminate, cancel, modify or accelerate the performance of any terms under the Transaction Documents or produce a Material Adverse Effect.

4.3 Ownership. The Selling Shareholder owns transferable ownership for all Target Shares and subsequent acquisition shares (if the Buyer elects to make subsequent acquisition) free of any liens, and such Selling Shareholder is the sole registered beneficial owner of such shares.

4.4 Litigation. As of the date of this Agreement:

(a) There is no action pending or to the actual knowledge of the Selling Shareholder that is currently threatened in writing against any Selling shareholder by or to any governmental authority that may interfere with or materially delay the ability of the Selling Shareholder to perform the obligations under the terms of this Agreement ; and

(b) the Selling Shareholder or its asset, rights or properties are not subject to any binding order on such Selling Shareholder that may interfere with or materially delay the ability of such Selling Shareholder to perform the obligations under the terms of this Agreement.

V. REPRESENTATION AND WARRANTIES OF THE BUYER

The Buyer makes representations and warranties to the Company and the Selling Shareholders as follows: the representations and warranties contained in Article 5 of this Agreement are true, accurate, complete and are not misleading as of the date of this Agreement and the Closing Date under the Agreement (if the relevant representations and warranties are made for a certain date, it shall refer to such date therein).

5.1 Organization, power, good standing and qualification. The Buyer is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation (only applicable in those jurisdictions where the concept of “good standing” is recognized), has all requisite power and authority, can own or lease its assets and properties, and carry on its business as now conducted, except circumstances in which the Buyer’s ability to perform the obligations under the terms of this Agreement will not be prevented or seriously delayed even if the Buyer does not acquire such qualification or approval, is not in good standing or does not have such power or authority .

5.2 Authorization and approval. The Buyer has the requisite power and authority to execute and deliver the Agreement and other Transaction Documents to which the Buyer is a party, to perform the obligations under the Agreement and Transaction Documents, and to consummate all proposed transactions contemplated under the Agreement and the Transaction Documents. The execution and delivery of the Agreement and other Transaction Documents to which the Buyer is a Party, and the consummation of transactions contemplated thereby have been duly and validly authorized by all necessary corporate actions. This Agreement and the other Transaction Documents to which the Buyer is a Party have already been, or shall be, as of Closing Date, duly and validly executed and delivered by the Buyer, and the Agreement and the other Transaction Document to which the Buyer serves as a Party (provided that all other Parties shall be duly authorized, and execute and deliver such document) shall constitute the valid, effective and binding obligation of the Buyer, and shall be enforceable against the Buyer within their terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy law and laws of equity.

5.3 Governmental declaration; conflict.

(a) The Buyer need not make any notification, report or other declaration with respect to the execution, delivery and performance of this Agreement or any other Transaction Documents or the consummation of the transactions contemplated hereby; nor need the Buyer obtain any consent, registration, approval or authorization from any governmental authority, excluding any of the foregoing that if not made or acquired, would interfere with or materially delay the ability of the Selling Shareholder to perform the obligations under the terms of this Agreement.

(b) The execution, delivery and performance of this Agreement and other Transaction Documents by the Buyer and the consummation of the transactions under this Agreement and other Transaction Documents shall not constitute or result in: (i) a breach of the current Articles of Association of the Buyer or any terms thereof; (ii) a breach of any material contract of the Buyer, or a breach of any provision thereunder (or other event that may upon notice or with the lapse of time may become an event of default); (iii) a breach of any laws applying to the Buyer, except in the cases of clause (ii) and (iii) above, circumstances that would not terminate, cancel, modify or accelerate the performance of any terms under the Transaction Documents or produce a Material Adverse Effect.

5.4 Litigation. As of the date of this Agreement:

(a) There is no action pending or to the actual knowledge of the Buyer that is currently threatened in writing against the Buyer by or to any governmental authority that may interfere with or materially delay the ability of the Buyer to perform the obligations under the terms of this Agreement; and

(b) the Buyer or its asset, rights or properties are not subject to any binding order that may interfere with or materially delay the ability of the Buyer to perform the obligations under the terms of this Agreement.

VI. COVENANTS

6.1 Operations during transitional period.

(a) From the date of this Agreement to the Closing Date or earlier termination date pursuant to the terms of this Agreement, unless (x) provided otherwise or permitted by this Agreement or (y) under the written consent of the Buyer, or (z) required by applicable laws, orders, governmental authority or contract valid through the date of this Agreement, the Warrantor shall use every reasonable commercial effort to operate the Group Companies within normal business scope, and shall not allow any Group Company to:

(i) Issue any dividend;

(ii) Let any Selling Shareholder directly or indirectly increase its shareholding in the company or acquire control or any other rights in the company's stock;

(iii) Amend its constitutional document valid as of the date of this Agreement;

(iv) Acquire any equity or material asset, right or property of any business or department of any other Person beyond the normal scope of business operation (whether realized by merger, combination or other means), except for any forms of mergers and acquisitions between the Group Companies;

(v) Merge or combine with any other Person, or restructure, or liquidate in whole or in part any Group Company (excluding any transaction within the normal scope of business operation or for disposing obsolete assets), except for such transaction between any Group Companies;

(vi) Sell or dispose any significant asset, right or property of any Group Company with a fair market value exceeding US\$100,000 separately, or impose any liens thereon, except for ones made in the ordinary course of business operation;

(vii) Incur any guaranteed obligations, except for the ones as follows: (a) inter-company guaranteed obligations between Group Companies, (b) short-term loans arising from normal business operations, (c) asset financing and capital financing in the ordinary course of business operations, or (d) prepayment of business expenses between Group Companies in accordance with past practice during normal business operations;

(viii) Impose any liens on any material property or asset of any Group Company ;

(ix) (a) increase the level of remuneration payable or to be payable to any employee in any material aspect (except the circumstance in which the basic wages, salaries, commissions and bonuses of senior executives, employees and advisors are increased in accordance with past practice in the ordinary course of business operations), (b) provide any employee with additional severance or dismissal allowances beyond the benefit plans or the ordinary course of business operations, or not in accordance with the previous practice; or (c) establish, adopt, conclude, materially amend or terminate any benefit plan or any plan, project, policy, agreement or other arrangement that may become a benefit plan if surviving the date of this Agreement (except for ones with the purpose of replacing or revising the benefit plan if the cost of providing relevant benefits does not increase materially); provided that the Group Company can execute or amend employment or advisory agreement or arrangement with senior executives, employees and advisors with respect to the promotion and employment of new employees or advisors; or

(x) Consent, authorize or promise in writing to take any action aforesaid;

(b) No content of this Agreement is intended to directly or indirectly confer or grant the Buyer the right to control or instruct the operation of Group Company before Closing.

6.2 Further warranties. All Parties should (and the Company shall urge the other Group Companies to) make reasonable commercial efforts to: (a) take all necessary or appropriate actions and conduct all necessary, appropriate or favorable acts for completing any proposed transactions under the Agreement (including the execution and delivery of documents and other instruments), and (b) prompt itself to satisfy all the Closing conditions as soon as possible to perform the obligations to consummate the proposed transactions under this Agreement.

6.3 Inspection and report.

(a) Subject to the compliance with applicable laws and upon the reasonable notice of the Buyer, the Company shall (and shall urge other Group Companies to) provide reasonable opportunities to the senior executives and other authorized Representatives of the Buyer, to allow them to access the employee, property, contracts and records of its employees during the normal business hours at all time before Closing or the early termination of this Agreement, and shall (and urge the Group Companies to) provide the Buyer the information about the business operations, property and personnel upon the receipt of reasonable request during such periods; provided that such activities of the Buyer and its Representatives shall not unreasonably interfere with the normal business or operation of the Group Company. All requests for information under Article 6.3 shall be forwarded to the executing manager or other Person designated by the Company in respect of such requests, and the Buyer agrees that the Buyer or its Representative shall not communicate with any employee, senior executive or agent who is not designated by any Group Company without the prior written consent of the Company and the Selling Shareholders.

(b) A Group Company may disallow any access to or disclosure of the following information under the following circumstances: (i) upon the reasonable good faith judgment of the Company, other Group Companies or the Selling Shareholders, the information may possibly lead to a violation of any applicable law, fiduciary duties or any contract to which the Group Company is a party, or to interfere with any privileges (including attorney-client privileges) that the Group Company has the right to enjoy with respect to such information, but the Company and the Selling Shareholders shall inform the Buyer of the reasons and reasonableness thereof; (ii) information concerning such litigation between the Group Company and the Buyer or its Affiliate, to which the Group Company is a party, and the Buyer or any of its Affiliates is the other party, such that the Group Company and the Buyer or its Affiliates become adversarial to each other; (iii) the Company, other Group Companies or the Selling Shareholders, upon their reasonable judgment deem that the information may lead to the disclosure of any trade secret of the Group Company or a third party, which may further lead to the Group Company's material breach of contract; or (iv) the Company, other Group Companies or the Selling Shareholders, upon their good faith judgment, deem that the information may lead to the breach of its confidentiality obligations, provided that the Group Company has made reasonable efforts to obtain the consent of such third parties with respect to such disclosure.

(c) All information to be provided pursuant to Article 6.3 is exclusively used for the proposed transaction under the Agreement, and the Buyer shall comply with confidentiality obligations by all means.

6.4 Public disclosure. Except for those made to comply with the requirements all applicable laws, no Party is allowed to make any public release or announcement concerning the subject matter of the Agreement or the proposed transaction under the Agreement without the prior written approval (such approval shall not be unreasonably withheld or delayed) of the Selling Shareholders (if it is disclosed by the Buyer) and the Buyer (if it is disclosed by the Group Companies or any Selling Shareholders).

6.5 Taxes. Unless otherwise explicitly stipulated by the Agreement, whether Closing takes place, all costs and expenses arising from this Agreement, other Transaction Documents and the proposed transactions thereunder shall be borne by the party that generates such. All taxes arising from the execution or performance of this Agreement under any applicable laws shall be borne by each party in accordance with the applicable laws.

6.6 Confidentiality. Each Party shall keep confidential all documents and information of other Parties to be received for the purpose of the proposed transactions under this Agreement and other Transaction Documents. "Confidential information" includes any information concerning the financial status, business, operation or prospects of any company or Person, and details relating to the Transaction Documents and transactions thereunder; but "Confidential information" does not include: (i) information that is universally known or about to be universally known to the public not due to the breach of confidentiality obligations by a Party; (ii) information that is known by a Party before disclosure on a non-confidential basis; (iii) information known by a Party from other non-company sources on a non-confidential basis, and to the knowledge of such Party, the source is not bound by any confidentiality agreement or obligation signed by the company or any other Person when receiving such information; (iv) information that is independently developed by a Party without violating any confidentiality agreement or obligation. All Parties hereby consent not to disclose confidential information to any Person, except to the following extent:

(a) Disclose to the Affiliates of the Party and their respective representatives, provided that the representatives of such Persons need to use confidential information for the purpose of the transaction under such Transaction Document and that such representatives are informed of the confidential nature of the information and agree to be bound by the terms of confidentiality consistent with the provisions of this Agreement;

(b) Contents disclosed in accordance with applicable laws and regulations (including any oral or written questions, inquiries, requests for information and documents, subpoenas, or other similar procedures; but such party needs to notify the disclosing party of such requirements immediately so as to facilitate the disclosing party to apply for appropriate protection orders or similar relief measures (the recipient of such information shall make every effort to cooperate with the application of the disclosing party and, in any case, make a minimum disclosure only in accordance with the requirements of the law and regulations));

(c) A potential transferee of the company's equity, provided that the transfer does not violate the provisions of this Agreement and that the potential transferee has been informed of the confidential nature of the information and agrees to be bound by a confidentiality agreement consistent with the provisions of this Agreement;

(d) Regulatory authority with the authority to supervise a party or its affiliates, or rating agencies that have regular transactions with a party or its affiliates, provided that such regulatory authority or rating agencies have been informed of the confidentiality of the information;

(e) Disclose the relevant matters of the proposed transaction under this Agreement to a financial, legal or tax expert; provided that such Persons shall use the confidential information for the purpose of the transaction under such Transaction Document and that such Persons have been informed of the confidential nature of the information and agree to be bound by the terms of confidentiality consistent with the provisions of this Agreement; or

(f) The prior written consent of the disclosing party is obtained in advance.

6.7 Consent and waiver.

(a) The Group Companies and the Selling Shareholders hereby irrevocably agree to the proposed transactions under this Agreement and other Transaction Documents, and hereby irrevocably waive any preemptive right, right of first refusal, drag-along rights, tag-along rights or any other similar rights, provided that Closing shall take place, which may be acquired through the proposed transactions under this Agreement or other Transaction Documents due to any existing shareholder agreement, existing articles of association or other reasons.

(b) Under no circumstances shall the Company, the Buyer and any other shareholders of the Company or any of its affiliates, as of the Closing Date, assume any responsibility, obligation or role with respect to the allocation of the transfer price among the Selling Shareholders, whether the allocation conforms to the provisions of the existing shareholders' agreement or the existing articles of association.

6.8 Indemnification and discharge of liability.

(a) From the Closing Date (provided that Closing takes place), to the maximum extent permitted by applicable law, each Selling Shareholder, on behalf of themselves and their shareholder, transferee and beneficiary, and on behalf of their creditor, director, senior executive, manager, employee, investor, Affiliate, Representative, and the successors and transferee of all Persons aforesaid (collectively referred to as the "indemnifying Person") confirms hereby that they shall voluntarily, unconditionally, irrevocably indemnify, completely and ultimately relieve, discharge and permanently eliminate any and all action, cause of action, proceeding, liability, accounts payable, bonds, bill, commitment, contract, dispute, obligation, claim, counterclaim, request, cost, expense, compensation or responsibility of all kinds and nature of any Group Company and its shareholder, transferee and beneficiary, creditor, director, senior executive, manager, employee, investor, Affiliate, Representative, predecessor of an Affiliate, as well as any successor or transferee of all Persons aforesaid (collectively referred to as "indemnified Person") , before, after or for any event, circumstance, cause or matter or relevant to it, at any time before the Closing Date, whether absolute, contingent, liquidated or pending for liquidation, known or unknown, or generated directly or derived from any Person, whether under any agreement or memorandum or on the basis of any law or law of equity ("indemnification claim"), including any investment in the stock of any Group Company of such Selling Shareholder, or any claim arising from the current Articles of Association, and/or shareholders agreement ("indemnification"). The indemnification shall come into force as a complete, final and irrevocable agreement, and all indemnification claims shall be allowed. However in spite of any contrary provision, the exemption shall not apply to circumstances of fraud.

(b) From the Closing Date (provided that Closing takes place), each Selling Shareholder hereby irrevocably and unconditionally covenants not to make any claim or request directly or indirectly against the indemnified Person on the basis of such indemnification after Closing, or to initiate or prompt to initiate any kinds of procedures, nor to attempt to recover any amount thereon. Any indemnified Person may, by virtue of this indemnification, completely prohibit any indemnification claim arising from the violation of no-action commitment herein.

(c) Each Selling Shareholder agrees that, if such selling shareholder violates any of the provisions of Article 6.8, it shall indemnify the indemnified Person of all costs and expenses in any defense or claims incurred by the indemnified Person due to such violation, including attorney's fees.

6.9 Lock-up. Unless otherwise more strictly required in this Agreement, the Core Selling Shareholders who obtain the consideration stock covenant that the lock-up period of not less than 30% of the consideration stock held by such directly and indirectly ("locked-up stock") shall be twenty-four (24) months from the Closing Date. At the same time, such Core Selling Shareholder promises to pledge the locked-up stock to the Buyer or its designated Person. If any Core Selling Shareholder sells any locked-up stock in any form during the lock-up period, the Buyer has the right to withdraw all consideration stocks acquired by the Core Selling Shareholder, and to charge the Core Selling Shareholder a fine equal to two (2) times of the price of the amount of shares sold at the open market price at the time of sale.

6.10 Transaction restructuring. The Selling Shareholder shall urge the Group Company to complete the following domestic and foreign transactions and restructuring matters before the Closing Date:

(a) The Company completes the establishment of overseas structure to ensure the valid establishment of its directly or indirectly-held subsidiaries (including but not limited to BVI Lixin and Hong Kong Lixin), and in circumstances requiring the Indirect Shareholders who are residents of China to comply with the registration requirements or reporting requirements as specified in the regulations of SAFE (State Administration of Foreign Exchange) or other relevant regulations of SAFE concerning round-tripping investment in China, the Company has complied with and satisfied such reporting or registration requirements.

(b) Consummate the arrangement of share transfer related to the acquisition of Zhejiang Lixin, *i.e.* (i) the original shareholders of Zhejiang Lixin duly execute and deliver the purchase agreement and relevant documents with the Company and Hong Kong Lixin, sell to the Company all their shares held in Zhejiang Lixin (together representing 99% of the shares of Zhejiang Lixin), and transfer all their shares held in Zhejiang Lixin to the designated Person of the Company (*i.e.* Hong Kong Lixin); (ii) go through the formalities for the change in shareholders and amendment of articles of association of Zhejiang Lixin; (iii) Go through the formalities for the filing with commerce department for the change of Zhejiang Lixin into a wholly foreign-owned enterprise; (iv) consummate the tax filing procedures involved in the change of shareholders of Zhejiang Lixin ("the transfer of shares of Zhejiang Lixin").

6.11 Rectification matters. All Parties confirm that post-Closing each shall make maximum efforts to cooperate and urge the Group Companies to consummate the following rectification matters:

(a) Zhejiang Jing Yu Xin shall withdraw as soon as possible a guarantee indemnity reserve of not less than 1% of the year-end guarantee liability balance for 2018.

(b) The Group Companies shall enhance financial management and internal control.

6.12 Non-competition. After Closing, to avoid competition with the Buyer and the Group Company, unless otherwise agreed by the Buyer in writing, the Selling Shareholders listed in Appendix C of this Agreement shall not conduct any of the following acts directly or indirectly, paid or free of charge, in person or through any third party, relative, Affiliates (its employee, agent, advisor, director, partner, shareholder) or in any other roles, for any period during which he or she directly or indirectly holds any interest in or is employed by the Buyer, Company or Group Company, and within two (2) years after he or she ceases to directly or indirectly hold any interest in or be employed by the Buyer, Company or Group Company: (i) to establish, engage in, participate in or operate any business directly or indirectly identical to, similar to or competing with the Buyer or its subsidiaries, the Company or Group Companies ("competitors"); or (ii) to take office, acquire or hold interests in the competitor in any manner (except for the purchase and sales of stock on the open market); (iii) to provide any financial, technical, business opportunities, information, experience and other support, consultation or services to competitors; or (iv) to solicit or employ any current employees or staff of the Buyer or its subsidiaries, the Company or Group Companies, or any previous employees or staff of the foregoing with whom the termination of employment or service happened less than one (1) year, or receive the services or support of any of the aforesaid (whether compensated or for free).

6.13 Proxy. The Selling Shareholder who receives consideration stock consents and covenants that from the Closing Date to the date when it no longer directly or indirectly holds any shares of the Buyer, such Selling Shareholder shall delegate all the voting right of the consideration stock received hereby to the designated Person of the Buyer, and shall provide valid written proxy letter.

