



Dongfeng Sci-Tech Group Co., Ltd.

SEMI-ANNUAL REPORT 2018

August 2018

Section I. Important Notice, Contents and Paraphrase

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

Zhao Yongsheng, Principal of the Company, Zhao Yongsheng, person in charger of accounting works and Liu Fengguo, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2018 Semi-annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

The forward-looking descriptions of the future plans, development strategies, etc. mentioned in this report do not constitute the company's actual commitment to investors, and investors are advised to pay attention to investment risks.

The Company has described in detail in this report the possible impact of risk factors. Please refer to the possible impact and response in the discussion and analysis of the company's future development of the discussion and analysis of business situation in Section IV.

The Company has no plan of cash dividends carried out, bonus issued and

capitalizing of common reserves either.

Note: The Report is prepared in bilingual versions of Chinese and English respectively, in the event of any discrepancy in understanding the two aforementioned versions, the Chinese version shall prevail.

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Paraphrase

Items	Refers to	Contents
CSRC, SRC	Refers to	China Securities Regulatory Commission
SZ Stock Exchange, Exchange	Refers to	Shenzhen Stock Exchange
Company, The Company	Refers to	Dongfeng Sci-Tech Group CO., LTD
Dongfeng Investment	Refers to	Chengde Dongfeng Investment Co., Ltd.
Kefeng Trading	Refers to	Chengde Kefeng Trading Co., Ltd.
Kefeng Engineering	Refers to	Chengde Kefeng Engineering Project Management Co. Ltd.
Nanjiang Trading	Refers to	Chengde Nanjiang Trading Co., Ltd.
Nanjiang Technology	Refers to	Chengde Nanjiang Technology Co. Ltd.
Ecological Agriculture,	Refers to	Chengde Dongfeng Ecological Agriculture Co., Ltd.
Asia Investment, Nanjiang Asia	Refers to	Nanjiang Asia Investment Co., Ltd.
Runhua RW	Refers to	Runhua Rural Water (Tianjin) International Trade Co., Ltd.
Hangzhou Dongfeng	Refers to	Hangzhou Dongfeng Technology Co. Ltd.
Dongfeng Technology Development	Refers to	Dongguan Dongfeng Technology Development Co., Ltd.
Dongfeng Intelligent	Refers to	Dongguan Dongfeng Intelligent Technology Co., Ltd.
Zhongchuang New Energy	Refers to	Dongguan Zhongchuang New Energy Technology Co., Ltd.
Aolin New Materials	Refers to	Dongguan Aolin New Materials Co., Ltd.
Haizhuo Energy	Refers to	Dongguan Haizhuo Energy Technology Co., Ltd.
Huijing Property	Refers to	Chengde Huijing Property Services Co., Ltd.
<i>Company Law</i>	Refers to	Company Law of the People's Republic of China
<i>Securities Law</i>	Refers to	Securities Law of the People's Republic of China
<i>Listing Rules</i>	Refers to	<i>Rules Governing the Listing of Securities on Shenzhen Stock Exchange</i>
Yuan, 10 thousand Yuan	Refers to	RMB, RMB 10 thousand

Section II. Company Profile and Main Financial Indexes

I. Company Profile

Short form of the stock	Dongfeng-B	Stock code	200160
Short form of the Stock after changed (if applicable)	Dongfeng-B		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	东沣科技集团股份有限公司		
Short form of the Company (in Chinese) (if applicable)	东沣 B		
Foreign name of the Company (if applicable)	Dongfeng Sci-Tech Group CO.,LTD		
Short form of foreign name of the Company (if applicable)	DONGFENG-B		
Legal representative	Zhao Yongsheng		

II. Contact person and ways

	Secretary of the Board	Rep. of security affairs
Name	Li Wenying	Wang Haijian
Contact add.	XiaBanCheng Town, Chengde County, Hebei Province	XiaBanCheng Town, Chengde County, Hebei Province
Tel.	0314-3115048	0314-3115048
Fax.	0314-3111475	0314-3111475
E-mail	liwy@dftechgroup.com	wanghj@dftechgroup.com

III. Others

1. Way of contact

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

☐ Applicable ☒ Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2017.

2. Information disclosure and preparation place

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

☐ Applicable ☒ Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2017.

IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

☐ Yes ☒ No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	79,815,868.78	101,563,994.47	-21.41%
Net profit attributable to shareholders of the listed company (RMB)	-5,210,758.22	-3,145,668.96	-65.65%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-8,215,907.64	-3,168,677.19	-159.29%
Net cash flow arising from operating activities (RMB)	33,925,293.02	28,687,301.69	18.26%
Basic earnings per share (RMB/Share)	-0.007	-0.004	-75.00%
Diluted earnings per share (RMB/Share)	-0.007	-0.004	-75.00%
Weighted average ROE	-1.44%	-0.88%	-0.56%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	461,628,113.57	503,762,445.04	-8.36%
Net assets attributable to shareholder of listed company (RMB)	358,718,018.65	363,928,776.87	-1.43%

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

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

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

☒ Applicable ☐ Not applicable

In RMB

Item	Amount	Note
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	2,890,000.00	
Other gains and losses items complying with definition for non-current gains and losses	115,149.42	
Total	3,005,149.42	--

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

☐ Applicable ☒ Not applicable

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

Section III. Summary of Company Business

I. Main businesses of the Company in the reporting period

Does the Company need to comply with the disclosure requirement of the special industry

No

I. Main business operations during the reporting period

During the reporting period, the company was mainly engaged in real estate business, and hydrogen energy source and new materials business. On the basis of steadily developing real estate business, the company actively promoted the industrialization and marketization of cooperative projects such as hydrogen fuel cells, hydrogen energy source, and new materials (ceramic fibers), and accelerated the strategic transformation of the company.

Real estate business: the real estate business mode is the development, sale of commercial housing and property management, and the business scope was mainly located in Chengde area. The main products of the Company's real estate business were residential and commercial buildings, and we has a better brand effect and market awareness in local.

Hydrogen fuel cell business: with Dongguan Zhongchuang New Energy as the business platform, the Company mainly engaged in the R&D, production and sales of fuel cell core raw materials (membrane electrodes) and fuel cell power systems, as well as providing integrated solutions for platforms such as fuel cell power systems in automobiles, drones, electric forklifts, distributed power stations, and emergency power supplies, and has the ability to develop from key materials of fuel cells to the development of end products and to the system applications, and small batch production is underway.

Hydrogen energy business: with Haizhuo Energy as the business platform, the Company mainly engaged in the research and development, production and sales of hydrogen production equipment, hydrogen refueling stations and high-purity alumina powders. The Company has its own hydrogen production technology and nano-alumina material core technology, as well as complete supply chains and production management system supports. At present, the hydrogen refueling station (including hydrogen production equipment) project has entered the phase of pre-production joint debugging, high-purity alumina powder has completed the pre-production and entered the small batch production stage.

New material business: with Aolin New Materials as its business platform, the Company mainly engaged in the research & development, production and sales of high-performance ceramic fiber materials, its main products were alumina fiber and zirconia fiber, which possess with excellent thermal insulation, energy saving, fire resistance, and fireproof performance and can be widely used in industrial furnace wall lining, backing, lining, pipe insulation, thermal insulation and sealing, radiation and heat insulation of petrification, metallurgy, non-ferrous metals, building materials, electric power, machinery, ceramics, glass, shipping and other industries. The first production line for alumina short fiber products are in process of installation and trial run recently.

II. Main performance drivers

During the reporting period, the real estate regulation and control continues to heat up, the properties around the Beijing maintain synchronous high pressure situation same as Beijing, the supervision on properties are tight and tight overall, market of real estate returns to stability as a whole. The Company's real estate development has been mainly located in the Chengde area, and the opening of the Beijing-Shenyang high-speed railway shall make Chengde enter the "one-hour economic circle of the capital" and thus has better regional advantages. In recent years, the real estate projects developed by the Company have established a good reputation and brand image in the local area with excellent quality and perfect property management. In the future, under the background of Beijing-Tianjin-Hebei integration, the Company will continue to improve service quality, build high-end boutique houses, and improve market competitiveness. At the same time, the Company will actively promote the construction of Dongfeng equipment industrialization projects, drive the industrialization and marketization of hydrogen energy and new materials industries, speed up the

construction for production line, and cultivate new profit growth points for the Company.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	N/A
Fixed assets	Increased 80.15%, housing and buildings are purchased in the period
Intangible assets	No major change
Construction in process	Increased 320.85%, more investment in construction of the industrialization on equipment from Dongfeng New Energy in the period

2. Main overseas assets

☐ Applicable ☒ Not applicable

III. Core Competitiveness Analysis

Does the Company need to comply with the disclosure requirements of the special industry

No

1. Team advantages. The company has an excellent management team who has an acute sense of market judgment, efficient decision-making and executive capacity, rich management experience, strong adaptability and innovation ability, and is strong backing to protect the company's development and promote the company's strategic transformation.
2. Brand advantages. The company has strictly controlled the quality, built high-quality and high-level residences, established a good corporate image and reputation by precisely positioning the market.
3. Location advantage. The Company locates in Chengde, and adjacent to Beijing and Tianjin, which has a favorable location under the background of "integration of Beijing-Tianjin-Hebei regions".
4. Technical advantage: the Company cooperate with the Dongguan Beihang Institution in respect of hydrogen energy and new materials, and owes a technical advantage in field of hydrogen energy and new materials.