6.14 Corporate governance

(a) Composition of board of directors. From the Closing Date, the directors of the Company shall be appointed and elected by the board of shareholders of the Company in accordance with the law and the provisions of the revised memorandum of association and articles of association. The board of directors shall exercise the functions and authority as prescribed by the law and the revised memorandum of association and articles of association. The chairman and the co-chairman shall be elected by the board of directors. All Parties covenant that, provided that the laws, regulations and the requirements of securities exchanges are complied with, the directors of the Company shall include (i) one (1) director appointed by the Buyer ("the Buyer's director") and (ii) the former director of the Company; the chairman of the board shall be the former director of the Company, the co-chairman shall be the Buyer's director, and the co-chairman shall also be the vice-chairman of the Company. All Parties covenant that when they have the right to vote on the election of directors they shall ensure that the board of directors, the chairman and the co-chairmen of the Company are to be composed of the aforesaid Persons or to be replaced pursuant to Article 6.14 (c) in compliance with the laws and requirements of securities exchanges, either through the right to vote or proxy or through written consent, and to take other necessary actions. For the Persons to be designated according to Article 6.14 (a) or 6.14 (c), the Company agrees to take all necessary actions to ensure that the board of directors is composed of Persons specified in Article 6.14 (a). All parties agree that, upon the Buyer's request, the composition of the board of directors (including directors, chairmen, the number and composition of co-directors) of all or part of the Group Companies shall be in conformity with the composition of the board of directors of the Company.

All Parties further agree that if the Selling Shareholder of the consideration stock reduces direct or indirect holding of such by more than 60%, the Buyer has the right to demand that the Selling Shareholder to cease to act as a director, supervisor or senior manager of the Group Company. Upon the request of the Buyer, all Parties agree to take all necessary actions to ensure that the aforesaid Selling Shareholder shall no longer act as director, supervisor or senior manager of the Group Company.

(b) Dismissal. All Parties agree that if they have the right to vote on the removal of a director of the Group Company, they shall not vote in favor of the removal of the director of the Buyer who is nominated and appointed according to Article 6.14 (a) or Article 6.14 (c), unless the Buyer otherwise agrees in writing to the removal of the director or if the director does not comply with applicable laws, regulations or regulatory requirements; *however*, if the Buyer requests the removal of the Buyer's director in writing, all shareholders shall vote in favor of the request.

(c) Vacancy. If a vacancy occurs in the board of directors due to the death, incapacity, retirement, resignation, dismissal of the director or other reasons: (i) if the Buyer's director dies, loses his capacity, retires, resigns, is dismissed or is unable to continue to serve as a company director for other reasons, the Buyer shall re-appoint another Person to fill the vacancy to serve as the director; (ii) if the former director of the Company dies, loses his capacity, retires, resigns, is dismissed or is unable to continue to serve as a company director for other reasons, the Buyer and the Core Selling Shareholders who acquire the consideration shares shall negotiate to confirm the Person who fills in the vacancy and serves as a director.

(d) Meeting. The meeting of the board of directors shall be held at least every three (3) months, and an extraordinary meeting may be proposed and convened by any two (2) or more directors when the business operation or the Company governance of the Company demands. The Company shall pay all reasonable travel expenses for directors who attend the regular and extraordinary meetings of the board of directors. Director may attend board meetings in person, by telephone or by appointing agents to attend board meetings and vote on their behalf. The above appointment shall be made in writing and signed by the director, and shall specify the meeting at which the agent may act and the instructions applying to the agent. Directors may appoint other directors as their agents, and Persons acting as agents may represent one or more directors.

(e) Meeting notice. Before convening the meeting of the board of directors, the Company will notify each director of the meeting at least five (5) business days in advance, indicating the specific agenda, time and venue of the meeting.

(f) Quorum and voting.

(i) The board of directors of the Company shall ensure that more than two-thirds (2/3) of the total number of directors attend the meeting (inclusive), and the meeting can only be convened when the director of the Buyer attends (for both regular meeting and extraordinary meeting). However, provided that the number of directors present at a board meeting convened in accordance with Article 6.14 (e) does not reach the quorum, then: (x) the board meeting shall be adjourned and reconvened at the same venue seven (7) days later; (y) any director who fails to attend the reconvened board meeting in person, by telephone conference or by appointing an agent shall be deemed to have waived the voting right at such meeting; and (z) the director who is deemed to have waived the right to vote at the meeting shall be included in the quorum of the reconvened meeting, and all resolutions adopted at the reconvened meeting in accordance with the Articles of Association shall be valid and in full force.

(ii) A resolution of the board of directors of the Company shall only be adopted with the approval of more than one-half (1/2) (exclusive) of the directors present at the board meeting. Directors may vote at the meeting by attending the board meetings in person, by telephone or by appointing agents. Each director has one (1) vote, but the director acting on another director or the Person acting on two or more Persons' behalf shall have the right to vote as such authorizing director and/or his or her Representative.

(g) Veto power of chairman and co-chairman. Notwithstanding the provisions of Article 6.14(f)(ii), any material business matters of the Group Companies shall be agreed by the chairman and the co-chairmen jointly; the "material business matters" shall include, but not be limited to:

- (i) Change the Company's authorized capital, or increase or decrease the type of shares or number of authorized share capital of the Company;
- (ii) Change the number of shares held by shareholders or the rights of shareholders;
- (iii) Amend the revised memorandum of organization and articles of association, as well as major matters in the revised memorandum of organization and articles of association (including, but not limited to, matters relating to dividends and transfer of control, mergers and acquisitions and spin-off, termination and dissolution, and changes in ownership structure);
- (iv) Adopt or revise annual budgets and accounts, investment plans and uses of funds, as well as any foreign investment beyond the annual budget;
- (v) Change the accounting methods or policies previously adopted;
- (vi) Appoint or dismiss senior managers of the Company, including, but not limited to, the president, chief executive officer, chief operating officer, chief risk officer, treasurer, or hire or change accounting firms or auditors for the Company;
- (vii) Declare and pay dividends, or approve, adjust and modify dividend distribution plans;
- (viii) Change the number, composition, appointment and removal of the board of directors, as well as its functions and powers;
- (ix) Merger and acquisitions, spin-offs, corporate restructuring, changes in corporate form or other transactions that result in the transfer of the Company's material asset or business or changes in control;

(x) Dissolution or liquidation of the Company, or the application by the Company or another Person to appoint a receiver, trustee in bankruptcy or other form of external administrator of the company, winding-up, liquidation, or declaration of bankruptcy or insolvency;

(xi) Establish, approve, reclassify, issue, repurchase or redeem any share or any other equity or carry out any bond financing, but excluding the issuance of any common stock at the time of conversion of preferred shares;

(xii) Make any material changes to the business of the Company, including, but not limited to, discontinuing the operation of the business currently, primarily engaged in by the Company, changing any of its main business or conducting business other than the existing main business of the Company;

(xiii) Borrow or otherwise assume major non-operating debts in excess of RMB 3,000,000 in a single amount;

(xiv) Sign an ordinary business contract with a single customer for a single amount of more than RMB 3,000,000 or more than RMB 5,000,000 within twelve (12) months cumulatively;

(xv) Establish any mortgage, pledge or guarantee on company assets (including, but not limited to, intellectual property rights) or shares, or to create any third-party rights;

(xvi) Authorize other Person to use or transfer in any form any intellectual property or material assets of the Group Companies beyond the ordinary course of business operation;

(xvii) Any affiliated transaction between the Group Company and its shareholders or other Affiliates;

(xviii) Initial public offering (IPO), material financing and related arrangements of the Group Companies.

(h) Written consent. The board of directors may instead of a meeting adopt the unanimous written consent of the directors and engage in any business, make any decision and take any action that might have been taken in accordance with the resolution of the meeting of the board of directors on the basis of such written consent.

(i) Indemnification of the directors. The Company shall compensate each member of its board of directors for all claims and responsibilities arising from the exercise of any powers or obligations as a director within the maximum reasonable scope permitted by applicable law.

(j) Articles of Association of the Company. Each shareholder agrees, by exercising the right to vote or proxy, or through written consent, and to take all necessary other actions to ensure that the articles of association of the Company and the constitutional documents of each Group Company (i) are amended to comply with the provisions of this Agreement in compliance with the applicable law, and (ii) to grant each shareholder the rights and interests to be enjoyed under this Agreement.

(k) Management.

(i) Chief Risk Officer. From the Closing Date, the Buyer has the right to appoint one (1) Chief Risk Officer to the Company and all or part of the Group Companies to participate in the decision-making and risk management of the Group Companies.

(ii) Core senior management and responsible Persons of major departments. The Core Selling Shareholders shall ensure that the core senior management and the responsible Persons of the major departments (accounting department, risk management department, comprehensive management department, financial market department and Hangzhou Business Center) listed in Appendix D shall continue to serve the Group Companies within twenty-four (24) months as of the Closing Date. Therefore the above-mentioned Persons shall sign employment contracts with any Group Company for a period of at least 24 months. Moreover, the Core Selling Shareholders shall ensure that the above-mentioned Persons shall sign confidentiality and non-competition agreements with any Group Company to the satisfaction of the Buyer, stipulating that the above-mentioned Persons shall not conduct the following acts directly or indirectly, paid or for free, in Person or through third parties, relatives or Affiliates (their employees, agent, consultant, director, partner, shareholder) or in other roles during the period when being employed by the Group Company or during a period of six (6) to twenty-four (24) months after his or her termination of employment from the Group Companies: (i) establishing, engaging in, participating in or operating with respect to any competitor; (ii) holding any position, acquiring or holding interests in any way for the competitor (except the purchase and sale of stocks through the open securities market); (iii) providing the support, consultation or service with respect to finance, technology, business opportunities, information and experience; or (iv) soliciting or employing any current employee or staff of the Buyer or its subsidiaries, the Company or Group Companies, or any previous employees or staff of the foregoing with whom the termination of employment or service happened less than one (1) year, or receiving the services or support of any of the foregoing (whether compensated or for free).

(iii) As of the Closing Date, the original management team of the Group Companies shall be still responsible for the operation and management of the Group Companies, and the original company system, management system and internal incentive plans of the Group Companies shall remain unchanged.

6.15 Performance commitment and valuation adjustment

(a) After the Closing Date, the Core Selling Shareholder covenant to the Buyer that they will urge the Company to achieve the following performance objectives:

(i) From January 1, 2019 to December 31, 2019, the net profit of the Company shall not be less than RMB20 million ("the committed net profit of 2019");

(ii) From January 1, 2020 to December 31, 2020, the net profit of the Company shall not be less than RMB25 million ("the committed net profit of 2020");

(iii) From January 1, 2021 to December 31, 2021, the net profit of the Company shall not be less than RMB30 million ("the committed net profit of 2021").

(b) The net profit of the Company shall be confirmed in accordance with the unqualified consolidated auditing report issued by the international accounting firm designated jointly by the Company and the Buyer. Within 90 days after the end of each year, the international accounting firm shall audit the consolidated financial data of the Company during the corresponding assessment period in accordance with the effective international accounting standards by that time. The net profit of the Company calculated on the basis of the audited data is the actual net profit ("actual net profit").

All parties further agree that after the Closing Date, if the Buyer or its board of directors deems necessary, the Group Companies shall incorporate part of its business ("spin-off business") into the Buyer's subsidiary company as designated by the Buyer or its board of directors in compliance with the law and meeting the requirements of the Buyer or its board of directors, and the profits generated by the spin-off business shall also be calculated as part of the actual net profits.

(c) If the Company fails to realize 95% of the net profit promised in the previous year, the Buyer has the right to ask the Core Selling Shareholders to compensate the Buyer. The specific valuation adjustment and compensation methods are as follows:

(i) If the actual net profit of the Company in 2019 does not reach 95% of the committed net profit of 2019, the Core Selling Shareholders shall elect one of the following methods to compensate the Buyer in cash or stock, *i.e.*:

Method 1:

Adjusted valuation in 2019 = Actual net profit of 2019/Committed net profit of 2019 * post-money valuation diluted by the transfer of shares

Amount of compensation = the proportion of the Company's equity held by the Buyer at that time * (post-money valuation diluted by the transfer of shares - adjusted valuation in 2019)

The Buyer has the right to require the Core Selling Shareholders to compensate in cash or by the Buyer's shares held by the Core shareholders equal to the amount of compensation.

To avoid doubt, the above-mentioned "post-money valuation diluted by the transfer of shares" refers to the total transfer price and subsequent acquisition price, *i.e.*: RMB 394,800,000.

To avoid doubt, if the Company's actual net profit in 2019 reaches 95% of the committed net profit of 2019, the adjusted valuation in 2019 = the post-money valuation diluted by the transfer of shares.

Method 2:

Amount of compensation = (Committed net profit of 2019*95%) - Actual net profit in 2019

The Buyer has the right to require the Core Selling Shareholders to compensate in cash.

To avoid doubt, if the Company's actual net profit in 2019 reaches 95% of the committed net profit of 2019, the Core Selling Shareholders need not compensate the Buyer.

(ii) If the Company's actual net profit in 2020 does not reach 95% of the committed net profit of 2020, the Core Selling Shareholders shall compensate the Buyer in cash or stock by electing one of the following methods:

Method 1:

Adjusted valuation in 2020 = Actual net profit in 2020/Committed net profit of 2020 * adjusted valuation in 2019.

Amount of compensation = the proportion of the Company's equity held by the Buyer at that time * (adjusted valuation in 2019 - adjusted valuation in 2020)

The Buyer has the right to require the Core Selling Shareholders to compensate in cash or by the Buyer's shares held by the Core Selling Shareholders equal to the amount of compensation.

To avoid doubt, if the Company's actual net profit in 2020 reaches 95% of the promised net profit in 2020, the adjusted valuation in 2020 = the adjusted valuation in 2019.

Method 2:

Amount of compensation = (Committed net profit of 2020*95%) - Actual net profit in 2020

The Buyer has the right to require the Core Selling Shareholders to compensate in cash.

To avoid doubt, if the Company's actual net profit in 2020 reaches 95% of the committed net profit of 2020, the Core Selling Shareholders need not compensate the Buyer.

(iii) If the Company's actual net profit in 2021 does not reach 95% of the committed net profit of 2021, the Core Selling Shareholders shall compensate the Buyer in cash or by stock by electing one of the following methods:

Method 1:

Adjusted valuation in 2021 = Actual net profit in 2021/Committed net profit of 2021 * adjusted valuation in 2020.

Amount of compensation = the proportion of the Company's equity held by the Buyer at that time * (adjusted valuation in 2020 - adjusted valuation in 2021)

The Buyer has the right to require the Core shareholders to compensate in cash or by the Buyer's shares held by the Core Selling Shareholders equal to the amount of compensation.

To avoid doubt, if the Company's actual net profit in 2021 reaches 95% of the promised net profit in 2021, the adjusted valuation in 2021 = the adjusted valuation in 2020.

Method 2:

Amount of compensation = (Committed net profit of 2021*95%) - Actual net profit in 2021

The Buyer has the right to require the Core Selling Shareholders to compensate in cash.

To avoid doubt, if the Company's actual net profit in 2021 reaches 95% of the committed net profit of 2021, the Core Selling Shareholders need not compensate the Buyer.

(iv) The Core Selling Shareholders agree that if the Buyer chooses cash compensation as the performance compensation method, the Core Selling Shareholders shall pay the cash compensation amount to the Buyer within three (3) months after the accounting firm issues the consolidated annual audit report of the Company of the year upon the request of the Buyer. If the Core Selling Shareholder fails to meet the Long Stop Date to pay the corresponding amount, the Core Selling Shareholder shall pay 0.05% of the unpaid amount of the outstanding payment for every overdue day as the liquidated damages for the overdue payment (calculated until the actual recovery date of the abovementioned amount). The Core Selling Shareholders bear the jointly and severally liable for the payment of cash compensation and liquidated damages as mentioned in Article 6.15.

(v) The Core Selling Shareholders agree that if the Buyer chooses stock compensation as performance compensation, the Buyer has the right to choose one of the following ways to obtain stock compensation: (i) the Core Selling Shareholder shall transfer the Buyer's stock held by such equal to the compensation amount to the Buyer at the minimum price permitted by law within three (3) months from the accounting firm's issuing the consolidated annual audit report of the Company; (ii) the Buyer has the right to directly or indirectly redeem or deduct the locked-up shares held by the Core Selling Shareholders equal to the compensation amount within three (3) months from the accounting firm's issuing the consolidated annual audit report of the Company. The Core Selling Shareholders are jointly and severally liable for the stock compensation as mentioned in Article 6.15.

To avoid doubt, if the Buyer chooses stock compensation as performance compensation, the number of the Buyer's shares paid to the Buyer as performance compensation should be calculated on the basis of the average Closing price of Buyer's stock during thirty (30) trading days before the actual payment date.

6.16 Performance bonuses

(a) All Parties agree that, from the Closing Date, if the actual net profit of a Group Company in any year (*i.e.* 2019, 2020, 2021, the same below) reaches 100% of the committed net profit of that year, the Buyer shall give the performance bonuses to the management of such Group Company. The performance bonuses in each of such years shall be calculated as follows:

Performance bonus = surplus net profit * 5%;

To avoid objection, "surplus net profit" in each of such years refers to the portion exceeding the promised net profit of each year.

(b) The performance bonuses of each year shall be paid within three (3) months within the accounting firm's issuing the consolidated annual audit report of the Company. The performance bonuses shall be paid in the form of Buyer's stock ("surplus award stock"). The amount of the annual surplus award stock paid to the management shall be calculated according to the average Closing price of the Buyer's stock within thirty (30) trading days before the date the annual surplus stock is paid.

(c) All Parties agree that the annual surplus award stocks as mentioned in Article 6.16(b) mean the total amount of surplus award stocks paid to management in that year, the number of surplus award stocks paid to management personnel in each year and the list of Persons who obtain the surplus award stocks shall be subject to the annual surplus award plan adopted by the resolution of the board of directors of the Company.

6.17 Arrangement concerning Buyer's governance structure

(a) From the Closing Date, the Company has the right to appoint one (1) Person to act as the executive president of the Buyer or any senior management role as the board of directors of the Buyer deems necessary, however the Person appointed by the Company shall be approved by the board of directors of the Buyer and be appointed upon the resolution adopted at a meeting of board of directors of the Buyer.

(b) The Group Company and the Selling Shareholders agree that the Buyer or its board of directors shall have the right to decide that the chairman of the board of directors of the Buyer shall serve a term at the Buyer of not less than three (3) years from the Closing Date.

6.18 Subsequent acquisitions

(a) The Parties agree that, upon the satisfaction of the following conditions, the Buyer shall have the right to request the Selling Shareholders to sell, transfer and assign to the Buyer, and the Buyer shall purchase from the Selling Shareholders, certain equity interest in the Company in accordance with the terms and conditions of this Agreement, the number and class of shares of the Company set forth in the column titled "Subsequent Acquired Shares" on Exhibit A hereto (the "Subsequent Acquired Shares"), free and clear of all liens:

(i) After the Closing Date, Buyer has successfully issued the shares and raised sufficient funds.

(ii) The Buyer has received in full the proceeds described in Article 6.18(a)(i).

(b) Subsequent acquisition price

- (i) The aggregate consideration for the transfer by the Selling Shareholders of the subsequent acquisition shares to the Buyer in the Subsequent Acquisitions shall be RMB 118,800,000 (the “subsequent acquisition price”).
- (ii) Subsequent acquisition price shall be paid in cash. The amount of the subsequent acquisition price corresponding to each Selling Shareholder is set forth in the column “Subsequent acquisition price” in Exhibit A Form V hereto.
- (iii) The Selling Shareholders acknowledge and undertake that the subsequent acquisition price to which each Indirect Shareholder is entitled shall be negotiated and determined by the Indirect Shareholders; in no event shall any Indirect Shareholder request the buyer to pay any subsequent acquisition price directly to each Indirect Shareholder. If any Indirect Shareholder requests the buyer to directly pay any Subsequent acquisition price to such shareholder and causes losses and expenses to the Buyer, the Selling Shareholders shall fully indemnify the buyer and be jointly and severally liable for such indemnification.
- (iv) The Selling Shareholder receiving the subsequent acquisition price shall provide Buyer with receiving account information in writing no later than five (5) days prior to the date of completion of the subsequent acquisition (the “Selling Shareholder account”).