Section IV. Discussion and Analysis of the Business

I. Introduction

(I) Situation analysis of the industry during the reporting period

In the first half of 2018, the real estate market continued the main tone of strict regulation and control, the central government clearly stated that the regulation and control shall not be loosened, many cities implemented the local entity responsibilities, policies were intensively introduced, and regulation and control continued to be strengthened. During the reporting period, the real estate market in Hebei Province strictly implemented the policy requirements of “housing for living instead of vicious speculation”, which maintained the continuity and stability of a series of regulation and control policies such as purchase restriction, loan restriction and price limit, and the real estate market steadily declined. In the first half of 2018, the investment in real estate development in Hebei Province was 196.4 billion Yuan, a decrease of 12.3% over the same period of last year, the sales area of commercial housing was 18,743,000 square meters, a year-on-year decrease of 29.2%, the area of commercial housing for sale was 8,921,000 square meters, a year-on-year decrease of 32.7%. development and sales for real estate are turns to downtrend as a whole.

(II) The operation of the company during the reporting period

During the reporting period, under the general background of continuous high-pressure regulation on real estate, on the one hand, the company conformed to the market situation and actively decreased the stock of real estate, at the same time, it controlled the project quality, optimized the product design, and focused on planning and developing a new real estate project—Tianxi Housing Estate; on the one hand, the company steadily promoted the equipment industrialization project of Dongfeng New Energy, and accelerated the construction of plant area and the layout of production lines. At present, the nine factories have all been capped, and the equipment customization and purchase for the first production line of ceramic staple fiber has been completed, which is in tight and orderly installation and debugging and is expected to be put into production in the fourth quarter. At the same time, the company increased the business market expansion and product promotion, and provided strong guarantee for the industrialization and marketization of projects.

1. In the reporting period, developments of the property for the Company are as:

Item	Area	Type of operation	Equity ratio	Floor area (square metters)	Meter capacity building are	Completed construction are	Total investment estimated (100 million Yuan)
Tianxi Community	Chengde	Residence, Commerce	100%	25128.90	In planning	0	3.8

2. In the reporting period, sales of the property for the Company are as:

Item	Type of operation	Area available for sales at period-begin (m ²)	Area presale in the period (m ²)	Clearing the area in the period (m ²)	Operation income (Yuan)	Operation cost (Yuan)	Gross profit margin (%)
Nanjiang	Residence	11,242.07	4,154.33	15,015.77	61,015,827.41	53,084,696.93	13%
Huijing	Commerce	14,190.11	9,430.55	3,448.88	15,965,947.65	15,770,155.88	1%

Tiandi	Total	25,432.18	13,584.88	18,464.65	76,981,775.06	68,854,852.81	
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3. In the reporting period, financing for the Company are as:

Type of financing	Credit amount (10 thousand Yuan)	Balance of financing (in 10 thousand Yuan)	Cost of financing	Term of financing
Bank loans	20000	20000	7.105%	5-year

4. In the reporting period, the Company provided guarantees to its commercial housing purchasers for bank mortgage loans:

As of the end of the reporting period, the balance of the guarantee provided by the Company for commercial housing purchasers due to bank mortgage loans was RMB 120.21 million. During the reporting period, there was no liability guarantees or amount involved accounting for 10% of the Company's audited net profit in the latest period.

5. In the reporting period, the Company has no new land reserves.

II. Main business analysis

Found more in "I. Introduction" in "Discussion and Analysis of the Operation".

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operating revenue	79,815,868.78	101,563,994.47	-21.41%	
Operating costs	71,967,495.21	86,769,226.19	-17.06%	
Sales expenses	4,902.12	315,835.82	-98.45%	Sales of the current real estate projects are enter the end of the period, thus the sales expenses declined
Administration expenses	14,487,054.73	10,548,195.52	37.34%	Change of the consolidation scope and the new amortization for assets accrual of depreciation increased in the period
Finance expenses	-1,144,471.62	-691,269.95	-65.56%	Impact by saving interest and foreign exchange rate changed
Income tax expenses	110,309.68			
R & D investment	5,787,836.71	1,190,186.99	386.30%	Investment in R&D increased in the period
Net cash flow arising from operating activities	33,925,293.02	28,687,301.69	18.26%	
Net cash flow arising	-73,486,580.11	-1,391,915.91	-5,179.53%	Account paid for

from investment activities				construction in process increased in the period
Net cash flow arising from financing activities	2,023,800.00	-663,800.00	404.88%	Mortgage loan deposit return in the period
Net increase of cash and cash equivalent	-37,271,470.49	26,631,585.78	-239.95%	

Major changes on profit composition or profit resources in reporting period

☐ Applicable ☒ Not applicable

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

Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Real estate industry	76,981,775.06	68,854,852.81	10.56%	-22.60%	-17.88%	-5.15%
Other industry	2,834,093.72	3,112,642.40	-9.83%	35.03%	6.33%	29.65%
According to products						
Real estate sales	76,981,775.06	68,854,852.81	10.56%	-22.60%	-17.88%	-5.15%
Property management and other	2,834,093.72	3,112,642.40	-9.83%	35.03%	6.33%	29.65%
According to region						
Chengde region	79,815,868.78	71,967,495.21	9.83%	-21.41%	-17.06%	-4.74%

III. Analysis of the non-main business

☒ Applicable ☐ Not applicable

In RMB

	Amount	Ratio in total profit	Causes	Whether it is sustainable
Investment income	133,320.88	-2.53%	Financial income	No
Non operating income	3,121.00	-0.06%		No
Non operating expenses	2,607.78	-0.05%		No

Other income	2,890,000.00	-54.91%	Government subsidies	No
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IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of the Period		End of same period of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	35,513,286.88	7.69%	74,805,209.06	14.85%	-7.16%	Account paid for construction in process in the period
Account receivable	17,608.00	0.00%	17,608.00	0.00%	0.00%	
Inventory	169,853,514.37	36.79%	234,653,825.84	46.58%	-9.79%	The development products are carry over to revenue, than the inventory declined
Investment property	4,184,404.34	0.91%	4,236,346.34	0.84%	0.07%	
Fix assets	17,428,589.07	3.78%	9,674,396.99	1.92%	1.86%	New housing and buildings increased in the period
Construction in process	9,541,317.29	2.07%	2,267,164.04	0.45%	1.62%	Investment for the industrialization for Dongfeng New Energy in the period

2. Assets and liability measured by fair value

☐ Applicable ☒ Not applicable

3. Assets rights restricted till end of the period

Limited assets rights:

Item	Closing balance	Opening balance
Margin of the housing mortgage	4,677,368.68	6,697,820.37
Total	4,677,368.68	6,697,820.37

V. Investment

1. Overall situation

☒ Applicable ☐ Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
60,000,000.00	0.00	100.00%

2. The major equity investment obtained in the reporting period

√Applicable □ Not applicable

In RMB

Name of investee	Principal businesses	Method of investment	Amount of investment	Shareholding	Capital sources	Partners	Term of investment	Type of products	Status as of the balance sheet date	Expected return	Current investment profit and loss	Whether litigation	Date of disclosure (if applicable)	Index of disclosure (if applicable)
Dongguan Dongfeng Intelligent Technology Co., Ltd.	R&D and sales of the intelligent products	Increase capital	60,000,000.00	100.00 %	Self-owned capital	N/A	---	Power plant for clearing energy, vehicle	Completion of industry & commerce changed	0.00	-1,282,072.45	No	2018-05-19	"Notice of Investment from Controlling Subsidiary" released on Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn)
Total	--	--	60,000,000.00	--	--	--	--	--	--	0.00	-1,282,072.45	--	--	--

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

☐ Applicable ☒ Not applicable

4. Financial assets investment**(1) Securities investment**

☐ Applicable ☒ Not applicable

The Company had no securities investment in Period.

(2) Derivative investment

☐ Applicable ☒ Not applicable

The Company has no derivatives investment in Period.

VI. Sales of major assets and equity**1. Sales of major assets**

☐ Applicable ☒ Not applicable

The Company has no sales of major assets in Period.

2. Sales of major equity

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Chengde Nanjiang Trading Co., Ltd.	Subsidiary	Hardware mechanical and electrical, building materials, machinery and equipment	1,000,000	40,551,881.65	4,310,887.15	0.00	-638,865.04	-749,174.72

		sales; housing rental services						
Nanjiang Asia Investment Co., Ltd.	Subsidiary	International investment and trading, ship sales and purchase and lease	US\$ 20 million	5,622,938.91	5,617,967.69	0.00	265,868.35	265,868.35
Chengde Kefeng Trading Co., Ltd.	Subsidiary	Sales of machinery equipment and mechanical & electrical products	8,500,000	318,412,252. 06	259,240,283. 11	0.00	-559,731.6 2	-559,731.62
Hangzhou Dongfeng Technology Co., Ltd.	Subsidiary	New energy, new materials and applied products research and development, sales and technical promotion, technical services	30,000,000	24,227,163.6 6	24,074,605.3 7	0.00	-4,139,885. 84	-4,139,885.84
Dongguan Dongfeng Technology Development Co., Ltd.	Subsidiary	Industrial investment in technology field, investment consultant and management, equity investment	100,000,000	211,937,133. 88	69,406,542.9 4	0.00	-276,076.0 0	-276,076.00
Chengde Dongfeng Ecological Agriculture	Subsidiary	Cultivation and sales of field crop, edible	10,000,000	1,566,979.67	-15,756,117. 97	28,695.60	-468,991.3 3	-465,942.68

Co., Ltd.		mushrooms, fruit and vegetables as well as Chinese Herbs; breeding and sales of livestock						
Chengde Huijing Property Services Co., Ltd.	Subsidiary	Property management service	500,000	318,833.86	-7,562,733.16	2,816,803.12	-835,007.46	-835,007.46
Dongguan Zhongchuang New Energy Technology Co., Ltd.	Subsidiary	Development and transfer of the new energy technology, new-type fuel battery	24,600,000	24,797,530.09	24,590,265.63	0.00	1,560.94	1,560.94
Dongguan Dongfeng Intelligent Technology Co., Ltd.	Subsidiary	Engaged in the technical development and transfer in field of technology, technical consultant and services;	120,000,000	158,890,213.58	115,713,086.42	0.00	-1,281,838.71	-1,282,072.45
Dongguan Aolin New Materials Co., Ltd.	Subsidiary	Nano-fiber, functional ceramics and clean energy materials	25,000,000	24,211,970.28	24,006,726.02	0.00	-360,674.69	-360,674.69
Dongguan Haizhuo Energy Technology Co., Ltd.	Subsidiary	Research on hydrogen power products used in vehicle & vessels, as well as	25,000,000	25,388,891.95	25,264,499.02	0.00	-69,251.22	-69,251.22

		special energy mechanical equipment						
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Particular about subsidiaries obtained or disposed in report period

√Applicable □ Not applicable

Company Name	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Dongguan Haizhuo Energy Technology Co., Ltd.	Capital increased	To be a production platform for hydrogen energy business of the Company, has minor influence on performance of the Company in period

Notes of holding and shareholding companies

VIII. Structured vehicle controlled by the Company

□ Applicable √ Not applicable

IX. Prediction of business performance from January – September 2018

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

□ Applicable √ Not applicable

X. Risks and countermeasures

1. Policy risk. The real estate industry is affected by the macro policy, land policy, real estate tax policy, financial policy for the real estate industry will have a direct impact on the real estate business. The company will pay close attention to the macro situation, strengthen the research and tracking policy, rational analysis of the market, to adapt to changes in market adjustment, and to improve the company's ability to resist risks.

2. Market risks. Under the background of the slowdown in economic growth, the real estate market has become more differentiated and the market competition has become increasingly fierce. China's hydrogen fuel cell industry and hydrogen energy industry are still at the starting stage, and the market has not been fully explored, and there are also uncertainties in the presence of unlimited potential. The company will continue to strengthen its own construction, improve the management capabilities, actively expand the market, and continuously enhance the company's competitive strength.

3. Technical risks: In the hydrogen fuel cell, hydrogen energy source, new materials, and other technical fields, the company already has relatively mature technology accumulation and reserves, but the technology of the whole industry is progressing rapidly, if the technical development trend cannot be grasped, the company will face the risk of lagging behind. The company will continue to invest in technology research and development, build technological innovation and technological advantages with core competitiveness, and enhance the product competitiveness.

4. Management risks: the hydrogen fuel cell, hydrogen energy source, and new materials industries have entered a new business field for the company. The company's preparation and operation of new projects will face risks arising from uncertainties in the market, technology, operation and management. In addition, the products of hydrogen energy and new materials that the company has

strategically transformed are currently in the process of industrialization, during the period of industrialization and marketization, whether new production lines and new projects can be completed on schedule will have an impact on the industrialization cycle of products. The Company will further strengthen the management team's construction, improve the management level and management capabilities, constantly improve the corporate governance and operation management mechanism, and form a more scientific and effective decision-making mechanism and control supervision mechanism.

Section V. Important Event

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

1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2017	AGM	43.34%	2018-06-13	2018-06-14	Securities Times, Hong Kong Commercial Daily and Juchao Website http://www.cninfo.com.cn
First Extraordinary shareholders general meeting 2018	Extraordinary shareholders general meeting	45.36%	2018-06-29	2018-06-30	Securities Times, Hong Kong Commercial Daily and Juchao Website http://www.cninfo.com.cn

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

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

☒ Applicable ☐ Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for share						

merger reform						
Commitments in report of acquisition or equity change	Controlling shareholder	Commitments in horizontal competition, related transactions, and capital occupying	1. Commitments in aspect of independency of listed company: For the equity changes, that is 208,324,800 shares of Chengde Dalu Co., Ltd held by Chen Rong was transfer, Wang Dong guarantee there are no influence on the independent of employee, financial, institution, business and integrity of assets of Chengde Dalu Co., Ltd. After transaction, Chengde Dalu Co., Ltd still has the ability of independent operation and owes independent legal person, and continues to owes the independency of institution, assts, employees, production and financial. 2. Commitments for horizontal competition: after 208,324,800 shares of Chengde Dalu Co., Ltd held by Chen Rong was transfer, Wang Dong guarantee there are no or potential horizontal competition between the Chengde Dalu Co., Ltd and Wang Dong and related parties of Wang Dong	2012-04-24	Duration of the Company	Implementing
Commitments in assets reorganization						
Commitments in initial public offering or re-financing						
Commitments in stock option incentive plan						
Other commitments for medium and small						

shareholders						
Completed on time	Yes					
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	N/A					

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

Financial report has been audit or not

☐ Yes ☒ No

Not been audited.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VII. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization for the Company in Period.

VIII. Lawsuits

Material lawsuits and arbitration

☐ Applicable ☒ Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

Other lawsuits

☐ Applicable ☒ Not applicable

IX. Penalty and rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in Period.

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

☐ Applicable ☒ Not applicable

XI. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

☐ Applicable ☒ Not applicable

The Company has no equity incentive plan, employee stock ownership plans or other employee incentives in Period.

XII. Major related transaction

1. Related transaction with routine operation concerned

☐ Applicable ☒ Not applicable

The Company had no related transaction with routine operation concerned in Period.

2. Related transactions by assets acquisition and sold

☐ Applicable ☒ Not applicable

No related transactions by assets acquisition and sold for the Company in Period.

3. Main related transactions of mutual investment outside

☐ Applicable ☒ Not applicable

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

4. Contact of related credit and debt

☐ Applicable ☒ Not applicable

The Company had no contact of related credit and debt in the reporting period.

5. Other related transactions

☐ Applicable ☒ Not applicable

The Company had no other related transaction in the reporting period.

XIII. Non-business capital occupying by controlling shareholders and its related parties

☐ Applicable ☒ Not applicable

No non-business capital occupied by controlling shareholders and its related parties in Period.

XIV. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

☐ Applicable ☒ Not applicable

No trusteeship for the Company in reporting period.

(2) Contract

☐ Applicable ☒ Not applicable

No contract for the Company in Period.

(3) Leasing

☐ Applicable ☒ Not applicable

No leasing for the Company in Period.

2. Major guarantees

☒ Applicable ☐ Not applicable

(1) Guarantee

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Guarantee between the Company and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Dongguan Dongfeng Intelligent Technology Co., Ltd.	2018-06-14	20,000	2018-07-02	0	The joint liability guaranty; mortgage; pledge	5-year	No	No
Total amount of approving guarantee for subsidiaries in report period (B1)		20,000		Total amount of actual occurred guarantee for subsidiaries in report period		0		

				(B2)				
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		20,000		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		20,000		
Guarantee of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Total amount of guarantee of the Company(total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		20,000		Total amount of actual occurred guarantee in report period (A2+B2+C2)		0		
Total amount of approved guarantee at the end of report period (A3+B3+C3)		20,000		Total balance of actual guarantee at the end of report period (A4+B4+C4)		20,000		
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company				55.75%				
Including:								
Amount of guarantee for shareholders, actual controller and its related parties (D)				0				
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)				0				
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)				2,064.1				
Total amount of the aforesaid three guarantees (D+E+F)				2,064.1				
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)				N/A				
Explanations on external guarantee against regulated procedures (if applicable)				N/A				

Explanation on guarantee with composite way

In order to meet the operation and development needs of the company's holding sub-subsidiary Dongfeng Intelligent, Dongfeng Intelligent planned to apply for comprehensive credit line of no more than RMB 200 million to Bank of Dongguan, Songshan Lake Technology Sub-branch, the credit period is two years, and the single-use period should not be more than 5 years, it is specially used to build the Dongfeng New Energy Equipment Industrialization Project located at the east side of Fuxing Road, Ecological Park, Dongguan City, and the company's holding subsidiary, Dongguan Dongfeng Technology Development Co., Ltd., takes its 100% equity of Dongfeng Intelligent as a pledge guarantee, and Dongfeng Intelligent uses its own land and above-ground buildings as security guarantees, and Dongfeng Technology Group, Dongfeng Technology Development, Zhongchuang New Energy, Haizhuo Energy and Aolin New Materials are jointly and severally liable for it, and the guarantee period is 5 years. For details, please refer to the Announcement on the Provision of Mortgage Guarantee for Subsidiary's Application for Bank Credit" Announcement No. 2018-018 published on June 14, 2018 by www.cninfo.com.cn.

(2) Guarantee outside against the regulation

☐Applicable ☒Not applicable

No guarantee outside against the regulation in Period.

3. Other material contracts

☐ Applicable ☒ Not applicable

No other material contracts for the Company in reporting period.

XV. Social responsibility

1. Environmental protection

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

No

Nil

2. Execution of social responsibility of targeted poverty alleviation

The Company has no execution of targeted poverty alleviation and no follow-up plan either.

XVI. Explanation on other significant events

☐ Applicable ☒ Not applicable

The Company had no explanation on other significant events in the reporting period.