(c) Subsequent Acquisition Procedures

- (i) If the Buyer elects to proceed with a subsequent acquisition in accordance with Article 6.18 (a), it shall give written notice to the Selling Shareholder and pay the Subsequent acquisition price to the Selling Shareholder account within twenty (20) Business Days from the date on which the written notice is given (the “Subsequent Acquisition Completion Date”). Payment of the subsequent acquisition price by the Buyer shall be made by wire transfer in immediately available funds in US Dollars converted at the Exchange Rate.
- (ii) If the Buyer chooses to make a subsequent acquisition, the Group Companies and the Selling Shareholders shall deliver to the Buyer on the Subsequent Acquisition Completion Date: (A) an certified copy of the register of members of the Company as of the Subsequent Acquisition Completion Date evidencing that the Buyer owns all of the Subsequent Acquisition Shares, free and clear of all liens; (B) a certified scanned copy of the duly issued stock certificate representing the Subsequent Acquisition Shares purchased by the buyer in accordance with this Agreement (the original of which shall be sent to the buyer as soon as practicable following the Subsequent Acquisition Completion Date); (C) a copy of the articles of association of the Company as amended accordingly pursuant to the Subsequent Acquisition, duly registered with the Registrar of Companies; and (D) a duly executed copy of the resolutions of the board of directors and/or the shareholders’ meeting of the Company and other Group Companies, if applicable, approving (x) the sale of the relevant subsequent acquisition shares to the Buyer and that all of the amounts payable on the subsequent acquisition shares have been paid in full; (y) the execution, delivery and performance of each Transaction Document to which it is a Party; and (z) any actions and authorizations required to perform such Transaction Document.
- (iii) If the Buyer elects to proceed with a subsequent acquisition, upon completion of such subsequent acquisition, the Buyers shall hold in aggregate 100% of the issued and outstanding shares of the Company.

(d) Tax Filing and Payment for Subsequent Acquisition

(i) The Parties agree and acknowledge that income tax in respect of the subsequent acquisition shares shall be borne by the Selling Shareholders.

(ii) The Parties agree that, within thirty (30) Business Days from the Subsequent Acquisition Completion Date, the Selling Shareholder shall immediately initiate the tax filing process and communicate with the competent tax authority of Zhejiang Lixin to file the transactions hereunder. Each Party shall cooperate in the issuance, provision and execution of all necessary filing documents for the purpose of assisting the Selling Shareholder to complete the tax filing as soon as possible. Upon receipt of the written confirmation issued by the competent tax authority of Zhejiang Lixin confirming the amount of tax payable of the Selling Shareholder, the Selling Shareholder shall pay all the tax payable and provide the tax payment certificate to the Buyer as soon as possible (or within the time as stipulated in the tax confirmation document issued by the competent taxing authority of Zhejiang Lixin).

(iii) All Parties shall use every reasonable effort to coordinate and cooperate to consummate the tax filing for transactions under this Agreement as soon as possible, and shall execute and submit all required documents and take necessary action according to the requirements of taxing authority.

(iv) If a Selling Shareholder fails to make tax filing according to the provisions of Article 6.18(d), all losses and expenses incurred for the Buyer therefrom shall be paid in full by such Selling Shareholder who fails to make such filing, and all such Selling Shareholders shall be jointly and severally liable for such indemnification.

VII. CONDITIONS PRECEDENT

7.1 Conditions precedent to the obligations of the Parties to consummate the Closing.

The Parties shall be obliged to complete the Closing only upon the satisfaction or waiver (if permitted by applicable Law) of each of the following conditions at or prior to the Closing :

(a) No injunction. No temporary, preliminary or permanent order of any governmental authority of competent jurisdiction shall be in effect that enjoins, restrains or otherwise prohibits the consummation of transactions contemplated by this Agreement. No governmental authority shall have promulgated, issued, entered, enacted or enforced any laws now in effect prohibiting or making illegal the completion of transactions contemplated by this Agreement.

(b) No proceedings. There are no actions pending before or by any governmental authority, seeking to enjoin or materially and adversely alter the transactions contemplated by this Agreement such that it would be impossible or unlawful to consummate such transactions; provided, however, that this Article 7.1(b) shall not apply to a Party has directly or indirectly solicited or encouraged such proceeding.

7.2 Conditions to Closing.

(A) Conditions precedent to the Buyer's obligations to consummate the Closing. The Buyer's obligation to consummate the Closing will also be subject to the fulfillment or waiver by the Buyer at or prior to the Closing of each of the following conditions :

(a) Representation and warranties. (i) All representation and warranties concerning the Group Companies contained in Articles 3.1, 3.2, 3.3, 3.4, 3.5, 3.7 and 3.11, and the representation and warranties concerning the Selling Shareholders contained in Article 4 (collectively, the "Warrantor Fundamental Warranties") shall be true and correct and have no material omission on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (if such representation and warranties are expressly made as of an earlier date, they shall be true and correct in all material respects as of such earlier date); and (ii) all representation and warranties concerning the Group Companies contained in Article 3 other than the Warrantor Fundamental Warranties shall be true and correct without any material omission on and as of the Closing Date with the same effect as though they had been made on and as of the Closing Date (if such statements and warranties are expressly made as of an earlier date, they shall be true and correct in all material respects as of the earlier date), except where the failure for the representation and warranties in (ii) herein to be true and correct would not have a Material Adverse Effect.

(b) Domestic and foreign transactions and restructuring. All domestic and foreign transactions and restructuring matters set forth under Article 6.10 hereof shall have been completed.

(c) Foreign exchange registration. Indirect shareholders who are Chinese residents shall have completed the registration of round-tripping investment as stipulated in the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Domestic Residents through Special Purpose Vehicles. Moreover, Zhejiang Lixin has completed the foreign exchange registration procedures as stipulated by the Regulations for the Administration of Foreign Exchange in Domestic Direct Investment by Foreign Investors for and Regulations for the Administration of Foreign Exchange.

(d) Issuance of the relevant Consideration Share documents and information by the Selling Shareholders. As for any Selling Shareholder who has received the Consideration Shares, such Selling Shareholder has issued, provided and executed all necessary documentation for the issuance of the Consideration Shares as requested by the Buyer.

(e) Equity interest valuation. With respect to the capital contribution to Zhejiang Lixin with the equity of Zhejiang Jing Yu Xin held by the original shareholders of Zhejiang Lixin in January 2019, the Group Companies have entrusted a qualified appraisal institution to appraise the equity of Zhejiang Jing Yu Xin as capital contribution, and the appraised value of the equity of Zhejiang Jing Yu Xin as capital contribution is no less than the amount of registered capital of Zhejiang Lixin subscribed for by the original shareholders of Zhejiang Lixin.

(f) Performance of obligations. The Group Companies and the Selling Shareholder shall have performed in all material respects all obligations required to be performed by them at or prior to the Closing Date under this Agreement.

(g) Amended articles of association. The Company's memorandum and articles of association have been properly revised and restated in accordance with the Amended Articles of Association agreed by the Parties.

(h) Transaction documents. Each of the Group Companies and the Selling Shareholder has duly executed and delivered to the Buyer the Transaction Documents which have become effective upon its execution

(i) Appointment of directors. The adjustment to the composition and members of the board of directors of the Company and other Group Companies shall have been completed in accordance with Article 6.14 (a), the Buyer's director shall have been duly appointed as the co-chairmen of the board of the Company and members of the board of other Group Companies, and the necessary procedures shall have been completed. The Selling Shareholders shall have completed the replacement or change of their appointed directors in the Company.

(j) Proxy letter: Each of the Selling Shareholder receiving the Consideration Shares shall have authorized in full to the Person designated by the Buyer the voting rights corresponding to the Consideration Shares received by it according to Article 6.13 hereof, for a period starting from the Closing Date to the date on which such Selling Shareholder no longer directly or indirectly holds any shares of the Buyer.

(k) Closing Certificate. At the time of Closing, the buyer has received a certificate signed by the Company and each Selling Shareholder, certifying that all the conditions of Closing stipulated in Article 7.2 (A) have been satisfied.

(B) Conditions precedent to the obligations of the Company and the Selling Shareholders to consummate the closing. The obligation of the Selling Shareholders and the Company to consummate the closing shall also be subject to the satisfaction or waiver by the Selling Shareholder or the Company, at or prior to the Closing, of each of the following conditions:

(a) Representation and warranties. All Buyer's representation and warranties contained in Article 5 shall be true and correct on and as of the Closing Date, without any material omission, as if such representations and warranties had been made on the Closing Date (or, if such representation and warranties are expressly made for an earlier date, they shall be true and correct in all material respects on and as of such earlier date), except that the failure of such representations and warranties to be true and correct would not prevent the Buyer from consummating the closing and other transactions contemplated hereby, and any circumstance that will not materially and adversely affect the Buyer's ability to consummate the Closing and other transactions contemplated hereby is excepted.

(b) Performance of Buyer's obligations. The Buyer has in all material respects performed all obligations required to be performed by it under this Agreement on or before the Closing Date.

(c) Transaction documents. The Buyer has duly executed and delivered to the other Parties the Transaction Documents which have become effective upon execution by the Buyer.

(d) Closing certificate. The Company shall have received at the Closing a certificate signed by the buyer certifying that all the Closing conditions stipulated in Article 7.2 (B) have been satisfied.

7.3 Frustration of Closing conditions. If any of the conditions to the Closing set forth in this Article 7 fails to be satisfied due to any Party's breach of covenants, agreements, representations and warranties hereof, such Party shall not be released from its obligation to complete the Closing by the reason that such conditions are not satisfied. In particular, the satisfaction of (i) of the conditions to Closing set forth in Article 7.2 (A) shall be subject to the cooperation by the Buyer or its Affiliates in the execution of the relevant documents or performance of their prior obligations under the relevant Transaction Documents, and the Buyer agrees that if the conditions to Closing set forth in Article 7.2 (A) are not fully satisfied due to reasons solely attributable to the Buyer or its Affiliates, the Buyer shall be deemed to have satisfied all the conditions precedent to its performance of Closing obligations, and the Buyer shall perform the Closing obligations according to this Agreement.

VIII. TERMINATION

8.1 Events of termination. This Agreement may be terminated at any time :

(a) by the mutual written consent of the Company, the Selling Shareholders and the Buyer.

(b) by the Buyer unilaterally by giving a written notice if the Closing has not been consummated by the “Long Stop Date” and such failure to consummate the Closing is not solely or primarily due to the Buyer’s failure to perform any of its obligations or conditions to Closing hereunder.

(c) by the Selling Shareholders by giving a written notice if the Closing has not been consummated by the “Long Stop Date” and such failure to consummate the Closing is not solely or primarily due to the failure of any Selling Shareholder or Group Company to perform any of their obligations or conditions to Closing hereunder.

(d) by either the Buyer or any Selling Shareholder if (i) any Governmental Authority of competent jurisdiction has issued any order of permanent injunction or otherwise prohibiting the Closing, or (ii) any governmental authority of competent jurisdiction has promulgated a law making the transactions contemplated hereby prohibited or illegal, provided that in the case of (i) above, (x) the Buyer shall not be entitled to terminate this Agreement pursuant to this Article 8.1 (d) if the failure of the Buyer to fulfill any of its obligations under this Agreement is the primary or sole reason for such order, or (y) the Selling Shareholder shall not be entitled to terminate this Agreement pursuant to this Article 8.1 (d) if the failure of the Selling Shareholder or the Group Companies to fulfill any of their obligations under this Agreement is the primary or sole reason for such order.

(e) By the Selling Shareholders if the Buyer breaches any of the representations, warranties, covenants or agreements contained in this Agreement, or if any such representation or warranty is untrue, false or misleading, such breach cannot be cured or, if curable, is not cured by the earlier of (i) the date thirty (30) days after written notice thereof is given by the Selling Shareholder to the Buyer and (ii) the Long Stop Date; provided that the Selling Shareholder shall not be entitled to terminate this Agreement pursuant to this Article 8.1 (e) if any of the conditions contained in Articles 7.1 and 7.2 (A) cannot be fulfilled due to the breach of this Agreement by the Group Companies or any Selling Shareholder..

(f) By the Buyer if any of the Warrantors breaches any of the representations, warranties, covenants or agreements contained in this Agreement, or any such covenant or warranty is untrue, false or misleading, such that the condition in Article 7.2 (A) cannot be satisfied and such breach cannot be cured or, although curable, is not cured by the earlier of (i) the thirtieth (30th) day after written notice thereof is given by the Buyer to the Selling Shareholder and (ii) the Long Stop Date; provided, however, that Buyer shall not be entitled to terminate this Agreement pursuant to this Articles 8.1 (f) if there is a breach of this Agreement by Buyer which causes any of the conditions in Articles 7.1 and 7.2 (B) to not be satisfied.

(g) Unless otherwise provided for herein, by the Selling Shareholders unilaterally by giving a written notice if (a) all the Closing conditions set forth in Articles 7.1 and 7.2 have been satisfied or waived, (b) the Selling Shareholders have delivered to the Buyer a written notice of satisfaction of the Closing conditions confirming that all the conditions in Article 7.2 (A) have been satisfied (or the Buyer wishes to waive any unsatisfied condition in Article 7.2 (A)) and are ready, willing and able to consummate the Closing, but (c) the Buyer fails to consummate the Closing and make the payment in accordance with this Articles 2.3 and 2.4.

(h) By the non-breaching Party unilaterally by giving a written notice if any Party conceals material facts, conducts fraud or breaches the Agreement intentionally or maliciously, which has a Material Adverse Effect on the Group Companies or other Parties, and such breach is not been cured within thirty (30) Days after the non-breaching Party gives the relevant written notice.

8.2 Effects of termination. If this Agreement is terminated in accordance with Article 8, this Agreement shall cease to have any effect; provided, however, that (i) no Party shall be relieved from any previous liability for breach of this Agreement due to the termination of this Agreement, and (ii) Article 1, Article 8, Article 9 and Article 10 shall survive the termination of this Agreement.

IX. LIMITATIONS ON LIABILITY AND INDEMNIFICATION

9.1 Survival.

(a) The representations and warranties made under Articles 3, Article 4 and Article 5 shall continue to be accurate and valid as of the execution of this Agreement and the Closing until the expiration of twenty-four (24) months after the Closing Date;

(b) Any covenants or agreements made by the Parties under this Agreement shall survive the Closing until they have been fully performed or satisfied, if any, as provided in the terms thereof, unless the Party or Parties performing such covenants or agreements waives in writing their right to require such covenants and agreements to be performed in accordance with this Agreement.

9.2 Indemnification.

(a) Indemnification by the Selling Shareholders. Subject to the provisions of Articles 9.1 and 9.3, the Selling Shareholders shall be jointly and severally liable to, and shall indemnify and hold harmless the Buyer from and against, any and all direct damages arising from, or related to the following matters, excluding loss of profits, income, business, opportunity and other collateral losses and expected gains:

- (i) Any statements and guarantees made in violation of Articles 3 and 4;
- (ii) A breach of any promise, obligation or agreement to be performed by the selling shareholder under this Agreement; a breach by any group company of any promise or agreement to be performed by the selling shareholder before the date of delivery under this Agreement; or
- (iii) Liabilities of any group company to third parties arising from any undisclosed matters that occurred or existed before the date of delivery.

(b) Indemnification by the Buyer. Subject to the provisions of Articles 9.1 and 9.3, the Buyer shall be liable for, and shall indemnify and hold harmless the Selling Shareholders from and against direct damages arising from or related to the following matters, excluding loss of profits, income, business, opportunity and other collateral losses and expected gains::

- (i) a breach of any representations and warranties made under Article 5;
- (ii) a breach of any covenant, obligation or agreement by the Buyer under this Agreement;
- (iii) If the Buyer fails to pay the relevant Transfer Price to the Selling Shareholder in a timely manner within thirty (30) days in accordance with the payment schedule set forth herein, the Buyer shall return to the Selling Shareholders the shares of the Company for which the Buyer have failed to pay the Transfer Price on schedule in the Target Shares at the lowest price permitted by law. That is, the amount of shares to be returned is equal to the outstanding amount payable by the Buyer/full price*the Target Shares. Each Selling Shareholder shall distribute the shares returned by the Buyer among themselves in proportion to their respective equity interest in the Company at that time.

9.3 Compensation procedures. Any Party ("the Indemnified Party") seeking indemnification within the claim period pursuant to Article 9 shall give written notice (a "notice of claim") to the Party or Parties providing indemnification ("the Indemnifying Party") immediately upon becoming aware of the event for which the indemnification is sought, specifying the event or matter which such Indemnified Party believes has given rise, or could reasonably be expected to give rise to a right of indemnification under this Article 9 (including any pending or threatened claim or action by a third party including any governmental authority against the Indemnified Party or the Company, and such claim or action shall be referred to as a "Third Party Claim"), and give the nature of the claims in as much reasonable details as practicable, the facts and circumstances relating to the subject matter of such claim, and the specific provisions of this Agreement as the basis for such claim or giving rise to such right of indemnification. Provided, however, that failure to give such notice shall not relieve the Indemnifying Party from any of its obligations under this Article 9.3 except to the extent that the Indemnifying Party is prejudiced by such failure. In respect of any recovery or indemnification claimed by an Indemnified Party from the Indemnifying Party that does not involve a Third Party Claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim if it does not notify the Indemnified Party of the objection to such claim within thirty (30) days after receipt of the notice of claim. If the Indemnifying Party has disputed the claim by delivery of a notice of dissent to the Indemnified Party within thirty (30) days of the receipt of the notice of claim, the Indemnifying Party and the Indemnified Party shall resolve the dispute in accordance with Article 10.4.

9.4 No double recovery.

(a) In determining any liability under this Agreement, liability shall not be double counted for breach of more than one warranty, covenant or agreement by the cause giving rise to such liability.

(b) No Party shall be entitled to recover more than once for the same loss, or to receive more than once payment, refund or reimbursement for the same expense, as a result of any inaccuracy in or breach of any provision of this Agreement, except where the relevant Party fails to receive adequate damage.

(c) In respect of the same loss, where the Selling Shareholder, on the one hand, and Buyer, on the other hand, are only obliged to indemnify either the Group Companies or the opposite party (or a designated Person of the Buyer as determined by Buyer in its sole discretion), but not both parties.

X. Miscellaneous

10.1 Amendment: waiver. Any amendment to and modification of this Agreement shall be made by an instrument duly executed by the Parties. Any Party may, for the benefit of the other Parties, waive the compliance with or performance of any warranties, covenants, obligations or conditions hereunder by the other Parties at any time, provided, however, that such waiver may be effected only by an instrument in writing signed by the waiving Party. Such waiver shall not be construed as a waiver of any subsequent breach of the same term or condition, or a waiver of any other term or condition of this Agreement. Any failure by any Party to exercise any of its rights hereunder shall not constitute a waiver of such rights.

10.2 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original. Any number of counterparts may be executed by each of the Parties, and all of such counterparts taken together shall be considered one and the same instrument. This Agreement shall become effective upon execution and delivery (including by facsimile, electronic delivery or otherwise) by each of the Parties to the other Parties. A signature transmitted by facsimile, PDF, or other electronic means preserving the original signature image shall have the same legal effect as the signature on the original signature page.

10.3 Governing law. This Agreement is governed and interpreted by the laws of Hong Kong, without regard to its principles of conflicts of laws.

10.4 Arbitration.

(a) In the event of any dispute, controversy, difference or claim arising out of or relating to this Agreement, including the existence, validity, interpretation, performance, breach or termination hereof or any dispute regarding non-contractual obligations arising out of or relating to it (a "Dispute"), the Parties shall use good faith efforts to settle such Dispute through amicable consultation. Upon written request by a Party to the other Parties, the consultation shall begin immediately. If no settlement is reached within thirty (30) days from the date of any written notice given by a Party, upon such Party notifying the other Parties in writing that it submits the Dispute to arbitration, the outstanding Dispute will be finally and exclusively settled by arbitration in accordance with the provisions hereof.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre. The arbitration tribunal shall consist of three (3) arbitrators, and the Selling Shareholder and the Buyer shall each appoint one (1) arbitrator within thirty (30) days after the delivery or receipt of the arbitration notice. The third arbitrator shall be jointly appointed by the first two arbitrators and shall serve as the presiding arbitrator.