XVII. Significant event of subsidiary of the Company

☒Applicable ☐Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Unlisted shares	244,800,000	34.66%						244,800,000	34.66%
1. Sponsor's shares	244,800,000	34.66%						244,800,000	34.66%
Domestic legal person's shares	23,147,309	3.28%						23,147,309	3.28%
Other	221,652,691	31.38%						221,652,691	31.38%
II. Listed shares	461,520,000	65.34%						461,520,000	65.34%
2. Domestically listed foreign shares	461,520,000	65.34%						461,520,000	65.34%
III. Total shares	706,320,000	100.00%						706,320,000	100.00%

Reasons for share changed

☐ Applicable ☒ Not applicable

Approval of share changed

☐ Applicable ☒ Not applicable

Ownership transfer of share changes

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

2. Changes of restricted shares

☐ Applicable ☒ Not applicable

II. Securities issuance and listing

☐ Applicable ☒ Not applicable

III. Number of shares and shares held

In Share

Total common shareholders at period-end		18,755	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (note8)					
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of un-listed shares held	Amount of listed shares held	Number of share pledged/frozen	
							State of share	Amount
Wang Dong	Domestic nature person	29.49%	208,324,800	0	208,324,800	0		
Everbright Securities (H.K.) Co., Ltd.	Overseas legal person	13.78%	97,364,256	-1914600.00	0	97,364,256		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	6.76%	47,717,944	-1120500.00	0	47,717,944		
Chengde North Industrial Corporation	Domestic non-state owned legal person	2.62%	18,517,651	0	18,517,651	0		
Shenwan HongYuan Securities (Hong Kong) Co., Ltd.	Overseas legal person	2.01%	14,181,761	884214.00	0	14,181,761		

Wang Zhengsong	Domestic nature person	1.89%	13,327,891	0	13,327,891	0		
Wang Wensheng	Domestic nature person	1.03%	7,258,007	0.00	0	7,258,007		
Zhou Haihong	Domestic nature person	0.95%	6,708,495	0.00	0	6,708,495		
Li Tianyun	Domestic nature person	0.60%	4,218,900	-511100.00	0	4,218,900		
Zhao Ziyang	Domestic nature person	0.46%	3,248,916	-38000.00	0	3,248,916		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (see note 3)		N/A						
Explanation on associated relationship among the aforesaid shareholders		The Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by “management method for acquisition of listed company” among the above said shareholders.						
Particular about top ten circulated shareholders								
Shareholders’ name		Amount of listed shares held at period-end			Type of shares			
					Type		Amount	
Everbright Securities (H.K.) Co., Ltd.		97,364,256			Domestically listed foreign shares		97,364,256	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED		47,717,944			Domestically listed foreign shares		47,717,944	
Shenwan HongYuan Securities (Hong Kong) Co., Ltd.		14,181,761			Domestically listed foreign shares		14,181,761	
Wang Wensheng		7,258,007			Domestically listed foreign shares		7,258,007	
Zhou Haihong		6,708,495			Domestically listed foreign		6,708,495	

		shares	
Li Tianyun	4,218,900	Domestically listed foreign shares	4,218,900
Zhao Ziyang	3,248,916	Domestically listed foreign shares	3,248,916
Su Youhe	3,119,116	Domestically listed foreign shares	3,119,116
Peng Wei	2,978,525	Domestically listed foreign shares	2,978,525
Chen Yan	1,947,000	Domestically listed foreign shares	1,947,000
Expiation on associated relationship or consistent actors within the top 10 un-restrict common shareholders and between top 10 un-restrict common shareholders and top 10 common shareholders	The Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by “management method for acquisition of listed company” among the above said shareholders.		
Explanation on shareholders involving margin business about top ten common shareholders with un-restrict shares held (if applicable) (see Note 4)	N/A		

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

☐ Yes ☒ No

Top ten common shareholders or top ten common shareholders with un-restrict shares not held have a buy-back agreement dealing in reporting period.

IV. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

☐ Applicable ☒ Not applicable

The Company had no changes of controlling shareholders in reporting period.

Changes of actual controller in reporting period

☐ Applicable ☒ Not applicable

No changes of actual controllers for the Company in reporting period.

Section VII. Preferred Stock

☐ Applicable ☒ Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Directors, Supervisors and Senior Executives

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

☐ Applicable ☒ Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2017.

II. Resignation and dismissal of directors, supervisors and senior executives

☒ Applicable ☐ Not applicable

Name	Title	Type	Date	Reasons
Wang Liang	Director	Be elected	2018-06-13	General election
Zhai Hongtao	Independent director	Be elected	2018-06-13	General election
Li Jianhui	Independent	Be elected	2018-06-13	General election
Zhou Jian	Independent	Be elected	2018-06-13	General election
Guo Huibin	Independent	Office leaving for term expired	2018-06-13	General election
Zhang Zhiyong	Independent	Office leaving for term expired	2018-06-13	General election
Cao Guohua	Independent	Office leaving for term expired	2018-06-13	General election

Section IX. Corporate Bonds

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

No

Section X. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The financial report of this semi-annual report was unaudited

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated balance sheet

Prepared by Dongfeng Sci-Tech Group CO., LTD

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	35,513,286.88	74,805,209.06
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Account receivable	17,608.00	17,608.00
Accounts paid in advance	97,690,045.78	183,595.06
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other account receivable	28,200,566.83	58,740,204.94
Purchase restituted finance asset		
Inventories	169,853,514.37	234,653,825.84

Assets held for sale		
Non-current asset due within one year		
Other current assets	14,367,288.76	34,559,505.29
Total current assets	345,642,310.62	402,959,948.19
Non-current assets:		
Loans and payments on behalf		
Finance asset available for sales	16,670,403.13	16,670,403.13
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment property	4,184,404.34	4,236,346.34
Fixed assets	17,428,589.07	9,674,396.99
Construction in progress	9,541,317.29	2,267,164.04
Engineering material		
Disposal of fixed asset		
Productive biological asset	131,187.50	17,971.39
Oil and gas asset		
Intangible assets	56,286,849.37	51,705,311.04
Expense on Research and Development	9,301,398.27	3,513,561.56
Goodwill	1,543,786.41	1,294,711.56
Long-term expenses to be apportioned	122,222.16	219,963.84
Deferred income tax asset	775,645.41	775,645.41
Other non-current asset		10,427,021.55
Total non-current asset	115,985,802.95	100,802,496.85
Total assets	461,628,113.57	503,762,445.04
Current liabilities:		
Short-term loans		
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		

Notes payable		
Account receivable	8,903,926.67	15,487,833.06
Accounts received in advance	36,938,965.65	64,165,709.37
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	668,700.23	2,201,668.93
Taxes payable	288,857.84	13,171,059.13
Interest payable		
Dividend payable		
Other account payable	27,790,377.86	25,952,193.34
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	74,590,828.25	120,978,463.83
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	74,590,828.25	120,978,463.83
Owner's equity:		

Share capital	706,320,000.00	706,320,000.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	463,681,309.55	463,681,309.55
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	76,791,550.17	76,791,550.17
Provision of general risk		
Retained profit	-888,074,841.07	-882,864,082.85
Total owner's equity attributable to parent company	358,718,018.65	363,928,776.87
Minority interests	28,319,266.67	18,855,204.34
Total owner's equity	387,037,285.32	382,783,981.21
Total liabilities and owner's equity	461,628,113.57	503,762,445.04

Legal Representative: Zhao Yongsheng

Person in charge of Accounting Works: Zhao Yongsheng

Person in charge of Accounting Institution: Liu Fengguo

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	8,815,881.28	12,091,839.66
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable		
Account paid in advance	100,000.00	5,000.33
Interest receivable		

Dividends receivable	36,240,654.50	
Other receivables	89,807,890.91	27,954,251.88
Inventories	169,081,368.24	234,077,374.89
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	790,845.12	1,709,204.34
Total current assets	304,836,640.05	275,837,671.10
Non-current assets:		
Available-for-sale financial assets	16,670,403.13	16,670,403.13
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	248,114,466.37	248,114,466.37
Investment property		
Fixed assets	1,683,588.09	1,826,078.88
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets		
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	750.00	750.00
Other non-current assets		
Total non-current assets	266,469,207.59	266,611,698.38
Total assets	571,305,847.64	542,449,369.48
Current liabilities:		
Short-term borrowings		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		

Accounts payable	8,613,184.67	15,157,800.54
Accounts received in advance	36,590,892.79	62,427,764.58
Wage payable		596,118.22
Taxes payable	222,271.11	43,262.13
Interest payable		
Dividend payable		
Other accounts payable	346,918,563.52	325,994,266.48
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	392,344,912.09	404,219,211.95
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	392,344,912.09	404,219,211.95
Owners' equity:		
Share capita	706,320,000.00	706,320,000.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	456,569,124.55	456,569,124.55
Less: Inventory shares		

Other comprehensive income		
Reasonable reserve		
Surplus reserve	76,791,550.17	76,791,550.17
Retained profit	-1,060,719,739.17	-1,101,450,517.19
Total owner's equity	178,960,935.55	138,230,157.53
Total liabilities and owner's equity	571,305,847.64	542,449,369.48

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	79,815,868.78	101,563,994.47
Including: Operating income	79,815,868.78	101,563,994.47
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	88,084,229.50	104,794,376.13
Including: Operating cost	71,967,495.21	86,769,226.19
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	2,769,249.06	7,852,986.54
Sales expenses	4,902.12	315,835.82
Administration expenses	14,487,054.73	10,548,195.52
Financial expenses	-1,144,471.62	-691,269.95
Losses of devaluation of asset		-597.99
Add: Changing income of fair value(Loss is listed with "-")		

Investment income (Loss is listed with “-”)	133,320.88	
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	-18,684.68	
Other income	2,890,000.00	
III. Operating profit (Loss is listed with “-”)	-5,263,724.52	-3,230,381.66
Add: Non-operating income	3,121.00	30,121.27
Less: Non-operating expense	2,607.78	7,113.04
IV. Total Profit (Loss is listed with “-”)	-5,263,211.30	-3,207,373.43
Less: Income tax expense	110,309.68	
V. Net profit (Net loss is listed with “-”)	-5,373,520.98	-3,207,373.43
(i) net profit from continuous operation (Net loss is listed with “-”)	-5,373,520.98	-3,207,373.43
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	-5,210,758.22	-3,145,668.96
Minority shareholders’ gains and losses	-162,762.76	-61,704.47
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to		

profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-5,373,520.98	-3,207,373.43
Total comprehensive income attributable to owners of parent Company	-5,210,758.22	-3,145,668.96
Total comprehensive income attributable to minority shareholders	-162,762.76	-61,704.47
VIII. Earnings per share:		
(i) Basic earnings per share	-0.007	-0.004
(ii) Diluted earnings per share	-0.007	-0.004

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal Representative: Zhao Yongsheng

Person in charge of Accounting Works: Zhao Yongsheng

Person in charge of Accounting Institution: Liu Fengguo

4. Profit Statement of Parent Company

In RMB

Item	Current period	Last period
I. Operation income	76,981,775.06	99,528,159.94
Less: Operating cost	68,854,852.81	83,879,550.47
Tax and extras	2,330,768.90	7,838,404.44
Sales expenses		201,716.00
Administration expenses	5,464,817.12	5,588,635.68
Financial expenses	-1,783.91	-7,755.36
Losses of devaluation of asset	-1,221,802.00	
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	36,288,157.57	
Including: Investment income on affiliated company and joint venture		
Income from assets disposal (Loss is listed with “-”)		
Other income	2,890,000.00	
II. Operating profit (Loss is listed with “-”)	40,733,079.71	2,027,608.71
Add: Non-operating income		0.02
Less: Non-operating expense	2,301.69	21,596.61
III. Total Profit (Loss is listed with “-”)	40,730,778.02	2,006,012.12
Less: Income tax expense		
IV. Net profit (Net loss is listed with “-”)	40,730,778.02	2,006,012.12
(i) net profit from continuous operation (Net loss is listed with “-”)		
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		

1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	40,730,778.02	2,006,012.12
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		

Cash received from selling commodities and providing labor services	41,330,719.96	49,648,921.18
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	19,411.90	
Other cash received concerning operating activities	45,480,140.88	9,487,446.88
Subtotal of cash inflow arising from operating activities	86,830,272.74	59,136,368.06
Cash paid for purchasing commodities and receiving labor service	2,393,155.64	2,657,862.72
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission		

charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	11,135,618.06	8,045,025.91
Taxes paid	28,912,052.61	5,542,118.14
Other cash paid concerning operating activities	10,464,153.41	14,204,059.60
Subtotal of cash outflow arising from operating activities	52,904,979.72	30,449,066.37
Net cash flows arising from operating activities	33,925,293.02	28,687,301.69
II. Cash flows arising from investing activities:		
Cash received from recovering investment	8,900,000.00	
Cash received from investment income	47,503.07	
Net cash received from disposal of fixed, intangible and other long-term assets	29,254,000.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	38,201,503.07	
Cash paid for purchasing fixed, intangible and other long-term assets	118,301,007.55	1,391,915.91
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained	-6,612,924.37	
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	111,688,083.18	1,391,915.91
Net cash flows arising from investing activities	-73,486,580.11	-1,391,915.91

III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities	2,558,600.00	
Subtotal of cash inflow from financing activities	2,558,600.00	
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	534,800.00	663,800.00
Subtotal of cash outflow from financing activities	534,800.00	663,800.00
Net cash flows arising from financing activities	2,023,800.00	-663,800.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	266,016.60	
V. Net increase of cash and cash equivalents	-37,271,470.49	26,631,585.78
Add: Balance of cash and cash equivalents at the period -begin	68,107,388.69	126,970,834.83
VI. Balance of cash and cash equivalents at the period -end	30,835,918.20	153,602,420.61

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
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I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	39,669,174.08	48,417,004.47
Write-back of tax received	19,411.90	
Other cash received concerning operating activities	92,306,663.50	16,464,467.95
Subtotal of cash inflow arising from operating activities	131,995,249.48	64,881,472.42
Cash paid for purchasing commodities and receiving labor service	7,056,722.87	158,077.41
Cash paid to/for staff and workers	3,152,939.13	2,981,492.09
Taxes paid	7,392,154.60	5,123,209.48
Other cash paid concerning operating activities	117,720,242.64	115,820,458.32
Subtotal of cash outflow arising from operating activities	135,322,059.24	124,083,237.30
Net cash flows arising from operating activities	-3,326,809.76	-59,201,764.88
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	47,503.07	
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	47,503.07	
Cash paid for purchasing fixed, intangible and other long-term assets		7,199.00

Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities		7,199.00
Net cash flows arising from investing activities	47,503.07	-7,199.00
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities	2,558,600.00	
Subtotal of cash inflow from financing activities	2,558,600.00	
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Other cash paid concerning financing activities	534,800.00	663,800.00
Subtotal of cash outflow from financing activities	534,800.00	663,800.00
Net cash flows arising from financing activities	2,023,800.00	-663,800.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-1,255,506.69	-59,872,763.88
Add: Balance of cash and cash equivalents at the period -begin	5,394,019.29	63,381,803.98
VI. Balance of cash and cash equivalents at the period -end	4,138,512.60	3,509,040.10

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

This Period

In RMB

Item	This Period												
	Owners' equity attributable to parent company										Minorit y interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Invento ry shares	Other compre hensive income	Reason able reserve	Surplus reserve	Provisio n of general risk			Retaine d profit
		Prefer red stock	Perpet ual capita l securi ties	Other									
I. Balance at the end of the last year	706,320,000.00				463,681,309.55				76,791,550.17		-882,864,082.85	18,855,204.34	382,783,981.21
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	706,320,000.00				463,681,309.55				76,791,550.17		-882,864,082.85	18,855,204.34	382,783,981.21
III. Increase/ Decrease in this year (Decrease is listed with “-”)											-5,210,758.22	9,464,062.33	4,253,304.11
(i) Total comprehensive income											-5,210,758.22	-162,762.76	-5,373,520.98
(ii) Owners' devoted and decreased capital													
1.Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													

3. Amount reckoned into owners equity with share-based payment													
4. Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves conversed to capital (share capital)													
2. Surplus reserves conversed to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others												9,626,825.09	9,626,825.09
IV. Balance at the end of the report period	706,320,000.00				463,681,309.55				76,791,550.17		-888,074,841.07	28,319,266.67	387,037,285.32

Last Period

In RMB

Item	Last Period
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	Owners' equity attributable to the parent Company											Minorit y interest s	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Invento ry shares	Other compre hensive income	Reason able reserve	Surplus reserve	Provisio n of general risk	Retaine d profit		
		Prefer red stock	Perpet ual capita l securi ties	Other									
I. Balance at the end of the last year	706,320,000.00				463,681,309.55				76,791,550.17		-886,966,408.74	2,349,558.95	362,176,009.93
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	706,320,000.00				463,681,309.55				76,791,550.17		-886,966,408.74	2,349,558.95	362,176,009.93
III. Increase/ Decrease in this year (Decrease is listed with “-”)											-4,126,178.02	-2,349,558.95	-6,475,736.97
(i) Total comprehensive income											-3,145,668.96		-3,145,668.96
(ii) Owners' devoted and decreased capital													
1.Common shares invested by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4 Other													

(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others											-980,509.06	-2,349,558.95	-3,330,068.01
IV. Balance at the end of the report period	706,320,000.00				463,681,309.55				76,791,550.17		-891,092,586.76		355,700,272.96

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

This Period

In RMB

Item	This Period								
	Share	Other equity instrument	Capital reserve	Less: Inventory	Other comprehensive	Reasonable reserve	Surplus reserve	Retained	Total

	capital	Preferre d stock	Perpetu al capital securiti es	Other		shares	nsive income			d profit	owners' equity
I. Balance at the end of the last year	706,320,000.00				456,569,124.55				76,791,550.17	-1,101,450,517.19	138,230,157.53
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	706,320,000.00				456,569,124.55				76,791,550.17	-1,101,450,517.19	138,230,157.53
III. Increase/Decrease in this year (Decrease is listed with "-")										40,730,778.02	40,730,778.02
(i) Total comprehensive income										40,730,778.02	40,730,778.02
(ii) Owners' devoted and decreased capital											
1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)											

3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI) Others											
IV. Balance at the end of the report period	706,320,000.00				456,569,124.55				76,791,550.17	-1,060,719,739.17	178,960,935.55

Last period

In RMB

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	706,320,000.00				456,569,124.55				76,791,550.17	-1,061,045,442.06	178,635,232.66
Add: Changes of accounting policy											
Error correction of the last period											

Other											
II. Balance at the beginning of this year	706,320,000.00				456,569,124.55				76,791,550.17	-1,061,045,442.06	178,635,232.66
III. Increase/Decrease in this year (Decrease is listed with "-")										2,006,012.12	2,006,012.12
(i) Total comprehensive income										2,006,012.12	2,006,012.12
(ii) Owners' devoted and decreased capital											
1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves conversed to capital (share capital)											
2. Surplus reserves conversed to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other											

(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI)Others											

III. Company profile

III. Company profile

1. Registered place, organization structure and head office of the Company

Chengde Nanjiang Co., Ltd. (Hereinafter referred to as "Nanjiang" or the "the Company") was formerly known as Chengde Dixian Knitting Co., Ltd., and was reorganized on 3 November 1999 by sponsorship, approved by the People's Government of Hebei Province with the issue of Ji Gu Ban [1999] No.: 36 with license of the business corporation obtained from Hebei Administration for Industry & Commerce; registered capital while established amounting as RMB 100,000,000, and RMB 1.00 per share. Among the abovementioned, RMB 85.10 million contributed by Wang Shuxian, representing 7.56 percent of the registered capital; Wang Zhengsong invested RMB 5.4444 million with 5.44 percent in total registered capital presented; Chengde Longfeng Cosmetics Co., Ltd. contributed RMB 0.9456 million, a 0.95 percent in registered capital and RMB 0.9456 million contributed by Chengde Xiabancheng Hongxing Plastics Products Plant with 0.95 percent in registered capital presented.