(c) The arbitral proceeding shall be conducted in Chinese. The arbitration tribunal shall apply the Arbitration Rules of the Hong Kong International Arbitration Centre then in force when the notice of arbitration is submitted.

(d) The award rendered by the arbitration tribunal shall be final and binding upon the Parties. The Parties hereby agree that they will not have recourse to any judicial proceedings, in any jurisdiction whatsoever, for the purpose of appealing, applying for the invalidity of, rescinding or amending the award or any diminution or impairment of the validity of the arbitral award. A court of competent jurisdiction may enforce the arbitral award or apply to a court of competent jurisdiction for enforcement of the arbitral award.

10.5 Specific Performance. The Parties acknowledge and agree that, if irreparable damage occurs in the event that any Party fails to perform any provision of this Agreement in accordance with its specific terms, specific remedies of specific performance shall be available to any Party until this Agreement is terminated in accordance with Article 8. Accordingly, prior to the termination of this Agreement, in addition to other remedies available at law or in equity, either Party shall be entitled to seek an injunction to prevent breaches of this Agreement and to enforce specifically the terms and conditions of this Agreement in accordance with law.

10.6 Notice. All notices, requests, instructions and other communications hereunder shall be in writing and shall be given or made by delivery in person, by registered mail, by postage prepaid, by facsimile transmission, by mail or by overnight courier service, addressed to the respective Parties at the addresses specified in Exhibit E hereto, or to an address a Party designate in writing. Any communication shall be deemed to have been given upon actual receipt by the recipient if personally delivered, three (3) Business Days after posting if delivered by registered mail, three (3) Business Days after successful transmission if delivered by facsimile or email (provided it is delivered within one (1) Business Day after delivery in accordance with the other provisions of this Article), or the next Business Day after delivery if delivered by overnight courier. Any notice, request, instruction or other document that is delivered on a non-Business Day or to be delivered after 5.00 p.m. on a Business Day shall be deemed delivered on the following Business Day.

10.7 Entire agreement. This Agreement (including all appendices and exhibits hereto) and the other Transaction Documents constitute the entire agreement of the Parties with respect to the subject matter hereof. In the event of any discrepancy between the previous written agreements, covenants and undertakings reached by the Parties and this Agreement, this Agreement shall prevail.

10.8 No third-party beneficiaries. Except for the provisions in Article 6.8 with respect to the Indemnified Party, each Party agrees that its representations, warranties and agreements under this Agreement shall be for the benefit of the other Parties only. This Agreement is not intended to, and shall not, confer upon any other person any rights or remedies, including any right to rely on the representations and warranties contained in this Agreement. The person referred to in the preceding sentence shall be a third party beneficiary expressly permitted under such Article and may request specific performance in accordance with such Article.

10.9 Severability. If practicable, each provision of this Agreement shall be deemed effective under applicable laws, and if any provision of this Agreement is prohibited by or held to be invalid under applicable laws, such provision shall be ineffective only to the extent of such prohibition or invalidity, without affecting the remaining provisions hereof or the validity of all other provisions of this Agreement. The Parties shall modify this Agreement to replace the prohibited or invalid provisions with valid provisions, reinstating the original intent of the Parties to the fullest extent permitted by applicable laws.

10.10 Transaction costs. The Company shall pay all costs and expenses, including but not limited to, legal, financial advisors, accountant and any other third party fees and expenses, incurred in connection with this Agreement and the other Transaction Documents and the transactions contemplated thereby.

10.11 Transferability. This Agreement shall be binding upon and inure for the benefit of the Parties and their respective successors, legal representatives and permitted assigns. No Party may assign any of its rights or obligations under this Agreement without the prior express written consent of the other Parties, provided, however, that the Parties hereby agree that the Buyer shall be entitled to assign all of its rights and obligations hereunder to its Affiliates without the consent of any other Parties hereto after the Buyer gives a notice to the other Parties hereto. Any transfer in breach of this Agreement shall be null and void *ab initio*.

10.12 Several Obligations. The obligations of each of the Selling Shareholders under this Agreement are several and not joint, except as otherwise provided herein.

[Intentionally Left Blank]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

China Lending Corporation

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Lixin Financial Holdings Group Limited

Signature: _____
Name: _____
Title: _____

Lixin Financial Holdings (BVI) Limited

Signature: _____
Name: _____
Title: _____

Lixin Financial Holdings Group Limited

Signature: _____
Name: _____
Title: _____

Zhejiang Lixin Enterprise Management Holding Co., Ltd.
(company chop)

Signature: _____
Name: _____
Title: _____

Zhejiang Jingyuxin Financing Guarantee Co., Ltd
(company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Dayu Yangguang Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Boteli Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Fengfan Capital Investment Co., Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Bright International Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Yunneng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Fushi Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Jingsheng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Luosen Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Dongcheng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Jinyusheng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Qisheng Investment Management Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Yinxiang Capital Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Aoyuan Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Gedun Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Zhu Jialin

Signature: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Zhang Peibei

Signature: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Zhang Jingxian

Signature: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Wang Guohua

Signature: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Xu Dandan

Signature: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Li Sufang

Signature: _____

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Chen Jiaqiang

Signature: _____

Appendix A

Structure of Equity Interest and Target Shares of the Company

Appendix B

Delivery Document And Material List On The Closing Date

Appendix C

Selling Shareholder Assuming The Responsibility Of Non-Competition

Appendix D

Core senior managers and responsible Persons of major departments

Appendix E

Correspondence Address

Framework Agreement

This *Framework Agreement* (referred to as “Framework Agreement”) is signed by the following parties on July 31, 2019:

Party A: China Fenghui Industrial Financial Holding Group Co. Limited (referred to as “**Transferor**”), a company established under the laws of Hong Kong, the authorized representative is Li Jinping.

Party B: Zhejiang Zhongfeng Investment Management Co., Ltd. (referred to as “transferee”), a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: 9133010MA2B0BMT89, the registered address is Jianggan District, Hangzhou City, Zhejiang Province

Party A and Party B are collectively referred to as the “parties”.

Whereas,

(1) Party A’s wholly-owned subsidiaries Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited, Urumqi Fenghui Direct Lending Co., Ltd. and the shareholders of Fenghui Direct Lending have signed a series of agreements (including *Exclusive Purchase Agreement*, *Equity Pledge Agreement*, *Exclusive Commercial Cooperation Agreement* and *Authorization Letter*, collectively referred to as “VIE Agreement”), enabling Party A to control Fenghui Direct Lending through Fenghui Dingxin.

(2) Party B recognizes the value of Party A’s license and its ability to dispose of non-performing assets. After the preliminary assessment of the scale of creditor’s rights and debts held by Party A, Party B intends to earn all the equity or control rights of Fenghui Direct Lending, and Party A agrees to the above transfer.

Whereas, in order to further promote this transfer and clarify the rights and obligations of both parties, both parties agree as follows:

1. The transfer

1.1 Party B intends to earn 100% of the equity or control of Fenghui Small Loan at a price of not less than RMB 15 million, and at the same time ensure that the main claims under Party B's name are acquired simultaneously. Party A agrees to transfer at this price and conditions.

1.2 Both parties agree that the specific method, transfer price and payment method of this transfer will be agreed in the official document after the two parties have agreed afterwards.

1.3 Party B shall pay RMB 500,000 in cash(referred to as the "deposit") to the bank account designated by Party A (Company name: Ningbo Ding Tai Financial Leasing Co., Limited, Receiving bank: SPDB Ningbo Branch Beilun Branch, Receiving account: 94070155300004612) within 5 working days after the signing of this Framework Agreement. Both parties agree to handle it as follows:

1.3.1 If Party B's unilateral reasons lead to the termination of this transfer, Party B has no right to request Party A to return the deposit.

1.3.2 If the transfer is terminated due to Party A's unilateral reasons, Party A shall return the deposit.

1.3.3 If the transfer is terminated by mutual agreement, or if the transfer is terminated due to the reasons of either Party A or Party B, Party A shall return the full deposit according to the personnel path.

1.3.4 If the transfer proceeds smoothly, the deposit shall be offset as part of the transfer price, and the remaining transfer price shall be paid as agreed in the transaction documents.

1.4 Both parties promised that they should cooperate to complete this transfer within 3 months after the signing of this framework agreement.

1.5 After the completion of this transfer, Party B directly or indirectly holds 100% of the equity of Fenghui Direct Lending , or holds / controls 100% of the equity of Fenghui Direct Lending in total through the VIE Agreement.

1.6 After the signing of this Framework Agreement, both parties should further negotiate this transfer as soon as possible and sign a series of formal transaction agreements and other relevant legal documents for the purpose of implementing this transfer.

2. Statement and Guarantee

2.1 Each party to this Framework Agreement states and warrants to the other parties as follows, on the date this Framework Agreement is signed:

2.1.1 They are all entities or natural persons established and effectively renewed in accordance with the laws of the place where they are established; all have the right to sign and perform this Framework Agreement in their own name and the right to bring suits and respond to suits in their own names.

2.1.2 If it is an entity, its signing and performance of this Framework Agreement have been authorized or approved in accordance with the articles of association or other organizational documents.

2.1.3 It or its designated authorized representative has sufficient rights and authorization to sign, perform this agreement and comply with all obligations under this Framework Agreement.

2.1.4 It does not violate laws, regulations and government orders to sign and execute this Framework Agreement.

2.2 For the purposes of this Framework Agreement, Party B has stated and guaranteed to Party A as follows:

2.2.1 The transfer price paid by Party B is legally held funds.

3. Dispute Resolution

3.1 This agreement applies the laws of the People's Republic of Hong Kong.

3.2 All disputes arising from this Framework Agreement shall be negotiated amicably by the parties. If the negotiation fails, they shall be submitted to the Hong Kong International Arbitration Center for arbitration. The place of arbitration is Hong Kong.

4. Privacy Policy

4.1 Terms related to this transfer are confidential information, and neither party may disclose it to a third party.

4.2 The provisions of Article 4.1 do not apply to the following situations:

4.2.1 Confidential information is generally known to the public and is not caused by a party's disclosure in violation of this agreement.

4.2.2 One party disclosure to employees related to this transfer.

4.2.3 One party disclosed to banks, financial advisers, legal advisers or other intermediary service agencies for the purposes of this agreement.

4.2.4 Disclosures required in accordance with laws, regulations or requirements of government agencies and stock exchanges.

4.3 The effect of this article is not affected by the termination or termination of this Framework Agreement

5. Breach and relief

5.1 Any party violating this Framework Agreement shall be responsible for compensating the contracting parties for all actual and foreseeable losses incurred due to breach of contract.

5.2 The rights and remedies provided in this Framework Agreement are accumulated without excluding other rights and remedies provided by law.

5.3 The statements and guarantee are not true, accurate or complete, and do not cause the observing party to lose any right to recover the violating party.

6. Others

6.1 Taxes and fees. All taxes and fees shall be borne by all parties according to law.

6.2 Take effect. It shall come into force after being signed by the parties or authorized by them, and it is binding on the parties.

6.3 Change, termination. Changes or termination of this agreement shall be effective after being signed by all parties.

6.4 Give up power. Any party who has not exercised or partially exercised any rights shall not be deemed to waive other rights.

6.5 Invalid. If one or more terms of this Framework Agreement and other documents related to it are deemed to be invalid, illegal or unenforceable under any applicable law, then: (1) other terms shall not be affected or damaged. (2) The parties shall replace the terms with valid, legal and enforceable terms.

6.6 Complete agreement. This Framework Agreement constitutes the complete document of both parties regarding this transfer. If the documents before the signing of this Framework Agreement conflict with the framework agreement, this Framework Agreement shall prevail.

6.7 Supplemental agreement. For matters not covered in this Framework Agreement, the parties may sign a supplementary agreement for agreement. In case of inconsistency, the agreement in the supplementary agreement shall prevail.

6.8 Official transaction documents. Matters not covered in this framework agreement and supplementary agreement can be agreed in the official transaction document. In case of conflict, the agreement in the official transaction document shall prevail.

6.9 Force majeure. Due to the unforeseeable, unavoidable and insurmountable impact of objective circumstances, the agreement cannot be performed or performed on time, and valid supporting documents shall be provided within 15 days after the event. According to the degree of influence, the parties shall discuss whether to terminate the agreement, or partially exempt from liability, or postpone the performance of the agreement.

6.20 Number of copies of the agreement. There are 2 copies of this agreement, each party holds one copy, and each copy has the same legal effect.

[No text following]

(This page is the signature page of the *Framework Agreement*)

Party A: China Fenghui Industrial Financial Holding Group Co. Limited

Signature of authorized representative: _____

(This page is the signature page of the *Framework Agreement*)

Party D: Zhejiang Zhongfeng Investment Management Co., Ltd.

Signature of legal representative or authorized representative: _____

Supplemental Agreement to Share Purchase Agreement

This Supplemental Agreement to Share Purchase Agreement (hereinafter referred to as "the Agreement") was signed by the following signatories on the date of August 23, 2019:

- (i) China Lending Corporation, a limited liability company established under the laws of the British Virgin Islands (the "Buyer");
- (ii) Lixin Financial Holdings Group Limited, an exempt company incorporated under the laws of the Cayman Islands (the "Company");
- (iii) Lixin Financial Holdings (BVI) Limited, a company incorporated under the laws of the British Virgin Islands. ("BVI Lixin");
- (iv) Lixin Financial Holdings Group Limited, a limited company formed under the laws of Hong Kong ("Hong Kong Lixin");
- (v) Zhejiang Lixin Enterprise Management Holding Co., Ltd ("Zhejiang Lixin");
- (vi) Zhejiang Jingyuxin Financing Guarantee Co., Ltd. ("Zhejiang Jingyuxin");
- (vii) Zhu Jialin, Zhang Jingxian, Li Sufang, Wang Guohua, Xu Dandan, Chen Jiaqiang, and Zhang Peibei (collectively referred to as "core indirect shareholders", respectively referred to as "each core indirect shareholder") are all natural persons of Chinese nationality, and each core indirect shareholder ID number As shown in the column of "Indirect Shareholder ID Number" corresponding to Table I in Appendix A of the original agreement (as defined below); and
- (viii) Each of the entities listed in the "Direct Shareholders" column of Table I in Appendix A of the original agreement (defined below) (collectively referred to as "direct shareholders", respectively referred to as "each direct shareholder") is based on the British Virgin Islands.

All Direct Shareholders and all Core Indirect Shareholders are collectively referred to as "Selling Shareholders" or separately referred to as "each Selling Shareholder"; among them, the Direct Shareholders and Core Indirect Shareholders holding 9% of the shares or above are collectively referred to as "Core Selling Shareholders" or separately referred to as "each Core Selling Shareholder"; all parties of the agreement are collectively referred to as "all Parties", or separately referred to as "a Party".

WHEREAS, all Parties have entered into a Share Purchase Agreement dated June 14, 2019 (hereinafter referred to as the "Original Agreement"), pursuant to which the Selling Shareholders and the Company have agreed to sell the shares of the given quantity and category to the Buyer according to the terms and conditions of the Original Agreement. The total consideration for the shares to be transferred by the Selling Shareholders to the Buyer is RMB 276,000,000 (hereinafter referred to as "transfer price"), which shall be paid in the form of the Buyer's ordinary shares. The Parties hereby wish to modify certain terms of the Original Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

DEFINITION

1.1 Definitions. Unless otherwise provided herein, capitalized terms used but not defined herein shall have the meanings set forth in the Original Agreement.

AMENDMENT

2.1 Form of payment of the transfer price. The Parties hereby agree to modify the terms of the Original Agreement with respect to the form of payment of the transfer price as follows: the transfer price shall be paid in the form of the Buyer's preferred shares without any voting rights but with liquidation preferences and dividend preferences (subject to the articles of association of the Buyer) ("Buyer's stock" or "consideration share"). After two (2) years following the Closing ("Election Date"), any Selling Shareholder is entitled, by sending a notice in writing to the Buyer to elect: (1) to convert the Buyer's Stocks into ordinary shares of the Buyer on a 1:1 basis, under which circumstances the Buyer shall be entitled to redeem the Buyer's Stocks held by such Selling Shareholder at the price of the average closing price per share of the Buyer's ordinary shares on the Nasdaq Capital Market for ninety (90) consecutive trading days prior to the Election Date. The corresponding transfer price of every Selling Shareholder is shown in the column of "Transfer Price or Payment" in Table IV of Appendix A of the Original Agreement. The quantity of the Buyer's shares that shall be issued to each Direct Shareholder shall be calculated by dividing the amount of consideration that such Selling Shareholder is entitled to receive as set forth in the Original Agreement by the average closing price per share of the Buyer's ordinary shares on the Nasdaq Capital Market for ninety (90) consecutive trading days prior to the Closing Date, provided that any fractional entitlements resulting from such a calculation shall be rounded down to the nearest whole share (without compensation). Nothing in this Agreement shall require the Buyer to issue any fractional shares to any Selling Shareholder.

2.2 Termination of certain terms. The Parties hereby agree that, Article 6.13 "Proxy", Article 7.2(k) "Proxy letter" and Clause (vii) of Appendix B "Delivery document and material list on the Closing Date" of the Original Agreement shall be terminated upon the execution of this Agreement.

2.3 Other terms remain unchanged. The Parties hereby agree that, except those modification of the Original Agreement provided herein, the other terms of the Original Agreement remain unchanged.

OTHER TERMS

3.1 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original. Any number of counterparts may be executed by each of the Parties, and all of such counterparts taken together shall be considered one and the same instrument. This Agreement shall become effective upon execution and delivery (including by facsimile, electronic delivery or otherwise) by each of the Parties to the other Parties. A signature transmitted by facsimile, PDF, or other electronic means preserving the original signature image shall have the same legal effect as the signature on the original signature page.

3.2 Priority. In the event of any conflict or inconsistency between any of the terms hereof and any of the terms of the Original Agreement, the terms of this Agreement shall prevail. For matters not stipulated in this Agreement, the terms of the Original Agreement shall prevail.

3.3 Language. This Agreement is made in both Chinese and English, and in the event of any inconsistency, conflict or discrepancy, the Chinese version shall prevail.

[Intentionally Left Blank]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

China Lending Corporation

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Lixin Financial Holdings Group Limited

Signature: _____
Name: _____
Title: _____

Lixin Financial Holdings (BVI) Limited

Signature: _____
Name: _____
Title: _____

Lixin Financial Holdings Group Limited

Signature: _____
Name: _____
Title: _____

Zhejiang Lixin Enterprise Management Holding Co., Ltd.
(company chop)

Signature: _____
Name: _____
Title: _____

Zhejiang Jingyuxin Financing Guarantee Co., Ltd (company
chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Dayu Yangguang Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Boteli Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Fengfan Capital Investment Co., Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Bright International Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Yunneng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Fushi Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Jingsheng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Luosen Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Dongcheng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Jinyusheng Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Qisheng Investment Management Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Yinxiang Capital Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Aoyuan Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Gedun Investment Limited (company chop)

Signature: _____
Name: _____
Title: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Zhu Jialin

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Zhang Peibei

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Zhang Jingxian

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Wang Guohua

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Xu Dandan

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Li Sufang

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Liu Tie

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

In view of this, all parties have prompted their respective effectively authorized managers to sign this Agreement on the date indicated in the Agreement.