On 29 August 2000, according to the Zheng Jian Fa Xing Zi [2000] No.: 121 issued by the China Securities Regulatory Commission, the Company issued 100,000,000 domestically listed foreign shares in Shenzhen Stock Exchange dated 19 September 2000; and excised the over-allotment option to increase issuing 15,000,000 B shares from September 29, 2000 to October 29, 2000. The registered capital of the Company after the issuance of B shares was RMB 215,000,000 with one Yuan of face value per share.

According to the resolution of the shareholder's general meeting on March 12, 2002, the Company allotted 43,000,000 bonus shares to all of the shareholders according to the proportion of 2 free shares for every 10 shares, and meanwhile increased 107,500,000 shares to all of the shareholding by transferring from capital reserve according to 5 shares free for every 10 shares. The registered capital of the company was changed to RMB 365,500,000 after it allotted bonus shares and increased by transferring.

According to the resolution of the shareholder's general meeting on July 22, 2003, the Company allotted 73,100,000 bonus shares to all of the shareholders according to the proportion of 2 free shares for every 10 shares, and the registered capital of the company was changed to RMB 438,600,000 after such bonus shares were allotted.

On March 11, 2004, approved by the Ministry of Commerce of the People's Republic of China, the Company was allowed to be changed as a foreign investment limited liability company.

In July 2004, the Company increased 150,000,000 B shares directionally, during which 91,300,000 shares were subscribed in HK\$, and another 58,700,000 shares were subscribed in RMB, upon check by China Securities Regulatory Commission with the issue [2004] No.101.

According to the resolution of the shareholder's general meeting on June 8, 2006, the Company allotted 117,720,000 bonus shares to

all of the shareholders according to the proportion of 2 free shares for every 10 shares,

On August 4, 2008, according to the judgment ruled by Shenzhen Intermediate People's Court, 112,324,800 sponsor shares held by Wang Shuxian was compensated to Chen Rong for 45,491,544 Yuan, and on August 15, 2008, 96,000,000 sponsor shares held by Wang Shuxian was compensated to Chen Rong for 38,880,000 Yuan according to the judgment ruled by Dalian Intermediate People's Court.

On November 11, 2009, according to “reply to the approval of capital increase, and change of share as well as name of Chengde Dixian Knitting Co., Ltd” with No.143 [2009] by Bureau of Commerce of Hebei Province, it agreed that the Company increased 150,000,000 domestically listed foreign shares in 2004 and allotted 2 bonus shares free for every 10 shares in 2006; and it agreed that 208,324,800 shares of Dixian stock held by Wang Shuxian was changed to Chen Rong ; as well as the name of the Company changed to Chengde Dalu Co., Ltd. Total share capital of the Company was 706,320,000 shares and the registered capital of the Company was 706,320,000 Yuan after the Company's share increased and allotted,

On 23 August 2011, the Company received the enterprise corporate business license issued from Chengde Administration for Industry and Commerce, register serial was No.: 130000400001225; registered capital and paid-up capital was 706.32 million Yuan with corporate type of limited liability company (Sino-foreign joint venture, listed)

On April 6, 2012, Chen Rong, shareholder of Company, signed a share transfer agreement with Mr. Wang Dong for transferred all of the 208,324,800 shares held by himself (accounting for 29.49% of total capital of the Company) to Mr. Wang Dong; After equity transfer the above mentioned, capital contribution proportion of the shareholders of the Company were: 208.3248 million Yuan invested by Wang Dong, representing 29.49 percent of the register capital; 18517651 Yuan contributed by Hebei Chengde Northern Industrial Corporation, representing 2.62 percent of the register capital; 13327891 Yuan invested by Wang Zhengsong, a 0.33 percent in register capital; 2314829 Yuan invested by Chengde Xiabancheng Hongxing Plastics Products Plant, a 0.33 percent in register capital and 461.52 million Yuan contributed by shareholders of domestically listed foreign shares, representing 65.34 percent of the register capital.

On 19 September 2012, being verified and approved by Chengde Administration for Industry and Commerce, the Company's name changed as Chengde Nanjiang Co., Ltd.

On 15 May 2017, approved by Administration Bureau for Industry and Commerce of Chengde City, name of the Company agreed to changed as Dongfeng Sci-Tech Group CO., LTD

Over the years of bonus issue, rights issue and capitalization, up to 31st December 2017, the issued shares totally amounting to 706.32 million shares, registered capital of the Company was 706.32 million Yuan; registered address: Xiabancheng Town, Chengde County, Hebei Province; HQ: Xiabancheng Town, Chengde County, Hebei Province. The Company has no parent company and Mr. Wang Dong is the first largest shareholder of the Company and also is the controller of the Company.

(II) Business scope

R&D and sales of new energy, and new material products as well as technology promotion and technical service; scientific research of modern eco-agriculture and technology promotion service, wholesales of eco-agriculture products; import and export trade of goods and technology; Engage in the real estate development and management in the scope approved by the qualification certificates; property management.

(III) Business nature and main operating activities of the Company

Nanjiang belongs to the development operation of real estate business, subsidy engaged in commerce trading, property management and agricultural farming and breeding etc.

(IV) Report approval for the financial statement

The statement has been approved by all Directors of the Company dated 28 August 2018 for reporting.

Totally 16 subjects are included in consolidate financial statement, information except the Company is as:

Subsidiaries	Type	Level	Shareholding ratio (%)	Voting rights ratio (%)
Chengde Nanjiang Trade and Business Co., Ltd. (“Nanjiang Trade and Business for short”)	Wholly-owned subsidiary	1	100.00	100.00
Chengde Kefeng Engineering Management Co., Ltd. (“Kefeng Engineering for short”)	Wholly-owned subsidiary	1	100.00	100.00
Chengde Dongfeng Investment Co., Ltd. (“Dongfeng Investment for short”)	Wholly-owned subsidiary	1	100.00	100.00
Nanjiang Asia Investment Co., Ltd. (“Nanjiang Asia for short”)	Wholly-owned subsidiary	1	100.00	100.00
Chengde Kefeng Trading Co., Ltd. (“Kefeng Trading for short”)	Wholly-owned subsidiary	1	100.00	100.00
Hangzhou Dongfeng Technology Co., Ltd. (“Hangzhou Dongfeng for short”)	Wholly-owned subsidiary	1	100.00	100.00
Dongguan Dongfeng Technology Development Co., Ltd. (“Dongguan Dongfeng Technology for short ”)	Controlling subsidiary	1	70.00	70.00
Chengde Kefeng Aerospace Technology Co., Ltd. (“Kefeng Aerospace for short”)	Wholly-owned subsidiary	1	100.00	100.00
Chengde Dongfeng Ecological Agriculture Co., Ltd. (“Ecological Agriculture for short”)	Wholly-owned sub-subsidiary	2	100.00	100.00
Chengde Nanjiang Technology Co., Ltd. (“Nanjiang Technology for short”)	Wholly-owned sub-subsidiary	2	100.00	100.00
Chengde Huijing Property Service Co., Ltd. (“Huijing Property for short”)	Wholly-owned sub-subsidiary	2	100.00	100.00
Dongguan Zhongchuang New Energy Technology Co., Ltd. (Zhongchuang New Energy for short)	Controlling sub-subsidiary	2	60.98	60.98
Dongguan Dongfeng Intelligent Technology Co., Ltd. (“Dongguan Dongfeng Intelligent for short”)	Wholly-owned sub-subsidiary	2	100.00	100.00
Dongguan Aolin New Material Co., Ltd. (“Aolin New Material for short”)	Controlling sub-subsidiary	2	62.00	62.00
Dongguan Haizhuo Energy Technology Co., Ltd. (“Haizhuo Energy for short”)	Controlling sub-subsidiary	2	62.00	62.00

Note: 1) Chengde Kefeng Engineering Management Co., Ltd. and Chengde Kefeng Trading Co., Ltd. is the new enterprise formed by division from Chengde Nanjiang Trade and Business Co., Ltd. on 6 March 2017

2) The formal Chengde Nanjing Investment Co., Ltd. changed its name into Chengde Dongfeng Investment Co., Ltd. on 25 October 2017.

3) The formal Hangzhou Hangfeng Sci-Tech Co., Ltd. changed its name into Hangzhou Dongfeng Sci-Tech Co., Ltd. on 5 June 2017.

4) Dongguan Dongfeng Technology Development Company is a subsidiary newly established on 17 August 2017.

5).The formal Chengde Nanjing Biological Agriculture Co., Ltd. changed its name into Chengde Dongfeng Biological Agriculture Co., Ltd. on 21 June 2017.

6).Dongguan Zhongchuang New Energy Technology Co., Ltd is a controlling subsidiary of a subsidiary of the Company acquired on 24 October 2017 through capital injection to increase capital.

7).Dongguan Dongfeng Intelligent Technology Co., Ltd is a wholly owned subsidiary of a subsidiary of the Company acquired on 27 December 2017 through capital injection.

8).Dongguan Aolin New Materials Co., Ltd is a controlling subsidiary of a subsidiary of the Company acquired on 29 December 2017 through capital increase.

9) Dongguan Haizhuo Energy Technology Co., Ltd. is a controlling sub-subsidiary acquired on 6 March 2018 through capital increase.

1. Subsidiary newly included in consolidation scope

Name	Reasons
Haizhuo Energy	Enterprise combined not under the same control

2. In the period, there were no new special purpose entity and operation entity that with control resulted through entrust operation or leasing newly included in consolidation scope

3. No subsidiary not included in the consolidation scope any more in the period

4. In the period, there were no special purpose entity and operation entity that with control resulted through entrust operation or leasing not included in consolidation scope any more

5. Specific change of the entity in consolidation scope found more in Change of Consolation Scope in Note VII

IV. Basis of preparation of financial statements

1. Preparation basis

The Company conducts recognition and measurement according to actual occurrence of transactions and issues, pursuant to the accounting principles for enterprise-basic rules and specific accounting principle as well as the application guidance for the accounting principles for enterprise, interpretation to the accounting principles for enterprise and other related requirements (hereinafter referred to as Enterprise Accounting Principles) issued by the ministry of finance, on that basis, combining the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15-General Rules for Financial Report (amended in 2014) of the CSRC for statement preparation.

2. Going concern

We evaluated the sustainable management ability for 12 months since end of the period, and found out that there was a significant doubt on sustainable management ability of the Runhua RW, listed in Note XII, while no impact on other entity in consolidation scope. Therefore, the financial statement is prepared based on the continuing operation assumption

V. Major accounting policy and accounting estimation

Notes of specific accounting policy and estimation:

No

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

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises; truthfully and completely reflect the financial status, operation results and cash flow etc. of the Company.

2. Fiscal period

The fiscal year of the Company is from 1 January to 31 December on basis of Gregorian calendar.

3. Operating cycle

One operating cycle for the Company is 12 months

4. Standard currency

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

5. Accounting treatment for business combinations under the same control and those not under the same control

1. If the terms, conditions, and economic impact of each transaction involved in business combination achieved in stages fall within one or more of the following situations, such transactions will be accounted for as a package deal:

- (1) Such transactions are entered into simultaneously or in the case of considering the impact of each other;
- (2) Such transactions as a whole in order to reach a complete business results;
- (3) The occurrence of a transaction subject to that of at least one other transaction;
- (4) One transaction alone is not economic, but otherwise when considered with other transactions.

2. Business combination under the same control

The Company's assets and liabilities acquired in a business combination are measured by the book value in the consolidated financial statements of ultimate controlling party in accordance with the assets and liabilities (including the goodwill formed by the ultimate controlling party's acquisition to the combined party) of combined party on combining date. If there is balance between the book value of net assets obtained in merger and the book value of paid merger consideration (or total face value of issued shares), adjust the stock premium in capital reserve, and adjust the retained earnings if the stock premium in capital reserve is not enough for writing down.

If there is a contingent consideration needs to confirm the expected liabilities or assets, and there is balance between the expected liabilities or assets amount and the settlement amount of follow-up contingent consideration, adjust the capital reserve (capital premium or stock premium), and adjust the retained earnings if the capital reserve is not enough.

As for business combination realized through numbers of transactions, and if these transactions belong to a bundle of transactions, then each of them shall be accounted as a transaction to acquire controlling right; and if not belong to a bundle of transactions, then

the difference between the initial investment cost of the long term equity investment as of the date on which the Company obtains controlling right and the carrying value of the long term equity investment prior to combination plus the carrying value of the new consideration paid for further acquisition of shares as of the combination date shall be used to adjust capital reserve; in case of insufficient capital reserve, adjust retained earnings. For equity investment held prior to the combination date, the other comprehensive income recognized due to calculation by equity method or based on recognition and measurement principles for financial instruments would not be accounted for temporarily until the Company disposes of this investment on the same basis as the investee directly disposes of relevant assets or liabilities; other changes of owners' equity in the net assets of investee as recognized under equity method, except for net profit or loss, other comprehensive income and profit distribution, shall not be accounted for until being transferred to current profit or loss when this investment is disposed of.

3. Business combination not under the same control

An acquisition date represents the date when the Company obtains the actual control of the acquiree, which means the date when the net assets or the right of control in relation to production or operation decisions of the acquiree transfer to the Company. In general, the Company will be deemed to materialize transfer of right of control upon satisfaction of the following conditions:

- ①the contracts or agreements relating to business combination has been approved by the internal authority of the Company.
- ②consent from the national competent authorities relating to business combination, if required, has been obtained.
- ③necessary property transfer procedure has been completed.
- ④the Company has paid a majority of the consolidated consideration, and it is capable of and scheduled to pay the outstanding balance.
- ⑤the Company has actually controlled the financing and operating policies of the acquiree, and is entitled to share relevant benefits and assume relevant risks.

The assets paid and liabilities occurred or assumed by the Company on the acquisition data as the consideration of the business combination shall be measured at fair value, and the difference between the fair value and its carrying value shall be included in profit or loss for the period.

The Company confirms the balance that the combined cost is greater than the fair value shares of acquiree's recognizable net assets obtained in the combination as the goodwill; the balance that the combined cost is less than the fair value shares of acquiree's net identifiable assets obtained in the combination is included in the current profit and loss after re-checking.

As for the business combination not under the same control realized through several exchange transactions step by step, part of the package deal, than carrying accounting treatment on transactions with controlling rights obtained through vary transactions; for equity investment held prior to combination date which is calculated under equity method, the sum between carrying value of the equity investment prior to acquisition date and cost of additional investment made on the acquisition date is deemed to be the initial investment cost of this investment. Other comprehensive income recognized for equity investment held prior to combination date under equity method shall be accounted for when the Company disposes of this investment on the same basis as the investee directly disposes of relevant assets or liabilities. In case that equity investment held prior to combination date is calculated based on recognition and measurement principles for financial instruments, then the fair value of this equity investment as of combination date plus new investment cost shall be deemed as initial investment cost. The difference between fair value and carrying value of the originally held equity interests and the accumulated fair value movements as originally recorded in other comprehensive income shall be all transferred to investment income of the period in which the combination date falls.

4. Relevant expenses from combination

The intermediate expenses occurred for business combination such as audit, legal service and appraisal consultation expenses and other related expenses shall be recorded in current gains and losses when occurred; the trading expenses for equity securities offering

shall be excluded while reckoned into equity transaction directly.

6. Methods for preparation of consolidated financial statements

1. Consolidated scope

The consolidation scope of the consolidated financial statements of the Company is fixed on the basis of control, and all subsidiaries (including the independent subject control by the Company) have been consolidated.

2. Consolidated procedure

Based on financial statements of its own and the subsidiaries, the Company establishes the consolidated financial statements according to other relevant data. The consolidated financial statements established by the Company regard the whole enterprise group as an accounting subject, and reflect the overall financial situation, operating results and cash flow of the enterprise group by the uniform accounting policies in accordance with the relevant confirmation, measurement and presentation requirements of accounting standards.

The accounting policies and accounting period adopted by the subsidiaries taken into account of the consolidation scope are in line with the Company. If it is not the same as the Company, necessary adjustments will be made when preparing consolidated financial statements according to the accounting policy and accounting period of the Company.

When consolidating financial statements, the Company shall offset all effects upon consolidated balance sheet, consolidated profit statement, consolidated cash flow statement and consolidated statement of changes in equity arising from the internal transactions between the Company and each subsidiary and between various subsidiaries. If there is difference between the point of view of consolidated financial statements of enterprise group and the affirmation to the same transaction by taking the Company or its subsidiaries as the accounting subject, adjust the transaction from the enterprise group's point of view.

The ownership interests of subsidiaries, current net profits or losses and shares of current comprehensive income belonging to minority shareholders are respectively and separately listed under the ownership interest item of consolidated balance sheet, the net profit item of consolidated profit statement and the total comprehensive income item. The balance that the current losses shared by the subsidiary's minority shareholders is greater than the shares in the ownership interests held by the minority shareholders in the beginning period of this subsidiary offsets against the minority stockholders' interests.

For the subsidiaries acquired through business combination under the same control, take the fair value of its assets and liabilities (including the goodwill formed by the ultimate controlling party's acquisition to the combined party) in the financial statements of ultimate controlling party as a basis to adjust its financial statements.

For the subsidiaries acquired through business combination not under the same control, take the fair value of net identifiable assets on acquisition date to adjust its financial statements.

(1) Increase subsidiaries or businesses

During the reporting period, if there are subsidiaries or businesses increased by the business combination under the same control, adjust the opening balance of consolidated balance sheet; include the income, expenses and profits of the subsidiaries or business combination from the beginning of the period to the end of the reporting period into the consolidated profit statement; include the cash flow of the subsidiaries or business combination from the beginning of the period to the end of the reporting period into the consolidated statement of cash flows, adjust the relevant items of comparative statements at the same time, and regard that the reporting entity after combination has been exiting since the ultimate controller starts controlling.

If the control can be implemented to the investees under the same control due to the additional investment, it can be regarded that all parties in the combination can be adjusted when the ultimate controller starts controlling, i.e. by the current status and existence. For the equity investment held before obtaining the control power of combined party, the relevant profit and loss, other comprehensive income and other changes in net assets from the later date between the acquisition date of original stock right and the date when the combining party and combined party are under the same control to the combination date respectively offset against the retained earnings at the beginning of the period or the current profit and loss in the comparative statement period.

During the reporting period, if there are subsidiaries or businesses increased by the business combination not under the same control,

don't adjust the opening balance of consolidated balance sheet; include the income, expenses and profits of the subsidiaries or business combination from the purchase date to the end of the reporting period into the consolidated profit statement; include the cash flow of the subsidiaries or business combination from the purchase date to the end of the reporting period into the consolidated statement of cash flows.

If the control can be implemented to the investees not under the same control due to the additional investment, the Company re-measures the stock right of acquiree held before the purchase date according to the fair value of this stock right on the purchase date, the balance between fair value and its book value is included in the current investment income. Other comprehensive income that the stock right of acquiree held before the purchase date involving in equity method business accounting and other changes in ownership interest except for net profit or loss, other comprehensive income and profits distribution, together with its relevant other comprehensive income and other changes in ownership interest are transferred into the current investment income attributable to the purchase date, besides the other comprehensive income generated by the changes in the net indebtedness and net assets re-measured and defined benefit plans by investees.