Chen Jiaqiang

Signature: _____

[Signature Page Of Supplementary Agreement For Equity Purchase Agreement]

Supplement to the Framework Agreement

This *Supplement to the Framework Agreement* (referred to as “Supplement to the Framework Agreement”) is signed by the following parties on [], 2019:

Party A: **China Fenghui Industrial Financial Holding Group Co. Limited** (referred to as “**Transferor**”), a company established under the laws of Hong Kong, the authorized representative is Li Jingping.

Party B: **Zhejiang Zhongfeng Investment Management Co., Ltd.** (referred to as “transferee”), a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: 9133010MA2B0BMT89, the registered address is Jianggan District, Hangzhou City, Zhejiang Province

Party A and Party B are collectively referred to as the “parties”.

Whereas,

(1) The two parties have signed a framework agreement on July 31, 2019, to stipulate that Party B intends to obtain all the equity or control of Fenghui Direct Lending Co., Ltd..

(2) Since both parties intend to modify the transfer price of this transfer, both parties agree to sign this supplemental agreement.

(3) Unless otherwise agreed in the supplementary agreement, the terms used in this agreement shall have the meaning stipulated in the framework agreement.

Whereas, both parties reach an agreement as follows:

1. Modifications to the framework agreement

1.1 Both parties agreed to amend Article 1.1 of the Framework Agreement as follows:

Party B intends to acquire 100% equity or control right of Fenghui small loan at a price of no less than RMB 10 million, and meanwhile ensure the simultaneous acquisition of main creditor's rights is under Party B's name. Party A agrees to make the transfer according to this price and conditions.

1.2 Both parties agree to add the following content as the second paragraph of article 1.2 of the framework agreement:

If the amount of the transfer price agreed in the official transaction document does not meet the transfer price pricing standard of Article 1.2, the agreement in the official transaction document shall prevail and shall not be deemed as a violation of the agreement of this framework agreement by either party.

2. Others

2.1 For the purpose of this supplement agreement, each party to this supplementary agreement states and guarantees to the other party as follows:

2.1.1 They are all entities or natural persons established and effectively renewed in accordance with the laws of the place where they are established; all have the right to sign and perform this agreement in their own name and the right to bring suits and respond to suits in their own names.

2.1.2 The execution and performance of this supplementary agreement have been duly authorized or approved by the internal decision-making body in accordance with its articles of association and other organizational documents.

2.1.3 It or its designated authorized representative has sufficient rights and authorization to sign, perform this agreement and comply with all obligations under this supplement agreement.

- 2.1.4 It does not violate laws, regulations and government orders to sign and execute this supplement agreement.
- 2.2 The applicable laws, dispute resolution, confidentiality, breach and remedy of this supplement agreement shall be governed by the relevant provisions of the framework agreement.
- 2.3 Any party who has not exercised or partially exercised any rights shall not be deemed to waive other rights.
- 2.4 If one or more terms of this supplement agreement and other documents related to it are deemed to be invalid, illegal or unenforceable under any applicable law, then: (1) other terms shall not be affected or damaged. (2) The parties shall replace the terms with valid, legal and enforceable terms.
- 2.5 This supplementary agreement shall become an integral part of the framework agreement after it comes into force, it shall have the same legal effect, and form the completion document with the framework agreement and its annexes.
- 2.6 Matters not covered in the framework agreement and supplement agreement can be agreed in the official documents. If there is any conflict between the content of the framework agreement and this supplementary agreement and the official transaction documents, the official documents shall prevail.
- 2.7 This supplement agreement shall come into force after being signed by both parties or their authorized representatives and shall be binding on both parties.
- 2.8 If the framework agreement is rescinded or terminated, the supplementary agreement will be automatically rescinded or terminated from the date of rescission or termination of the framework agreement.
- 2.9 This supplement agreement is made in duplicate, with each party holding one, each of which has the same legal effect.

(This page is the signature page of the *Supplement to the Framework Agreement*)

Party A: China Fenghui Industrial Financial Holding Group Co. Limited

Signature of authorized representative: _____

(This page is the signature page of the *Supplement to the Framework Agreement*)

Party D: Zhejiang Zhongfeng Investment Management Co., Ltd.

Signature of legal representative or authorized representative: _____

Equity Transfer and VIE Termination Agreement

This *Equity Transfer and VIE Termination Agreement* (referred to as "The Agreement") is signed by the following parties on November 22, 2019:

Party A: **Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited** (referred to as "**WFOE**"), a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Pingfang, Building 1 South, Ditanbeili East, Dongcheng District, Beijing

Party B: **Urumqi Fenghui Direct Lending Co., Ltd.** (referred to as "**Fenghui Direct Lending**"), a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is 11th Floor, No. 437, Weixing Road, Urumqi Economic and Technological Development Zone, Xinjiang

Party C: **Li Jinping**, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Xinjiang Ruide Lighting Co., Ltd., a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Room 10, 6th Floor, Building 2, No. 499 Weixing Road, Urumqi Economic and Technological Development Zone, Xinjiang

Xinjiang Shenghe Dairy Co., Ltd., a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is No. 23 Yinquan Street, Industrial Park, Toutunhe District, Urumqi, Xinjiang

Xinjiang Huajun Energy Saving Equipment Co., Ltd., a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is No.11 Xinhua South Road, Tianshan District, Urumqi, Xinjiang Yang Zhisan, [Chinese citizen], ID card number: 650103194006163235 Chen Hong, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Xinjiang Xinrui Hongcheng Trading Company, a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Room 2105, Xinhongxin Building, No. 38 Renmin Road, Tianshan District, Urumqi, Xinjiang

Xinjiang Nuoerde Equity Investment Limited Partnership, A limited partnership established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is 108 Huangshan Street, Urumqi Economic and Technological Development Zone

Xinjiang Yongji Trading Company, a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Office 2, Building 9, QinJun Phase 2, No. 513 Weixing Road, Urumqi Economic and Technological Development Zone

Xinjiang Shuangcheng Equity Investment Co., Ltd., a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Room 39, 4th Floor, No. 21, Xiamen Road, Urumqi Economic and Technological Development Zone, Xinjiang

Xinjiang Puyuan Logistics Co., Ltd., a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is No. 1111 Wucui South Road, Industrial District, Wujiaqu City, Xinjiang

Zhang Jianfeng, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Ma Shiyao, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Guo Xiaoyan, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Liu Yuanqing, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Party D: **Zhejiang Zhongfeng Investment Management Co., Ltd.** (referred to as "transferee"), a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Jianggan District, Hangzhou City, Zhejiang Province

The above subject individually as "Party", collectively referred to as "parties"; Party B collectively referred to as "transferer".

Whereas,

(1) Party C is the existing shareholder of Party B, and holds a total of 100% of the equity of Party B. The current shareholding structure of Party B registered in the competent industrial and commercial department is shown in Annex I A of this agreement.

(2) on July 16, 2015, Party A, Party B, Party C (except Yang Zhisan) and Xinjiang Puzhao Technology Development Co., Ltd. (referred to as "Xinjiang Puzhao"), Qi Wen (together with Xinjiang Puzhao as "original shareholders") signed *Exclusive Purchase Right Agreement* (referred to as "Exclusive Purchase Right Agreement") and *Equity Pledge Agreement* (referred to as "Equity Pledge Agreement").

(3) on July 16, 2015, Party A and Party B signed *Exclusive Business Cooperation Agreement* (referred to as "Exclusive Business Cooperation Agreement").

(4) on July 16, 2015, Party C (except Yang Zhisan) and the original shareholders signed *Authorization Letter* (referred to as "Original Authorization Letter").

(5) Xinjiang Puzhao, Li Jingping and Fenghui Direct Lending signed the *Equity Transfer Agreement* on February 16, 2017.

(6) Qi Wen, Yang Zhisan and Fenghui Direct Lending signed the *Equity Transfer Agreement* on May 25, 2017.

(7) Party A, Party B, Party C and the original shareholders have signed the *Confirmation Letter* in 2019.

(8) Li Jingping and Yang Zhisan signed the *Equity Pledge Agreement* with Party A and Party B respectively, on February 20, 2017.

(9) Li Jingping and Yang Zhisan signed the *Authorization Letter* on February 20, 2017.

(10) Now Party C intends to transfer its 100% equity of Fenghui Direct Lending to Party D according to the conditions stipulated in this Agreement. Party D agreed to purchase 100% equity of Fenghui Direct Lending held by Party C.

(11) In order to realize this equity transfer, all parties agree to terminate all powers and obligations of above-mentioned *Exclusive Commercial Cooperation Agreement*, *Exclusive Purchase Right Agreement*, *Equity Pledge Agreement*, *Authorization Letter*, *New Equity Pledge Agreement*, *New Authorization Letter* and *VIE Agreement*.

Whereas, in order to further promote the equity transfer and clarify the rights and obligations of parties, the parties agree as follows:

1. This equity transfer

1.1 Party C agrees to transfer 100% of Party B's holding to Party D at the price of RMB 10,000,000. Party B agrees to transfer the subject equity according to the price and conditions.

1.2 The parties agree that the transfer price should be paid to Party A in full, and Party D should pay the transfer price to Party A's account at one time within 30 days after signing this agreement, and before going through the registration procedures for the industrial and commercial change of equity transfer.

Account name: Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited

Account number: XXXXXXXXXXXXXXXXXX

Bank of Account: Bank of Beijing Hepingli Sub-branch

1.3 Party B and Party C shall cooperate to terminate all rights and obligations in the VIE agreement within 30 days after the signing of this agreement. And before or at the same time as the industrial and commercial change registration procedures for this equity transfer, Party C's equity pledge is released, and the pledged industrial and commercial change registration procedures are cancelled.

1.4 The parties agree that each party shall cooperate to complete the industrial and commercial registration formalities within 30 days after the signing of the agreement, and register the underlying equity in the name of Party D or its designated third party. The ownership structure of Party B is shown in Annex 1 B.

1.5 The parties agree that Party B shall deliver all seals, Ukeys, and files related to Party B's financial, business, administrative, and historical documents to Party D after payment of all transfer prices and within 30 days of signing the agreement.

2. Termination of rights and obligations in the VIE agreement

2.1 Party A, Party B and Party C agree to terminate all the rights and obligations in the VIE agreement, and agree that all rights and obligations shall be terminated at the same time that D has paid all transfer prices to Party A.

2.2 Party A, Party B and Party C agree that when any VIE agreement is terminated, the rights and obligations will be terminated at the same time. The terminated rights and obligations of the parties include but are not limited to all the rights and obligations of Party A and Party B in the Exclusive Business Cooperation Agreement, Party A 's equity and asset purchase rights in the Exclusive Purchase Right Agreement, and Party C 's authorization in the Authorization Letter.

2.3 If before the termination of all rights and obligations in the VIE agreement, either party violates any clause in the VIE agreement, the other parties agree to waive the liability for breach of contract.

3. Statement and Guarantee

3.1 Each party to this agreement states and warrants to the other parties as follows, on the date this agreement is signed:

3.1.1 They are all entities or natural persons established and effectively renewed in accordance with the laws of the place where they are established; they all have the right to sign and perform this agreement in their own name and the right to bring suits and respond to suits in their own names.

3.1.2 If it is an entity, the signing and performance of this agreement have been authorized or approved in accordance with the articles of association or other organizational documents.

3.1.3 It or its designated authorized representative has sufficient rights and authorization to sign, perform this agreement and comply with all obligations under this agreement.

3.1.4 It does not violate laws, regulations and government orders to sign and execute agreements.

3.2 For the purposes of this agreement, Party C has stated and guaranteed to Party D as follows:

3.2.1 As of the date when the subject equity is transferred to Party D, except for equity pledge, there is no right burden on the subject equity, including but not limited to equity pledge, equity right restriction, etc.

3.3 For the purpose of this agreement, Party D has stated and guaranteed to Party A and Party C as follows:

3.3.1 The transfer price paid by Party D to Party A is legally held funds.

4. Dispute Resolution

4.1 This agreement follows the laws of the People's Republic of China.

4.2 All disputes arising from this agreement shall be negotiated amicably by the parties. If the negotiation fails, they shall be submitted to the Beijing Arbitration Commission for arbitration. The place of arbitration is Beijing

5. Privacy Policy

5.1 The terms related to this equity transfer and the termination of VIE and other parties' information are confidential information and shall not be disclosed to third parties.

5.2 The provisions of Article 5.1 do not apply to the following situations:

5.2.1 Confidential information is generally known to the public and is not caused by a party's disclosure in violation of this agreement.

5.2.2 Disclosure to employees related to this equity transfer and termination of VIE.

5.2.3 Disclosure to banks, financial advisers, legal advisers or other intermediary service agencies for the purposes of this agreement.

5.2.4 Disclosures required in accordance with laws, regulations or requirements of government agencies and stock exchanges.

5.3 The effect of this article is not affected by the termination or termination of this agreement.

6. Breach and relief

6.1 Any party violating this agreement shall be responsible for compensating the contracting parties for all actual and foreseeable losses incurred due to breach of contract.

6.2 In particular, if due to the reasons of Party B or Party C, it cannot be completed within the time agreed in this agreement, all liabilities or losses arising therefrom shall be borne by Party B or Party C, and Party A shall not bear any liability for breach of contract.

6.3 In particular, if one or some of the reasons for Party C cannot complete the industrial and commercial registration procedures, the liability and losses incurred shall be borne by Party C.

6.4 The rights and remedies provided in this agreement are accumulated without excluding other rights and remedies provided by law.

6.5 The statements and guarantee are not true, accurate or complete, and do not cause the observing party to lose any right to recover the violating party.

7. Others

7.1 Taxes and fees. All taxes and fees shall be borne by all parties according to law.

7.2 Take effect. It shall come into force after being signed by the parties or authorized by them, and it is binding on the parties.

7.3 Change, termination. Changes or termination of this agreement shall be effective after being signed by all parties.

7.4 Give up power. Any party who has not exercised or partially exercised any rights shall not be deemed to waive other rights.

7.5 Invalid. If one or more terms of this Agreement and other documents related to it are deemed to be invalid, illegal or unenforceable under any applicable law, then: (1) other terms shall not be affected or damaged. (2) The parties shall replace the terms with valid, legal and enforceable terms.

7.6 Complete agreement. This agreement and its annexes constitute the complete document of this equity transfer and the termination of VIE.

7.7 Supplemental agreement. For matters not covered in this agreement, the parties may sign a supplementary agreement for agreement. In case of inconsistency, the agreement in the supplementary agreement shall prevail.

7.8 Force majeure. Due to the unforeseeable, unavoidable and insurmountable impact of objective circumstances, the agreement cannot be performed or performed on time, and valid supporting documents shall be provided within 15 days after the event. According to the degree of influence, the parties shall discuss whether to terminate the agreement, or partially exempt from liability, or postpone the performance of the agreement.

7.9 Number of copies of the agreement. There are 18 copies of this agreement, each party holds one copy, and each copy has the same legal effect.

[No text following]

Appendix 1 A: The Shareholding Structure Of Fenghui Direct Lending

Appendix 1 B: The Equity Structure Of Fenghui Direct Lending After The Completion Of This Equity Transfer

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party A: Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited

Legal representative (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party B: Urumqi Fenghui Direct Lending Co., Ltd.

Legal representative (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Li Jinping (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Xinjiang Ruide Lighting Co., Ltd.

Legal representative (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Xinjiang Shenghe Dairy Co., Ltd.

Legal representative (signature): _____

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Party C: Xinjiang Huajun Energy Saving Equipment Co., Ltd.

Legal representative (signature): _____

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Party C: Yang Zhisun (signature): _____

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Party C: Chen Hong (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Xinjiang Xinrui Hongcheng Trading Company

Legal representative (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Xinjiang Nuoerde Equity Investment Limited Partnership

Legal representative (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Xinjiang Yongji Trading Company

Legal representative (signature): _____

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Party C: Xinjiang Shuangcheng Equity Investment Co., Ltd.

Legal representative (signature): _____

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Party C: Xinjiang Puyuan Logistics Co., Ltd.

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Party C: Zhang Jianfeng (signature): _____

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Party C: Ma Shiyao (signature): _____

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Party C: Guo Xiaoyan (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Liu Yuanqing (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party D: Zhejiang Zhongfeng Investment Management Co., Ltd.

Legal representative (signature): _____

Supplemental Equity Transfer and VIE Termination Agreement

This *Supplemental Equity Transfer and VIE Termination Agreement* (referred to as “The Agreement”), as a supplemental agreement to the Equity Transfer and VIE Termination Agreement dated November 22, 2019, is signed by the following parties on January 18, 2020:

Party A: **Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited** (referred to as “WFOE”), a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Pingfang, Building 1 South, Ditanbeili East, Dongcheng District, Beijing

Party B: **Urumqi Fengxunhui Consulting Management Co., Ltd.**(referred to as “Fenghui Direct Lending”), a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is 11th Floor, No. 437, Weixing Road, Urumqi Economic and Technological Development Zone, Xinjiang

Party C: **Li Jingping**, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Xinjiang Ruide Lighting Co., Ltd., a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Room 10, 6th Floor, Building 2, No. 499 Weixing Road, Urumqi Economic and Technological Development Zone, Xinjiang

Xinjiang Shenghe Dairy Co., Ltd., a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is No. 23 Yinquan Street, Industrial Park, Toutunhe District, Urumqi, Xinjiang

Xinjiang Huajun Energy Saving Equipment Co., Ltd., a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is No.11 Xinhua South Road, Tianshan District, Urumqi, Xinjiang

Yang Zhisan, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Chen Hong, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Xinjiang Xinrui Hongcheng Trading Company, a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Room 2105, Xinhongxin Building, No. 38 Renmin Road, Tianshan District, Urumqi, Xinjiang

Xinjiang Nuorde Equity Investment Limited Partnership, A limited partnership established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is 108 Huangshan Street, Urumqi Economic and Technological Development Zone

Xinjiang Yongji Trading Company, a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Office 2, Building 9, QinJun Phase 2, No. 513 Weixing Road, Urumqi Economic and Technological Development Zone

Xinjiang Shuangcheng Equity Investment Co., Ltd., a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Room 39, 4th Floor, No. 21, Xiamen Road, Urumqi Economic and Technological Development Zone, Xinjiang

Xinjiang Puyuan Logistics Co., Ltd., a limited liability company established and existing under the laws of the People's Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is No.1111 Wucai South Road, Industrial District, Wujiaqu City, Xinjiang

Zhang Jianfeng, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Ma Shiyao, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Guo Xiaoyan, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Liu Yuanqing, [Chinese citizen], ID card number: XXXXXXXXXXXXXXXXXXXX

Party D: Zhejiang Zhongfeng Investment Management Co., Ltd. (referred to as “transferee”), a limited liability company established and existing under the laws of the People’s Republic of China, the unified social credit code is: XXXXXXXXXXXXXXXXXXXX, the registered address is Jianggan District, Hangzhou City, Zhejiang Province

The above subject individually as “Party”, collectively referred to as “parties”; Party B collectively referred to as “transferer”.

Whereas,

(1) Party A, Party B, Party D and Li Jinping, Xinjiang Shenghe Dairy Co., Ltd., Xinjiang Huajun Energy Saving Equipment Co., Ltd., Chen Hong, Xinjiang Nuorde Equity Investment Limited Partnership, Xinjiang Shuangcheng Equity Investment Co., Ltd., Zhang Jianfeng, Guo Xiaoyan, Liu Yuanqing and Yang Zhisan of Party C (together with Party A, Party B, and Party D are referred to as the “subject to the original agreement”) signed the *Equity Transfer and VIE Termination Agreement* (hereinafter referred to as the “original agreement”) on November 22, 2019. It is agreed that Party C will transfer all the equity of Fenghui Direct Lending to Party D, Party D agreed to purchase all the equity of Fenghui Direct Lending held by Party C (referred to as “this equity transfer”); At the same time, the parties agree to terminate the VIE Agreement and all rights and obligations in the VIE Agreement; and

(2) The parties intend to revise the payment of the transfer price agreed under the original agreement and the termination of the vie agreement.

Whereas, in order to further promote the equity transfer and clarify the rights and obligations of each party, the parties have reached the following supplementary agreement:

1. Definition

Unless otherwise agreed in this supplementary agreement, the words used in this supplementary agreement but not defined shall have the meanings agreed in the original agreement.

2. Confirmation of the validity of the original agreement

2.1 Each party hereby confirms that if it is the subject of the original agreement, the original agreement constitutes a legally binding document from the date of signing the original agreement, and it shall perform its obligations and assume responsibilities according to the original agreement, and also enjoy the relevant rights under the original agreement

2.2 Each party hereby confirms that, if it is not the signing subject of the original agreement, it will join the original agreement from the date of signing this supplementary agreement, and perform the obligations and responsibilities agreed in the original agreement, and also enjoy the rights agreed in the original agreement.

3. Equity transfer

3.1. The parties agree that article 1.2 of the original agreement shall be replaced by the following articles from the date of signing this supplementary agreement:

The parties agree that Party D shall pay the transfer price to Party A in full according to the following agreement.

1.2.1 Party D shall pay the transfer price of RMB 3.5 million (hereinafter referred to as “the first transfer price”) to the bank account designated by Party A in written form within 45 days after the signing of this agreement.

1.2.2 Party D shall pay the transfer price of 3 million yuan (referred to as “the second transfer price”) to the bank account designated by Party A in written form within 30 days after the completion of industrial and commercial procedures for the cancellation of all the subject equity (100% equity of Party B).

1.2.3 Party D shall pay the remaining 3.5 million yuan transfer price (referred to as “the third transfer price”) to the bank account designated by Party A in written form within 30 days from the date when more than 50% of the subject equity (more than 50% of the equity of Party B) is transferred to Party D or its designated third party and the industrial and commercial registration formalities are completed.

1.2.4 For the avoidance of objection, Party A hereby designates the following bank account as the bank account to collect the transfer price:

Account name: Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited

Account number: XXXXXXXXXXXXXXXXX

Bank of Account: Bank of Beijing Hepingli Sub-branch

3.2 The parties agree that Article 1.3 of the original agreement has been replaced with the following terms since the date of signing of this supplementary agreement:

Party B and Party C shall cooperate with the cancellation of the equity pledge established by Party C under the equity pledge agreement after the signing of this agreement and before or at the same time as the industrial and commercial change registration procedures for this equity transfer, and go through the industrial and commercial change registration procedures for releasing the pledge.

3.3 The parties agree that Article 1.4 of the original agreement has been replaced with the following terms since the date of signing of this supplementary agreement:

Each party shall cooperate to complete the industrial and commercial change registration procedures of this equity transfer as soon as possible after the signing of this Agreement and handling the industrial and commercial change registration procedures of releasing the pledge on the target equity, and register the target equity in the name of Party D or the third party designated by Party D. Party D becomes a shareholder of Party B from the date of the transfer of the subject equity to its name or the name of a third party designated by it and the completion of the industrial and commercial registration of change, and enjoys the rights and obligations of shareholders.

3.4 The parties agree that Annex 1 B of the original agreement shall be deleted from the date of signing this supplementary agreement.

3.5 The parties agree that article 1.5 of the original agreement shall be replaced by the following articles from the date of signing this supplementary agreement:

The parties agree that Party B shall, within 30 days after the signing of this agreement, deliver all Party B's seals (including but not limited to the official seal, financial seal, contract seal), ukey and files related to Party B's finance, business, administration, historical data and other aspects to Party D.

4. Termination of rights and obligations in VIE Agreement

4.1 The parties agree that Article 2.1 of the original agreement shall be replaced by the following articles as of the date of signing this supplementary agreement:

Party A, Party B and Party C agree to terminate all rights and obligations in the vie agreement, and agree that all rights and obligations in the vie agreement shall be terminated at the earlier of the following agreed time: (1) when this agreement is signed by all parties, or (2) when Party A has sent a written notice of termination to other parties in accordance with the vie agreement.

5. Statement and guarantee

5.1 The parties agree that Article 3.2.1 of the original agreement has been replaced with the following terms since the date of signing of this supplementary agreement:

As of the date of transfer of the subject equity to Party D, except under the equity pledge agreement and the information disclosed by Party C to Party D, there is no burden of rights on the subject equity, including but not limited to equity pledge, equity rights limitation, etc.

6. Others

Other terms remain unchanged. The parties agree that the other terms of the original agreement shall remain unchanged except for the amendment under this agreement.

6.2. Effective. This agreement shall come into force after it is signed by each party or its authorized representative. From the date when one party signs this agreement, this agreement shall constitute a legally binding document for that party.

6.3. Priority effect. In case of any conflict or inconsistency between this agreement and the original agreement, this agreement shall prevail. Matters not stipulated in this agreement shall be implemented in accordance with the original agreement.

6.4. Number of copies of the agreement. There are 18 copies of this agreement, each party holds one copy, and each copy has the same legal effect.

[No text following]

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party A: Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited

Legal representative (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party B: Urumqi Fengxunhui Consulting Management Co., Ltd.

Legal representative (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party C: Li Jinping (signature): _____

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Party C: Xinjiang Ruide Lighting Co., Ltd.

Legal representative (signature): _____

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Party C: Liu Yuanqing (signature): _____

(This page is the signature page of the *Equity Transfer and VIE Termination Agreement*)

Party D: Zhejiang Zhongfeng Investment Management Co., Ltd.

Legal representative (signature): _____

Lease Agreement

Lessor: Junrong Capital Holdings Limited (Party A)

Unified Social Credit Code: XXXXXXXXXXXXXXXXXXXX

Lessee: Lixin (Hangzhou) Asset Management Co., Ltd. (Party B)

Unified Social Credit Code: XXXXXXXXXXXXXXXXXXXX

Article 1 Property

1.1 The leased property is located on the first floor of No. 147 Ganshui lane, Shangcheng District, Hangzhou, with a construction area of 145.06 square meters and a courtyard and terrace of 42.07 square meters.

1.2 Party B understands the state of the house and is willing to perform its obligations as stipulated in the contract.

Article 2 Lease Use

2.1 Party B leases the above property for office use only.

2.2 During the lease period, Party B needs to obtain Party A 's consent to change use of the property

2.3 Party B must engage in legal business activities.

Article 3 Lease Term

3.1 The lease term is six months, and the contract lease period is from February 18, 2020 to August 17, 2020.

3.2 Upon expiration of the lease term, Party B shall have the priority to renew the lease under the same conditions.

Article 4 Property rent, security deposit, payment method

4.1 Property rent

4.1.1 The rent of the property in the first contract year is: the unit price of the construction area is RMB 5 yuan / day / square meter, and the unit price of the courtyard and terrace area is RMB 2.76 yuan / day / square meter.

4.1.2 During the lease period, the rent is paid every six months. Party B shall pay the first rent within ten days after the contract becomes effective.

4.1.3 Party B fails to pay the rent as agreed, and Party A has the right to cancel the contract unilaterally.

4.1.3 If Party B fails to pay the property rent, property fees and utilities, it shall pay a late fee to Party A at a rate of three thousandths of the fee payable each day. If Party B fails to pay the rent and property fees after 15 days, Party A has the right to recover the property and unilaterally terminate the contract.

4.1.4 Party B shall bear various operating expenses and property management fee on its own.

4.1.5 Party B shall obey the management of Party A or the property management company designated by Party A.

4.1.6 Water, electricity and other expenses shall be borne according to the actual use.

4.2 Payment method

4.2.1 Party B shall pay the contract deposit, rent and property management fee by transfer or mailing a check.

Article 5 Property use requirements and maintenance responsibilities

5.1 The property and auxiliary equipment leased by Party B. Party B shall be responsible for daily maintenance and repair, and Party B shall bear the cost.

5.2 If Party B wants to add equipment and expand power, etc., it must obtain the consent of Party A.

5.3 During the lease period, due to improper use or artificial reasons caused by Party B, resulting in damage or failure of the property or equipment, Party B is responsible for maintenance and bear the cost.

5.4 Party B is responsible for the internal decoration by itself, and the overall structure must not be damaged during the decoration.

5.5 Party B shall not build temporary buildings outside the property.

5.6 Party A has the right to temporarily stop using any facilities due to the needs of maintenance and inspection, but Party B shall be notified in writing in advance, and Party B shall cooperate.

5.7 During the lease period, Party B shall do a good job in fire safety and other tasks in accordance with the regulations of the relevant departments.

Article 6 Sublet and lease renewal

6.1 During the lease period, Party B shall not sublet or sublet.

6.2 After the lease term expires, Party A has the right to recover the leased property unconditionally.

6.3 If Party B does not make a request for renewal, it shall be deemed that Party B has given up the lease renewal.

Article 7 Return of leased property

7.1 Return date and scope of use

7.1.1 Party B should return the property before the end of the lease period

7.1.2 Except for the expiration of the lease term and normal termination, if Party A or Party B unilaterally terminates the contract, Party B shall return the leased property within 10 days from the date of early termination or termination of the contract.

7.2 Return status and attribution of decoration and ancillary facilities and equipment.

7.2.1 After the contract expires, Party B can take away the additional equipment. The non-removable equipment belongs to Party A free of charge.

7.2.2 Party B shall bear all costs that cannot be restored.

7.3 Consequences of late return

7.3.1 If the property is not returned within 10 days after the due date, Party A has the right to take measures to recover the property.

7.3.2 If Party B returns the leased property after the due date, in addition to paying the rent according to the contract standard, Party B shall also pay the occupation fee at twice the basic rent.

Article 8 Modification, cancellation and termination of contracts

8.1 During the lease period, if the terms of the contract need to be changed, both parties shall negotiate and sign in writing.

8.2 The contract cannot be performed due to force majeure, and both parties are not liable for breach of contract.

8.3 If the contract is terminated early due to national policy, both parties shall not be liable for breach of contract.

Article 9 Liability for breach of contract

The breaching party pays a penalty of 30% of the rent.

Article 10 Application of law

If the negotiation fails, the people's court where the property is located shall sue.

Article 11 Others

11.1 Documents mailed to the contract address by Party A shall be deemed to be served within three days from the date of mailing.

11.2 The unfinished matters will be negotiated separately by both parties.

11.3 The contract becomes effective after being sealed. Two copies of the same contract, each holding one copy.

Party A: Junrong Capital Holdings Limited

Party B: Lixin (Hangzhou) Asset Management Co., Ltd.

Legal representative: Zhang Jingxian

Legal representative: Zhu Jialin

Authorized agent:

Authorized agent:

Date:

Date:

Lease Agreement

Lessor: Hangzhou Yuhuangshannan Fund Town Management Committee (Party A)

Address: No. 33 Fuxing Road, Shangcheng District, Hangzhou

Lessee: Zhejiang Lixin Holdings Co., Ltd. (Party B), NOW: Zhejiang Lixin Enterprise Management Group Co., Ltd.

Address: Room 401-410, No. 88-1, Marshal Temple Rear, Shangcheng District, Hangzhou

Article 1 Property

The rental property is located in Room 401-410, No. 88-1, Marshal Temple Rear, Shangcheng District, Hangzhou, with a construction area of 635 square meters .

1.1 Party B understands the state of the property rented from Party A and is willing to assume all the obligations stipulated in the contract.

Article 2 Contract Basis

2.1 Within 60 business days from the effective date of the contract, Party B registers its address as in the one in the contract and settles the related tax payment in Shangcheng District, Hangzhou.

2.2 During the contract period, any company established in Hangzhou that is controlled by Party B must also be registered at the contract address, and taxation matters should be settled in Shangcheng District, Hangzhou.

2.3 If Party B fails to perform the above treaty as agreed, Party A has the right to unilaterally terminate this contract.

Article 3 The Rental Purposes

3.1 Party B leases the above property for office use only.

3.2 During the lease period, Party B's main industry must conform to Party A's unified planning and positioning. If the industry content is changed, Party A's consent must be obtained.

3.3 Party B is engaged in legal business activities.

Article 4 Lease Term

4.1 The lease term is 6 years, and the contract lease period is from July 6, 2018 to July 5, 2023.

4.2 Party A gives Party B a 60-day rent-free period for the purpose of interior decoration. The decoration rent-free period is from July 6, 2018 to September 4, 2018. During this period, there is no need to pay rent by Party B, but it still needs to bear property management fees and government taxes and other fee.

4.3 Upon expiration of the lease term, Party B shall have the priority to renew the lease under the same terms.

Article 5 Property Rent, Security Deposit, Payment Method

5.1 Property rent

5.1.1 The rent of the property in the first contract year is: the unit price of the construction area is RMB 3 yuan / day / square meter, The first year contract deducts 60 days of rent-free decoration period, and actually pays 305 days of rent.

5.1.2 From the second contract year (including the second and the same year), the annual rent unit price (building area and courtyard terrace area) will increase by 5% on the basis of the previous year until the end of the contract.

5.1.3 During the lease period, the rent is paid every six months. Party B shall pay the first rent within ten days after the contract becomes effective.

5.1.4 If Party B fails to pay the property rent, property fees and utilities, it shall pay a late fee to Party A at a rate of 3% of the fee payable each day. Party A has the right to take back the property and unilaterally terminate the contract 15 days after Party B fails to pay the rent and property fees.

5.2 Security Deposit

5.2.1 Within 5 days after the signing of the contract, Party B shall pay Party A a deposit of RMB 100,000.

5.2.2 If Party B fails to pay the contract deposit as agreed, Party A has the right to terminate the contract unilaterally.

5.2.3 During the lease period, if Party B commits a breach of contract, Party A has the right to directly deduct such loss occurred from Party B's deposit.

5.2.4 Party A must refund the remaining rental deposit when the contract is over and Party B returns the rental property to Party A.

5.3 Other expenses

5.3.1 Party B shall bear various operating expenses on its own.

5.3.2 Party B shall obey the management of Party A or the property management company designated by Party A.

5.3.3 Property management fee tentatively is 3.5 yuan / month / square meter.

5.3.4 Water, electricity and other expenses shall be borne according to the actual use.

5.3.5 With the consent of Party A, after Party B and the property management company designated by Party A separately sign a property management contract, the related costs will be executed according to the property management contract of both parties.

5.4 Payment method

5.4.1 Party B shall pay the contract deposit, rent and property management fee by bank transfer or by mailing a check.

Account name: Hangzhou Yuhuangshannan Fund Town Management Committee
Bank of Account: China Minsheng Bank Hangzhou Binjiang Sub-branch
Account number: 698693850

Article 6 Property Use Requirements And Maintenance Responsibilities

6.1 Party B shall be responsible for daily maintenance and repair of the property and auxiliary equipment leased.

6.2 If Party B wants to add equipment and expand power line, etc., it must obtain the consent from Party A.

6.3 During the lease period, if any improper use or other reasons by Party B results in damage or malfunction of the property or equipment, Party B shall be responsible for such cost.

6.4 Party B is responsible for the internal decoration while the overall structure must not be damaged during the decoration.

6.5 Party B shall not build temporary buildings outside the property.

6.6 Party A has the right to temporarily halt use of the property or facilities due to its own needs of maintenance and inspection, but Party B shall be notified in writing in advance, and Party B shall cooperate.

6.7 During the lease period, Party B shall comply with fire safety and other tasks in accordance with the regulations of the relevant departments.

Article 7 Sublet And Lease Renewal

7.1 During the lease period, Party B shall not sublet.

7.2 After the lease term expires, Party A has the right to take back the leased property unconditionally.

7.3 If Party B does not make a request for renewal, it shall be deemed that Party B has given up the lease renewal.

Article 8 Return of Leased Property

8.1 Exchange date and scope of use

8.1.1 Party B should return the property at the end of the lease period.

8.1.2 Except for the expiration of the lease term and normal termination, if Party A or Party B unilaterally terminates the contract, Party B shall return the leased property within 10 days from the date of early termination or termination of the contract.

8.1.3 If Party B has applied for an industrial and commercial business license with the leased property as its residence, it must remove the business license and pay the industrial and commercial management fees during this period.

8.2 Return of the facilities and equipment.

8.2.1 After the contract expires, Party B can take away the additional equipment. The non-removable equipment belongs to Party A free of charge.

8.2.2 Party B shall bear all costs that cannot be restored.

8.3 Consequences of late return

8.3.1 If the property is not returned within 10 days after the due date, Party A has the right to take measures to recover the property.

8.3.2 If Party B returns the leased property after the due date, in addition to paying the rent according to the contract standard, Party B shall also pay the occupation fee at twice the basic rent.

Article 9 Modification, Cancellation And Termination Of Contracts

9.1 During the lease period, if the terms of the contract need to be changed, both parties shall negotiate and sign in writing.

9.2 If the contract cannot be performed due to force majeure, both parties shall not be liable for breach of contract caused by such force majeure.

9.3 If the contract is terminated early due to a national policy, both parties shall not be liable for breach of contract.

Article 10 Application of law

If the negotiation fails, parties will submit such dispute to the People's Court.

Article 11 Others

11.1 Documents mailed to the contract address by Party A shall be deemed to be served within three days from the date of mailing.

11.2 The unfinished matters will be negotiated separately by both parties.

11.3 The contract becomes effective after being sealed. Six copies of the same contract for Party A to hold four copies and Party B to hold two copies.

Party A: Hangzhou Yuhuangshannan Fund Town Management Committee

Legal representative:

Authorized agent:

Date: 2018.07.03

Party B: Zhejiang Lixin Holdings Co., Ltd. **NOW:** Zhejiang Lixin Enterprise Management Group Co., Ltd.

Legal representative: Zhu Jialin

Authorized agent:

Date:

Lease Agreement

Lessor: Zhejiang Fengfan Electrical Accessories Co., Ltd. (Party A)

Lessee: Zhejiang Jingyuxin Financing Guarantee Co., Ltd.(Party B)

Article 1 Property

Party A's office building: 48th floor of Baiguan Square, Baiguan Street, Shangyu District, Shaoxing City, with an area of 1,700 square meters.

Article 2 Purposes Of Lease

1. Party B rents the property for use as its business office, business marketing and supporting property. Without the written consent from Party A, Party B may not change the purpose and cannot use the leased property to engage in violation activities.
2. Without the written consent from Party A, Party B cannot sublet to a third party
3. If Party B changes the purpose of the property or sublet it to a third party without authorization, Party A has the right to terminate the agreement in advance.

Article 3 Lease Term

The lease term is from May 1, 2020 to April 30, 2022.

Article 4 Lease Fees And Payment Methods

1. Rental cost: 880,000 yuan / year (including tax).
2. Lease term: After the agreement is signed, it will be paid every six months. The first payment: before April 20, the payment of rent including tax is 440,000 yuan, before 2020.10.20, the payment of rent including tax is 440,000 yuan.

Article 5 Other Expenses During The Lease

1. Party B shall bear all operating expenses.
2. Other expenses such as property management fees for leased property, maintenance and repair costs for shared areas, and public utilities for hydropower, etc., shall be borne by Party B by area.
3. The maintenance fee shall be borne by Party B.
4. Party B shall bear all taxes arising from renting property.

Article 6 Property Delivery And Acceptance

The rental area is a finely decorated.

Article 7 Repair of Leased Property

Without the consent from Party A, Party B shall not destroy/alter the decorated parts and the property structure.

Article 8 Return of Leased Property

Party B returns the leased property at the end of the lease period or midway and Party B should move out within ten days.

The internal and external walls, ground, doors and windows of the rental property shall be owned by Party A, and shall be returned to Party A along with the rental property.

Article 9 Maintenance And Insurance of Leased Property

1. During the use process, Party B bears the responsibility and cost for the maintenance of the property except the original main structure.
2. Party B shall bear the fire insurance obligation for the property of the leased property.

Article 10 Liability For Breach Of Contract

1. If Party B is late for fees and payments and utility bill, it shall bear all cost and penalty fee; Party A has the right to cut off all utilities if payment is delayed and Party B shall bear all costs occurred.
2. Party B shall return all leased property when the contract is due and will bear all penalty fee if any failure of such return.
3. Any earlier termination of the contract due to default by Party B or termination by Party B will results in Party A's confiscation of all immovable decorations on the property.
4. Party A has the right to terminate the contract or to end utilities supply due to default by Party B and Party B shall bear any cost occurred by its such default.

Article 11 Special Agreement

1. If the contract cannot be performed due to any force majeure, Party A will refund Party B's deposit and unexpired rent.
3. During the lease term, if Party B fails to continue maintaining the business due to objective reasons, it can terminate the contract by written notice three months in advance.

Article 12 Resolution of Disputes

If the friendly negotiation or mediation between the two parties fails, either party may file a lawsuit in the People's Court where the rental property is located.

Article 13 Contract Entry Into Force And Change

1. The contract shall become effective from the date that both parties seal or sign.
2. Matters not covered in this contract can be changed or supplemented through mutual agreement which, after the signature and seal of both parties, shall have the same legal effect.
3. This contract is made in duplicate and each party holds one copy, which has the same legal effect.

Party A: Zhejiang Fengfan Electrical Accessories Co., Ltd.

Legal representative: Zhu Jialin

Tel:

Date: 2020.04.07

Party B: Zhejiang Jingyuxin Financing Guarantee Co., Ltd.

Legal representative or Authorized representative:

Tel:

Date: 2020.04.07

Lease Agreement

Lessor: Junrong Capital Holdings Limited (Party A)

Unified Social Credit Code: XXXXXXXXXXXXXXXXXXXX

Lessee: Zhiyuan Factoring (Guangzhou) Co., Ltd. (Party B)

Unified Social Credit Code: XXXXXXXXXXXXXXXXXXXX

Article 1 Property

1.1 The rental property is located on the second floor of No. 147 Ganshui Lane, Shangcheng District, Hangzhou, with a construction area of 234.7 square meters and a terrace area of 36.44 square meters.

1.2 Party B understands the state of the property rented by Party A and is willing to assume all the obligations stipulated in the contract.

Article 2 The Rental Purposes

2.1 Party B leases the above property for office use only.

2.2 During the lease period, Party B's main industry must conform to Party A's unified planning and positioning. If the industry content is changed, Party A's consent must be obtained.

2.3 Party B is engaged in legal business activities.

Article 3 Lease Term

3.1 The lease term is 3 years, and the contract lease period is from February 18, 2020 to February 17, 2023.

3.2 Upon expiration of the lease term, Party B shall have the priority to renew the lease under the same conditions.

Article 4 Property Rent And Payment Method

4.1 Property rental fee

4.1.1 The unit price of the construction area is RMB 5 yuan / day / square meter, the unit price of the terrace area is RMB 2.43 yuan / day / square meter. the annual rent unit price (building area and courtyard terrace area) will increase by 5% on the basis of the previous year until the end of the contract.

4.1.2 During the lease period, the rent is paid every six months. Party B shall pay the first rent within ten days after the contract becomes effective.

4.1.3 If Party B fails to pay the rent according to the contract, Party A has the right to terminate the contract.

4.1.4 Party B shall bear all operating expenses and pay on time.

4.1.5 Party B shall obey and cooperate with the management of Party A or the property company designated by Party A.

4.1.6 Water and electricity costs are borne according to actual usage.

4.2 Payment method

4.2.1 Party B deposits the account designated by Party A by bank transfer, or sends the check to Party A.

Article 5 Requirements For Property Use And Repair Responsibilities

5.1 Party B shall be responsible for daily maintenance and repair of the property and auxiliary equipment leased and shall bear all related cost.

5.2 If Party B wants to add equipment and expand power line, etc., it must obtain the consent from Party A.

5.3 During the lease period, if an improper use or various reasons by Party B causes damage or malfunction of the property or equipment, Party B is responsible for maintenance and bear the related cost.

5.4 Party B is responsible for the internal decoration, and the overall structure must not be damaged or altered during the decoration.

5.5 Party B shall not build temporary buildings outside the property.

5.6 Party A has the right to temporarily halt use of any facilities due to the needs of maintenance and inspection, but Party B shall be notified in writing in advance, and Party B shall cooperate.

5.7 During the lease period, Party B shall comply with fire safety and other tasks in accordance with the regulations of the relevant departments.

Article 6 Sublet And Lease Renewal

6.1 During the lease period, Party B shall not sublet.

6.2 After the lease term expires, Party A has the right to recover the leased property unconditionally.

6.3 If Party B does not make a request for renewal, it shall be deemed that Party B has given up the lease renewal.

Article 7 Return Of Leased Property

7.1 Exchange date and scope of use

7.1.1 Party B should return the property before the end of the lease period.

7.1.2 Except for the expiration of the lease term and normal termination, if Party A or Party B unilaterally terminates the contract, Party B shall return the leased property within 10 days from the date of early termination or termination of the contract.

7.2 Return of decoration and ancillary facilities and equipment.

7.2.1 After the contract expires, Party B can take away the additional equipment. The non-removable equipment belongs to Party A free of charge.

7.2.2 Party B shall bear all costs that cannot be restored.

7.3 Consequences of late return

7.3.1 If the property is not returned within 10 days after the due date, Party A has the right to take measures to recover the property.

7.3.2 If Party B returns the leased property after the due date, in addition to paying the rent according to the contract standard, Party B shall also pay the occupation fee at twice the basic rent.

Article 8 Modification, Cancellation And Termination of Contracts

8.1 During the lease period, if the terms of the contract need to be changed, both parties shall negotiate and sign in writing.

8.2 If the contract cannot be performed due to any force majeure, both parties are not liable for breach of contract by such force majeure.

8.3 If the contract is terminated early due to a national policy, both parties shall not be liable for breach of contract.

Article 9 Liability For Breach Of Contract

The breaching party pays a penalty of 30% of the rent.

Article 10 Application Of Law

If the negotiation fails, parties will bring such disputes to the People's Court where the property is located.

Article 11 Others

11.1 Documents mailed to the contract address by Party A shall be deemed to be served within three days from the date of mailing.

11.2 The unfinished matters will be negotiated separately by both parties.

11.3 The contract becomes effective after being sealed. Two copies of the same contract, each party with one copy.

Party A: Junrong Capital Holdings Limited

Legal representative:

Authorized agent:

Date:

Party B: Zhiyuan Commercial Factoring (Guangzhou) Co., Limited

Legal representative:

Authorized agent:

Date:

Guangzhou City Lease Contract

(2014 edition)

Article 1 Involving Parties**Lessor (Party A): Guangdong Letian Creative Investment Co., Ltd.****Lessee (Party B): Zhiyuan Factoring (Guangzhou) Co., Ltd.**

Article 2 Party A agrees to lease the real estate located in Room 101-211, Building 4, No. 230, Huangge Section, South Road, Huangge Town, Nansha District to Party B for office use, with a construction area of 23 square meters.

Article 3 The lease term agreed by both parties

Lease term	Monthly rent amount (Currency: RMB)	
	Lower case	Capital
2019.06.22-2020.06.30	2100	2100

The rent is settled monthly, and Party B shall pay the rent to Party A by cash or by bank transferring before the 5th day of each month.

Article 4 Party B pays a deposit of RMB 4,200 to Party A. Party A shall return the deposit to Party B on the date the lease expires or the contract is terminated.

Article 5 Responsibilities

1. Party A and Party B shall perform the provisions and obligations of relevant laws and regulations such as “General Principles of Civil Law”, “Contract Law of the People’s Republic of China”, “Regulations of Guangdong Province on Urban Housing Leasing”, “Guangzhou Municipal Housing Leasing Management Regulations”, and shall not change the purpose of rent planning.

2. Party A and Party B shall assist and cooperate with relevant departments in the investigation and handling of property leasing, property safety, fire safety, public security, family planning, and production and sales of fake and shoddy goods.

Article 6 Party A’s Rights And Obligations

1. According to the contract, Party A shall hand over the property and equipment to Party B for use. If the property is not provided according to the agreement, Party A shall pay liquidated damages to Party B at 1% of the monthly rent every day after the due date.

2. If leasing the property to a third party during the lease period, Party A must notify Party B in writing 3 months (not less than 3 months) in advance; action of pledging the property must be notified to Party B in writing 60 days in advance.

3. If Party B is found to have altered the structure and use of the property without authorization and caused the loss of the leased , or if Party B owes the rent for more than 6 months, Party A may terminate the contract, regain the property, and demand compensation for the loss.

Article 7 Party B's rights and obligations

1. If the rent is overdue, Party B shall pay Party A penalty of 3% of the monthly rent for each day of the overdue.
2. After the lease term expires, the original leased property should be returned to Party A; if Party A needs to continue to lease the property, it should negotiate with Party A 60 days in advance, and the two parties will sign a separate contract.

Article 8 Other agreements

None

Article 9 If Party A or Party B fails to perform the terms of this contract or violates relevant laws and regulations and fails to perform within a reasonable period of time after being warned, the responsible party shall bear the losses.

Article 10 During the lease period, in the case of force majeure, both parties shall negotiate and settle in a timely manner in accordance with the relevant laws.

Article 11 This contract is in triplicate with each party holds one copy and one copy for the local relevant agency.

Article 12 If there is a dispute during the performance of this contract, both parties shall settle the dispute through negotiation. If the negotiation fails, they shall file a lawsuit with the People's Court or apply to the relevant arbitration committee for arbitration.

Article 13 This contract shall be effective from the date of signature by both parties.

Party A (seal):

Guangdong Letian Creative Investment Co., Ltd.
Legal representative: Yu Ruizhu
ID number: XXXXXXXXXXXXXXXX
Authorized agent:
ID number:
Address:
Contact number: XXXXXXXXX
Date:

Party B (seal):

Zhiyuan Factoring (Guangzhou) Co., Ltd.
Legal representative: Feng Shuangping
ID number: XXXXXXXXXXXXXXXX
Authorized agent:
ID number:
Address:
Contact number: XXXXXXXXX
Date: 2019.06.21

Lease Agreement

Lessor: Yajuan Zhu (Party A)

Address: No. 49, Fifth Row, Gefan Beiyuan, Jiubao Town, Jianggan District.

Property certificate number: 0059309

Lessee: Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd.(Party B)

Address: Baiguan Square, No.588 Jiangdong North Road, Shangyu District.

Telephone number: 0575-82397155

Through negotiation, Party A and Party B hereby enter into the following agreement:

1. Party A is willing to rent Room 301, unit 1, building 21, Liulang East Garden, Shangcheng District, with an area of 98 square meters to Party B.
2. The lease term is 2 years, from September 20, 2018 to September 19, 2020, the monthly rent is 14000 yuan, which has been paid for 12 months, totaling 168000 yuan. The rent of each period shall be paid 7 days before the next period expires.
3. The water and electricity fee shall be paid by Party B.
4. The cable TV fee, sanitation fee and property fee shall be paid by Party B.
5. If Party A has household appliances, both parties need to check.

One set of central air conditioning, one refrigerator, one color TV, one washing machine, one water heater, one lampblack machine, one gas stove, two beds, one sofa, one stool, one dining table and chair (one table, four chairs), one set-top box and one TV cabinet.
6. Nothing.
7. Party B shall abide by laws and regulations during the lease period.
8. Party B shall not change the indoor structure without permission during the lease term.

This Agreement shall come into force as of the date of signing. Party C shall legally obtain 60% of the first month's rental fee as commission. This agreement is in twelve copies, one for each party.

Signature of Party A:

Signature of Party B:

Signature of Party C:

Signed on:

Parent Company

Roan Holdings Group Co., Ltd.
(Previously China Lending Corporation)

British Virgin Islands

List of Subsidiaries

Subsidiary	Jurisdiction of incorporation or organization
Adrie Global Holdings Limited	British Virgin Islands
China Roan Industrial-Financial Holdings Group Co., Limited.	Hong Kong
Fortis Health Industrial Group Limited	Hong Kong
Lixin Financial Holdings Group Limited	Cayman Islands
Lixin Financial Holdings (BVI) Limited	British Virgin Islands
Lixin Financial Holdings Group Limited	Hong Kong
Xinjiang Feng Hui Jing Kai Direct Lending Limited	China
Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited	China
Feng Hui Ding Xin (Beijing) Financial Consulting Co., Limited Xinjiang Branch	China
Ningbo Ding Tai Financial Leasing Co., Limited	China
Xinjiang Xin Quan Financial Leasing Co., Limited	China
Zhejiang Lixin Enterprise Management Group Co., Ltd.	China
Zhejiang Jing Yu Xin Financing Guarantee Co., Ltd	China
Lixin (Hangzhou) Asset Management Co., Ltd.	China
Lixin Supply Chain Management (Tianjin) Co., Ltd.	China
Hangzhou Zeshi Investment Partnership (Limited Partnership)	China
Zhiyuan Commercial Factoring (Guangzhou) Co., Limited	China
Ningbo Zeshi Insurance Technology Co. Ltd.	China
Zeshi (Hangzhou) Health Management Co. Ltd.	China

CERTIFICATION

I, Zhigang Liu, certify that:

1. I have reviewed this annual report on Form 20-F of Roan Holdings Group Co., Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 26, 2020

By: /s/ Zhigang Liu

Name: Zhigang Liu

Title: Chief Executive Officer

CERTIFICATION

I, Lihua Shen, certify that:

1. I have reviewed this annual report on Form 20-F of Roan Holdings Group Co., Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: June 26, 2020

By: /s/ Lihua Shen

Name: Lihua Shen

Title: Chief Financial Officer

CERTIFICATION

In connection with the Annual Report of Roan Holdings Group Co., Ltd. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Zhigang Liu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 26, 2020

By: /s/ Zhigang Liu

Name: Zhigang Liu

Title: Chief Executive Officer

CERTIFICATION

In connection with the Annual Report of Roan Holdings Group Co., Ltd. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lihua Shen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 26, 2020

By: /s/ Lihua Shen

Name: Lihua Shen

Title: Chief Financial Officer

Roan Holdings Group Co., Ltd. Reports Full Year 2019 Financial Results

BEIJING and HANGZHOU, China, June 26, 2020 /PRNewswire/ -- Roan Holdings Group Co., Ltd. (“Roan” or the “Company”) (OTC Pink Sheets: RAHGF and RONWF), a non-bank financial corporation serving individuals and micro-, small-, and medium-sized enterprises in China that also provides health management, insurance technology, healthcare, and consumer financing services to the employees of large institutions, today reported its financial results for the twelve months ended December 31, 2019.

Highlights

In the fiscal year ended December 31, 2019, the Company conducted its management & assessment services and factoring business as well as its financial guarantee and consulting business. Additionally, the Company decreased its direct loan business and didn’t conduct or renew any loans in 2019.

The following are some key measures of the company’s businesses.

- For the year ended December 31, 2019, the Company provided management and assessment services to four customers, generating revenues of \$135,938. The Company’s management & assessment services include asset management services and financing services.
 - On December 20, 2019, the Company completed acquiring a 65.0177% equity interest in Lixin Financial Holdings Group Limited (“Lixin Cayman”) and its subsidiaries (collectively “Lixin”), which were engaged in financial guarantee and consulting services, to diversify its business and generate additional revenue. The Company is able to consolidate operations of Lixin Cayman effective December 20, 2019, and now operates separate financial guarantee and consulting services.
 - As of December 31, 2019, the amount of outstanding loans and related interests that the Company has guaranteed was approximately \$35.1 million. The Company estimates the fair market value of the collateral to be approximately \$61.4 million as of December 31, 2019. For the period since acquiring Lixin on December 20, 2019, to December 31, 2019, the Company generated financial guarantee commission of \$8,797 and consulting services relating to debt collections of \$176,984.
 - For the year ended December 31, 2019, the Company generated interest income of \$2.8 million from providing financing arrangements to its customers through the factoring program of Zhiyuan Commercial Factoring (Guangzhou) Co., Limited (“Zhiyuan”).
 - From 2018, the Company decreased its direct loan business and didn’t conduct or renew any loans in 2019. As of December 31, 2019, the Company had direct loan receivables due from four business customers and two individual customers.
-

Mr. Zhigang Liu, Chief Executive Officer of Roan, commented, “2019 was a crucially meaningful year for Roan. During the period, we decreased our direct lending business and disposed of Urumqi Fenghui Direct Lending Co., Ltd. (‘Feng Hui’) by terminating our related VIE agreements and removing the VIE structure, both of which we regarded as key steps in adjusting our business structure, enhancing our financial indicators, and optimizing our development strategy. At the same time, we continued our national market strategy in 2019, with our subsidiaries conducting businesses mainly in Zhejiang and Guangdong provinces and contributing more revenue and profit to the company. At the beginning of 2019, we began a strategic cooperation with Zhejiang Lixin Enterprise Management Holding Group Co., Ltd. (‘Zhejiang Lixin’) and settled the terms for a business combination. This was ultimately accomplished through a share exchange with Lixin Cayman on December 20, 2019, and had helped to significantly improve the Company’s performance. We firmly believe that Lixin’s advantages in product development, market share, and management will help to enhance our asset quality, competitive advantages, and market value going forward. Importantly, starting at the end of 2019, we established subsidiaries in the healthcare industry and began to cultivate long-term relationships with a variety of insurance service partners, medical service partners, and technology and big data partners to provide innovative insurance services, smart health medical services, data mining, and operations. In April 2020, we officially launched a one-stop internet insurance and health care service platform after nearly eight months of preparation and systems development. This platform aims to provide modern households with one-stop systematic ‘customized insurance + health management + family doctor + home medical testing’ health management service solutions.”

Mr. Liu added, “‘Innovative Insurance Service + Healthcare’ is a new business strategy for Roan in 2020. By leveraging our existing financial services for individuals and micro-, small-, and medium-sized enterprises, we will collaborate with our partners to develop this platform. We will also continue to promote our consumer finance business while bolstering innovative applications of technologies in health care, artificial intelligence, and blockchain within integrated medical, health management, and insurance use cases. We are confident that, through our new business strategy and cross-industry cooperation with leading companies in other fields, we will significantly boost our core competencies in innovative insurance services, fuel our growth, and generate attractive financial returns to our shareholders and partners going forward.”

Full Year 2019 Financial Results

Revenues from services

Revenues from services increased by \$567,652, or 793%, from \$71,568 for the year ended December 31, 2018, to \$639,220 for the year ended December 31, 2019. The increase was mainly caused by the introduction of revenues from consulting services relating to debt collection as well as the significant increase in revenues from management and assessment services.

Revenues from management and assessment services increased by \$64,370, or 90%, from \$71,568 for the year ended December 31, 2018, to \$135,938 for the year ended December 31, 2019. The primary reason for this increase was the Company’s launch of management and assessment services on December 31, 2018, and the Company’s recognition of management and assessment services using a time-based measure of progress, which resulted in a majority of revenues from the contracts obtained in 2018 being recognized in the year ended December 31, 2019.

Revenues from consulting services relating to debt collection were \$493,779 for the year ended December 31, 2019.

Revenues from consulting services relating to financial guarantee services were \$9,503 for the year ended December 31, 2019. Revenues from consulting services relating to financial guarantee services were generated through Lixin for the period from the closing of the acquisition of Lixin on December 20, 2019, to December 31, 2019.

Interest and Fees Income

Total interest and fees income, including interest and fees on direct loans, interest income from factoring business, interest income on loans due from third parties, and interest income on deposits with banks, increased by \$2,832,146, or 5,588%, from \$50,682 for the year ended December 31, 2018, to \$2,882,828 for the year ended December 31, 2019. The increase was mainly attributable to increased interest and fees income generated from the Company's factoring business, which was launched in December 2018.

Interest expenses and fees on secured loans

Interest expenses and fees on secured loans increased by \$2,193,697, or 8,734%, from \$25,118 for the year ended December 31, 2018, to \$2,218,815 for the year ended December 31, 2019. The significant increase of interest expenses and fees on secured loans was primarily driven by borrowings of secured loans of \$67,258,135 in December 2018 and borrowings of \$43,422,881 during the year ended December 31, 2019, leading to a one-month interest expense that was recognized for the year ended December 31, 2018, while the remaining interest expenses were recognized for the year ended December 31, 2019.

All secured loans were repaid during the year ended December 31, 2019.

Provision for Loan Losses

Provision for loan losses increased by \$68,385, or 3%, from \$2,176,216 for the year ended December 31, 2018, to \$2,244,601 for the year ended December 31, 2019. The increase was caused by additional "doubtful" loans rolled to "loss" loans during the year ended December 31, 2019, as compared to that of the same period ended December 31, 2018.

Operating expenses

Total operating expenses increased by \$73,487, or 6%, from \$1,293,223 for the year ended December 31, 2018, to \$1,366,710 for the year ended December 31, 2019. The increase was primarily attributable to a decrease of \$217,483 in fair value changes of warrant liabilities as the Company was delisted from Nasdaq in September 2019, which offset (i) a decrease of \$59,803 in salaries and employee surcharges due to the resignation of employees as the Company downsized its direct loan business, and (ii) a decrease in expenses related to the Company's direct loan business.

Net income

The Company had a net income of \$24,288,908 for the year ended December 31, 2019, as compared to a net loss of \$94,126,307 for the year ended December 31, 2018.

Financial Condition

As of December 31, 2019, the Company had cash and cash equivalents of \$6,911,592, as compared to \$1,301,124 as of December 31, 2018.

Recent Updates

Lixin Acquisition

In January 2019, the Company acquired a 1% equity interest in Zhejiang Lixin, a subsidiary of Lixin Cayman, at a cash consideration of \$427,318 (RMB 2,858,600).

On June 13, 2019, and August 23, 2019, the Company entered into a share purchase agreement (“SPA”) and a supplementary to the SPA with Lixin Cayman and certain shareholders of Lixin Cayman, pursuant to which the Company would acquire 65.0177% equity interests in Lixin Cayman and its subsidiaries at a consideration of approximately \$39.38 million (RMB 276.00 million), which was later readjusted to \$31.09 million (RMB 217.88 million) as a result of an independent valuation report issued by a professional valuation firm on December 20, 2019. Lixin Cayman is engaged in financial guarantee business, asset management, supply chain financing, and business factoring through its subsidiaries based in Zhejiang Province, China.

The transaction was closed on December 20, 2019, upon the Company’s issuance of 291,795,150 Class B convertible preferred shares. These convertible preferred shares are embedded with liquidation preference and dividend preference but with no voting rights. Upon the second anniversary of the closing date, one Class B preferred share may be convertible to one ordinary share or can be redeemed at a conversion price calculated at the average closing price per share for the ninety consecutive trading days before the conversion date.

Disposition of Feng Hui

On July 31, 2019, and November 22, 2019, the Company entered into a framework agreement (the “Agreement”) and a supplementary to the Agreement with Zhejiang Zhongfeng Investment Management Co., Ltd. (“Zhongfeng” or the “Purchaser”), pursuant to which Zhongfeng agreed to acquire a 100% equity interest in Feng Hui, a variable interest entity of the Company, or acquire control over and become a primary beneficiary of Feng Hui through contractual arrangements. Feng Hui primarily provides loan facilitation services to micro-, small-, and medium-sized enterprises in the Xinjiang Uygur Autonomous Region. On November 22, 2019, the disposition transaction was closed at a consideration of approximately \$1.44 million (RMB 10.0 million) and the Company transferred control over Feng Hui to Zhongfeng. For the year ended December 31, 2019, the Company received an aggregate of \$504,713 (RMB 3.5 million). On April 30, 2020, the Company received an additional \$0.43 million (RMB 3.0 million) from Zhongfeng.

Upon the closing of the disposition on November 22, 2019, the Company released all Feng Hui equity interests to Feng Hui’s shareholders and those interests were subsequently transferred to Zhongfeng by Feng Hui’s shareholders. Zhongfeng assumed all assets and obligations of Feng Hui. Upon the closing of the transaction, the Company does not bear any contractual commitment or obligation to the microcredit business or the employees of Feng Hui, nor to the Purchaser.

About Roan Holdings Group Co., Ltd.

Founded in 2009, Roan Holdings Group Co., Ltd. (“Roan”) is a non-bank financial corporation that provides comprehensive financial services to micro-, small-, and medium-sized enterprises, and individuals. Roan also provides health management, insurance, healthcare, and consumer financing services to the employees of large institutions. Roan has offices in Beijing and Hangzhou and subsidiaries in Hangzhou, Guangzhou, Shaoxing, Urumqi, Tianjin, and Ningbo. For more information, please visit: www.roanholdingsgroup.com

Safe Harbor Statement

This announcement contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to, among others, the consummation of the proposed transaction, and can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. Such statements are based upon management’s current expectations of the consummation of the proposed transaction, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company’s control. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.

IR Contact:

At the Company:

Katrina Wu

Email: xiaoqing.wu@roanholdingsgroup.com

Phone: +86-571-8662 1775

Investor Relations:

Xinran Rao

ICR Inc.

Email: ICR-TMT@icrinc.com

Phone: +1 646-224-6936

ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018
(Expressed in U.S. dollar, except for the number of shares)

	December 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,911,592	\$ 1,301,124
Restricted cash	15,233,933	-
Short-term investments	8,610,796	-
Accounts receivable, net	3,727,017	-
Loan receivable due from factoring customers	-	64,702,803
Loan receivable due from third parties	5,952,223	2,254,784
Due from related parties	2,906	-
Other current assets	2,305,642	813,409
Assets of discontinued operations	-	26,500,293
Total Current Assets	42,744,109	95,572,413
Pledged deposits	5,597,017	-
Property and equipment, net	852,525	27,980
Intangible assets, net	4,876,228	44,044
Right of use assets	400,720	-
Other noncurrent assets	918,683	-
Assets of discontinued operations, noncurrent	-	24,093
Total Assets	\$ 55,389,282	\$ 95,668,530
LIABILITIES AND EQUITY		
Current Liabilities		
Secured loan payable for factoring business	\$ -	\$ 64,702,803
Customer pledged deposits	7,176	-
Unearned income	114,615	-
Reserve for financial guarantee losses	453,489	-
Dividends payable	480,000	480,000
Income tax payable	1,122,155	-
Due to related parties	280,714	-
Warrant liabilities	19,938	550,800
Operating lease liabilities, current portion	106,136	-
Accrued expenses and other liabilities	710,865	298,116
Current liabilities of discontinued operations	-	55,984,465
Total Current Liabilities	3,295,088	122,016,184
Operating lease liabilities, noncurrent portion	265,797	-
Deferred tax liabilities	1,735,576	-
Total Liabilities	5,296,461	122,016,184
Commitments and Contingencies		
Class A convertible preferred shares, no par value, unlimited shares authorized; 715,000 shares issued and outstanding as of December 31, 2019 and 2018, respectively	-	9,652,527
Shareholders' Equity (Deficit)		
Ordinary Share (no par value, unlimited shares authorized; 25,287,851 and 25,288,003 shares issued and outstanding as of December 31, 2019 and 2018, respectively)	-	-
Class A convertible preferred shares, no par value, unlimited shares authorized; 715,000 shares issued and outstanding as of December 31, 2019 and 2018, respectively	10,338,927	-
Class B convertible preferred shares, no par value, unlimited shares authorized; 291,795,150 and nil shares issued and outstanding as of December 31, 2019 and 2018, respectively	31,087,732	-
Additional paid-in capital	3,312,189	98,036,152
Statutory reserve	658,662	6,621,063
Accumulated deficit	(12,407,304)	(136,620,068)
Accumulated other comprehensive loss	(7,906)	(4,037,404)
Total Roan Holdings Group Co., Ltd.'s Shareholders' Equity (Deficit)	32,982,300	(36,000,257)
Noncontrolling interests	17,110,521	76
Total Equity (Deficit)	50,092,821	(36,000,181)

Total Liabilities and Equity	\$ 55,389,282	\$ 95,668,530
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ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2019, 2018 and 2017
(Expressed in U.S. dollar, except for the number of shares)

	For the Years Ended December 31,		
	2019	2018	2017
Revenues from services	\$ 639,220	\$ 71,568	\$ -
Cost of revenues	(8,080)	-	-
Net revenues of services	631,140	71,568	-
Commissions and fees on financial guarantee services	8,797	-	-
Provision for financial guarantee services	(5,008)	-	-
Commission and fee income on guarantee services, net	3,789	-	-
Interest and fees income			
Interest and fees on direct loans	1,153	15,035	1,628,525
Interest income on loans due from third parties	34,707	-	-
Interest income from factoring business	2,782,332	35,229	-
Interest income on deposits with banks	64,636	418	537
Total interest and fee income	2,882,828	50,682	1,629,062
Interest expense			
Interest expenses and fees on secured loans	(2,218,815)	(25,118)	-
Net interest income	664,013	25,564	1,629,062
Provision for loan losses	(2,244,601)	(2,176,216)	(565,187)
Net interest (loss) income after provision for loan losses	(1,580,588)	(2,150,652)	1,063,875
Operating (loss) income	(945,659)	(2,079,084)	1,063,875
Total operating expenses			
Salaries and employee surcharge	(512,314)	(572,117)	(518,015)
Business taxes and surcharge	(352)	(714)	(9,879)
Other operating expenses	(1,384,907)	(1,468,738)	(1,691,387)
Changes in fair value of warrant liabilities	530,863	748,346	-
Total operating expenses	(1,366,710)	(1,293,223)	(2,219,281)
Loss before income taxes	(2,312,369)	(3,372,307)	(1,155,406)
Income tax expenses	(244,741)	(17,635)	(250,245)
Net loss from continuing operations	(2,557,110)	(3,389,942)	(1,405,651)
Net income (loss) from discontinued operations, net of income tax	26,846,018	(90,736,365)	(53,377,622)
Net income (loss)	24,288,908	(94,126,307)	(54,783,273)
Dividend – convertible redeemable Class A preferred share	(686,400)	(686,400)	(686,400)
Net income attributable to noncontrolling interests	(76,108)	(76)	-
Net income (loss) attributable to Roan Holding Group Co., Ltd.'s shareholders	\$ 23,526,400	\$ (94,812,783)	\$ (55,469,673)
Other comprehensive (loss) income			
Foreign currency translation adjustment	1,435,262	(29,318)	5,608,353
Reclassified to net gain from discontinued operations	2,691,969	-	-
	4,127,231	(29,318)	5,608,353
Comprehensive income (loss)	28,416,139	(94,155,625)	(49,174,920)
Other comprehensive income attributable to noncontrolling interests	(97,733)	-	-
Dividend – convertible redeemable Class A preferred share	(686,400)	(686,400)	(686,400)
Net income attributable to noncontrolling interests	(76,108)	(76)	-
Total comprehensive income (loss) attributable to Roan Holdings Group Co., Ltd.'s shareholders	\$ 27,555,898	\$ (94,842,101)	\$ (49,861,320)

Weighted average number of ordinary share outstanding

Basic and Diluted*	<u>25,287,887</u>	<u>24,380,051</u>	<u>17,343,763</u>
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Earnings (Loss) per share

Net earnings (loss) per share – Basic and Diluted	<u>\$ 0.93</u>	<u>\$ (3.89)</u>	<u>\$ (3.20)</u>
Net loss per share from continuing operations - Basic and Diluted	<u>\$ (0.13)</u>	<u>\$ (0.17)</u>	<u>\$ (0.12)</u>
Net earnings (loss) per share from discontinued operations - Basic and Diluted	<u>\$ 1.06</u>	<u>\$ (3.72)</u>	<u>\$ (3.08)</u>

* The Company reported a discontinued operation for the year ended December 31, 2019, it used net loss from continuing operations as the control number to determine whether the warrants, Class A and Class B preferred shares are anti-dilutive. Because the Company incurred a net loss from continuing operations, the number of warrants, Class A preferred shares and Class B preferred shares are excluded from the computation as the anti-dilutive effect.

ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2019, 2018 and 2017
(Expressed in U.S. dollar, except for the number of shares)

Attributable to Roan Holdings Group Co., Ltd.'s Shareholders												
	Ordinary Share		Class A Preferred Shares		Class B Preferred Shares		Additional paid-in capital	Statutory Reserve	Retained earnings (Accumulated Deficit)	Accumulated other comprehensive (loss) income	Non-controlling interest	Total equity
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance as of January 1, 2017	22,898,864	\$ -	-	\$ -	-	\$ -	\$ 91,644,559	\$ 6,536,238	\$ 15,691,462	\$ (9,616,439)	\$ -	\$104,255,820
Share dividend payment to shareholders	859,953	-	-	-	-	-	5,332,969	-	-	-	-	5,332,969
Net loss	-	-	-	-	-	-	-	-	(54,783,273)	-	-	(54,783,273)
Dividend to shareholders	-	-	-	-	-	-	-	-	(2,630,649)	-	-	(2,630,649)
Transfer to statutory reserve	-	-	-	-	-	-	-	84,825	(84,825)	-	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	-	5,608,353	-	5,608,353
Balance as of December 31, 2017	23,758,817	\$ -	-	\$ -	-	\$ -	\$ 96,977,528	\$ 6,621,063	\$ (41,807,285)	\$ (4,008,086)	\$ -	\$ 57,783,220
Issuance of ordinary shares in a private placement with two investors	769,232	-	-	-	-	-	247,747	-	-	-	-	247,747
Issuance and exercise of Series B Warrants	390,579	-	-	-	-	-	504,238	-	-	-	-	504,238
Issuance of restricted shares	370,525	-	-	-	-	-	315,724	-	-	-	-	315,724
Forfeiture of restricted shares	(1,150)	-	-	-	-	-	(9,085)	-	-	-	-	(9,085)
Net income (loss)	-	-	-	-	-	-	-	-	(94,126,383)	-	76	(94,126,307)
Dividend to shareholders	-	-	-	-	-	-	-	-	(686,400)	-	-	(686,400)
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	(29,318)	-	(29,318)
Balance as of December 31, 2018	25,288,003	\$ -	-	\$ -	-	\$ -	\$ 98,036,152	\$ 6,621,063	\$ (136,620,068)	(4,037,404)	76	(36,000,181)
Forfeiture of restricted shares	(152)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary by issuance of Class B Preferred Shares (Note 4)	-	-	-	-	291,795,150	31,087,732	-	-	-	-	16,936,604	48,024,336
Disposal of a variable interest entity (Note 5)	-	-	-	-	-	-	(94,723,963)	(5,981,661)	100,705,624	2,691,969	-	2,691,969
Net income	-	-	-	-	-	-	-	-	24,212,800	-	76,108	24,288,908
Reclassification of Class A Preferred Shares	-	-	715,000	9,652,527	-	-	-	-	-	-	-	9,652,527
Dividend to shareholders	-	-	-	686,400	-	-	-	-	(686,400)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	19,260	(19,260)	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	1,337,529	97,733	1,435,262
Balance as of December 31, 2019	25,287,851	\$ -	715,000	\$10,338,927	291,795,150	\$31,087,732	\$ 3,312,189	\$ 658,662	\$ (12,407,304)	(7,906)	17,110,521	50,092,821

ROAN HOLDINGS GROUP CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, 2018 and 2017
(Expressed in U.S. dollar, except for the number of shares)

	For the Years Ended December 31,		
	2019	2018	2017
Cash Flows from Operating Activities:			
Net income (loss)	\$ 24,288,908	\$ (94,126,307)	\$ (54,783,273)
Less: Net income (loss) from discontinued operations	26,846,018	(90,736,365)	(53,377,622)
Net loss from continuing operations	(2,557,110)	(3,389,942)	(1,405,651)
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization expenses	48,322	22,122	13,228
Amortization of right of use assets	7,176	-	-
Provision for loan losses	2,244,601	2,176,216	565,187
Provision for financial guarantee losses	5,008	-	-
Deferred tax expenses	57,674	-	12,139
Changes in fair value of warrant liabilities	(530,863)	(748,346)	-
Share-based compensation expenses	-	306,639	-
Changes in operating assets and liabilities:			
Accounts receivable	(206,442)	-	-
Interest and fees receivable	(149,013)	(108,158)	11,580
Other current assets	(289,694)	(308,635)	(41,803)
Advances from customers	(6,702)	-	-
Income tax payable	273,589	9,410	(579,719)
Accrued expenses and other liabilities	28,875	475,966	104,088
Net Cash Used in Operating Activities from Continuing Operations	(1,074,579)	(1,564,728)	(1,320,951)
Net Cash (Used in) Provided by Operating Activities from Discontinued Operations	(26,564)	(634,314)	11,218,771
Net Cash (Used in) Provided by Operating Activities	(1,101,143)	(2,199,042)	9,897,820
Cash Flows from Investing Activities:			
Loans disbursement to factoring customers	(43,422,881)	(67,258,135)	(7,640,381)
Repayment of loans from factoring customers	107,833,488	-	4,838,119
Loans disbursement to third parties	-	(166,256)	-
Repayment of loans from third parties	-	1,133,564	-
Purchases of property and equipment	(833)	-	-
Acquisition of a subsidiary	(427,318)	-	-
Acquisition of cash from acquired subsidiary	21,442,122	-	-
Proceeds from disposal of discontinued operations	504,713	-	-
Net Cash Provided by (Used in) Investing Activities from Continuing Operations	85,929,291	(66,290,827)	(2,802,262)
Net Cash Provided by (Used in) Investing Activities from Discontinued Operations	35,765	(301,276)	(12,779,689)
Net Cash Provided by (Used in) Investing Activities	85,965,056	(66,592,103)	(15,581,951)
Cash Flows from Financing Activities:			
Proceeds from private placement, net of issuance costs	-	1,190,000	-
Proceeds from private placements, deposited in escrow account	-	500,000	-
Proceeds from exercise of Series B Warrants	-	391	-
Repayments of convertible promissory note	-	-	(650,000)
Payments of dividends	-	-	(873,600)
Borrowing from a related party	279,020	-	-
Proceeds from secured loans	43,422,881	67,258,135	-
Repayment of secured loans	(107,833,488)	-	-
Net Cash (Used in) Provided by Financing Activities from Continuing Operations	(64,131,587)	68,948,526	(1,523,600)
Net Cash (Used in) Provided by Financing Activities from Discontinued Operations	(7,251)	(30,985)	4,068,058
Net Cash (Used in) Provided by Financing Activities	(64,138,838)	68,917,541	2,544,458
Effect of exchange rate changes on cash, cash equivalents, and restricted cash in banks	119,326	(5,150)	126,361
Net increase (decrease) in cash, cash equivalents, and restricted cash in banks	20,844,401	121,246	(3,013,312)
Cash, cash equivalents, and restricted cash in banks at beginning of year	1,301,124	1,179,878	4,193,190
Cash, cash equivalents, and restricted cash in banks at end of year	\$ 22,145,525	\$ 1,301,124	\$ 1,179,878
Supplemental Cash Flow Information			
Cash paid for interest expense	\$ -	\$ -	\$ -
Cash paid for income tax	-	-	-

	\$ -	\$ -	\$ -
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Noncash investing activities

Acquisition of a subsidiary by issuance of Class B Preferred Shares	\$ 31,087,732	\$ -	\$ -
Receivable from disposal of discontinued operations	\$ 940,829	\$ -	\$ -
Right of use assets obtained in exchange for operating lease obligations	\$ 615,000	\$ -	\$ -

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 6,911,592	\$ 1,301,124
Restricted cash in banks	15,233,933	-
Total Assets	\$ 22,145,525	\$ 1,301,124