(2) Disposal of subsidiaries or businesses

1) General approaches

During the reporting period, if the Company disposes a subsidiary or business, the income, expense and profit of this subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement; the cash flow of this subsidiary or business from the beginning of the period to the disposal date are included in the consolidated statement of cash flows.

When control power over investees are lost due to disposal of some equity investment or other reasons, the Company re-measure the remaining equity investment after disposal in accordance with its fair value on the date to lose the control power. The balance by subtracting the sum of consideration obtained by disposing stock right and fair value of residual equity from the sum of the shares of net assets continuously calculated according to the original shareholding ratio since the purchase date or combination date of the original subsidiary and the goodwill are included in the investment income of the current period of losing control power. Other comprehensive income related to the equity investment of original subsidiary and other changes in ownership interest except for other net profit and loss, other comprehensive income and profits distribution are transferred into current investment income when losing the control power, besides the other comprehensive income generated by the changes in the net indebtedness and net assets re-measured and defined benefit plans by investees.

2) Dispose subsidiaries step by step

Dispose a subsidiary's equity investment until losing the control power step by step through multiple transactions, if the terms, conditions and economic impact of the disposal to various transactions of the subsidiary's equity investment conform to following one or various conditions, it means that the multiple transactions should have accounting treatment as a package deal:

- A. These transactions are made by considering each other's impacts;
- B. These transactions can only reach a complete business result as a whole;
- C. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- D. One transaction alone is not economical, but it is economical when it is considered together with other transactions.

The various transactions that dispose a subsidiary's equity investment until losing the control power belong to a package deal, the Company handles accounting treatment to various transactions by taking them as a transaction disposing a subsidiary's equity investment and losing the control power; however, the balance between every disposal price before losing control power and net asset shares of the subsidiary corresponding to disposal of investment should be confirmed as other comprehensive income in the consolidated financial statements and transferred into the profit and loss of the current period of losing control power when losing the control power.

The various transactions that dispose a subsidiary's equity investment until losing the control power and don't belong to a package deal, before losing control power, are handled with accounting treatment according to relevant policies which used to partly dispose the subsidiary's equity investment on the condition of not losing the control power; when losing the control power, they are handled with accounting treatment according to the general handling methods used to dispose the subsidiary.

(3) Purchase the minority shareholding of a subsidiary

If there is balance between the Company's long-term equity investment newly obtained by purchasing the minority shareholding and the net asset shares of the subsidiary continuously calculated from the acquisition date (or combination date) according to the newly increased shareholding ratio, adjust the capital stock premium in capital reserve on consolidated balance sheet, if the capital stock premium in capital reserve is not enough for offset, adjust the retained earnings.

(4) The partial disposal of equity investments in subsidiaries without losing the control power

If there is balance between the disposal price obtained by the partial disposal of long-term equity investments in subsidiaries without losing the control power and the net asset shares of the subsidiary continuously calculated from the acquisition date or combination date corresponding to the disposal of long-term equity investments, adjust the capital stock premium in capital reserve on consolidated balance sheet, if the capital stock premium in capital reserve is not enough for offset, adjust the retained earnings.

7. Classification of joint arrangement and accounting for joint operations**1. Classification of joint arrangement**

The Company classifies joint venture arrangement into joint operations and joint ventures based on the structure, legal form, agreed terms of the arrangement and other related facts and conditions.

Joint venture arrangement not concluded through separate entity is classified as joint operation; and those concluded through separate entity are generally classified as joint ventures. However, joint venture arrangement which meets any of the following conditions as proven by obvious evidence and satisfies relevant laws and rules is grouped as joint operation:

1. The legal form of the arrangement shows that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities.
2. It is agreed by the terms of the arrangement that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities.
3. Other related facts and conditions show that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities. For instance, joint parties are entitled to almost all the output related to joint venture arrangement and settlement of the liabilities under the arrangement continues to rely on supports from the joint parties.

2. Accounting for joint operations

The Company recognizes its proportion of interests in joint operation as related to the Company, and accounts for under relevant business accounting principles:

1. To recognize separately-assumed liabilities and jointly-assumed liabilities under its proportion;
2. To recognize revenue from disposal of the output which the Company is entitled to under the proportion;
3. To recognize separately-held assets and jointly-held assets under its proportion;
4. To recognize revenue from disposal of the output under the proportion;
5. To recognize separately occurred expenses, and to recognize expenses occurred for joint operations under its proportion.

For injection to or disposal of assets of joint operations (other than those assets constituting business operation), gain or loss arising from the transaction is only recognized to the extent it is attributable to other parties to the joint operation before the joint operation is sold to any third party. In case those assets injected or disposed satisfy the condition for asset impairment loss under Business Accounting Principle No.8-Assets Impairment, the Company recognizes this loss in full.

For acquisition of assets from joint operations (other than those assets constituting business operation), gain or loss arising from the transaction is only recognized to the extent it is attributable to other parties to the joint operation before the relevant assets are sold to any third party. In case that the acquired assets satisfy the condition for asset impairment loss under Business Accounting Principle No.8-Assets Impairment, the Company recognizes relevant loss according to the proportion it assumes.

The Company exercises no common control over joint operations. If the Company is entitled to relevant assets of the joint operation and assure relevant liabilities, it shall be accounted for under the above principle, otherwise it would be accounted for under the

relevant business accounting principles.

8. Recognition standards for cash and cash equivalents

When preparing cash flow statement, the Company recognized the stock cash and deposits available for payment at any time as cash, and investments featuring with the following four characters at the same time as cash equivalents: short term (expire within 3 months commencing from purchase day), active liquidity, easy to convert to already-known cash, and small value change risks.

9. Foreign currency business and conversion of foreign currency statement

1. Foreign currency business

For the foreign currency business, the Company converts the foreign currency into RMB for book-keeping based on spot exchange rate at date of trading occurred while initially recognized.

On balance sheet date, balance of foreign currency monetary items shall be converted based on the spot rate as at the balance sheet date, and the arising exchange difference shall be recorded in current gains and losses other than those arising from the special foreign currency borrowings related to purchasing assets qualifying for capitalization which is treated under the principle of borrowing expense capitalization. As for the foreign currency non-monetary items measured in historical cost, conversion is still conducted with the spot rate as at the transaction date, without any change to its functional currency.

As for the foreign currency non-monetary items measured in fair value, conversion is conducted with the spot rate as at the date for determination of fair value, and the arising exchange difference shall be recorded in current gains and losses as the changes of fair value. if the foreign currency non-monetary items belong to foreign currency available for sale, the arising exchange difference shall be recorded in other comprehensive income.

2. Translation of foreign currency financial statement

Assets and liabilities in balance sheet are translated at the spot exchange rate at the balance sheet date. Equity items, excluding “undistributed profit”, are translated at the spot exchange rates at the transaction dates. As for those translated at the spot exchange rates at the transaction dates or those recognized in line with the reasonable method in system, translated at the similar exchange rate as at the transaction date. The resulting translation differences are recognized in other comprehensive income.

When disposing overseas operations, the foreign currency financial statement translation differences listed under items of other comprehensive income in balance sheet and which are directly related to the overseas operations are transferred to profit or loss in the period when the overseas operation is disposed; In case of partial disposal or the overseas business, which has lower operation ratio overseas without operation controlling loss due to other reason, the translation differences related to disposal part shall including in equity of minority shareholders, no need to transfer into current gains/losses. In case of partial disposal of associated or joint venture, foreign currency translation differences shall be calculated in respect of the disposed part under disposal proportion and transferred to profit or loss in the period when the overseas operation is disposed.

10. Financial instruments

Financial instruments include financial assets, financial liabilities and equities instruments.

1. Categories of financial instruments

According to the contract terms of the financial instrument issued and economic substance reflects by such instrument, not only in form of law, combine with purposes held for financial assets and liabilities, the management categorizes financial assets and liability into different types at the time of initial confirmation: financial assets (or financial liabilities) at fair value through current gains and losses; accounts receivable; financial assets available for sale; other financial liabilities, etc.

2. Recognition and measurement for financial instrument

(1) Financial assets or liabilities at fair value through profit or loss

Financial assets or liabilities at fair value through profit or loss include transactional financial assets or financial liabilities and financial assets or liabilities directly designated at fair value through profit or loss.

Transactional financial assets or financial liabilities refer to those meeting any of the following conditions:

- 1) Purpose for holding the assets or liabilities are to disposal, repurchase or redemption in a short time;
- 2) Constitute part of the identifiable financial instrument group for central management, and there is objective evidence proving that the Company manages this group in a short-time-return way recently;
- 3) Belong to derivative financial instrument, other than those derivatives designated as effective hedge instruments, belonging to financial guarantee contracts and those linked to equity instrument investment which is not quoted in an active market and whose fair cannot be measured reliably and the settlement of which is conditional upon delivery of the equity instrument.

Subject to satisfaction of any of the following conditions, financial assets or liabilities can be designated as financial assets or liabilities at fair value through profit or loss upon initial measurement:

- 1) The designation can eliminate or substantially eliminate the inconsistencies between profit or loss from the financial assets arising from different measurement basis;
- 2) The portfolio of financial assets and liabilities in which the financial asset belongs to are designated as measured at fair value in the risk management report or investment strategic report handed in to key management personnel;
- 3) Hybrid instruments which contains one or more embedded derivatives, unless the containing of embedded derivatives does not have substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from relevant hybrid instruments;
- 4) Hybrid instruments which contains embedded derivatives that should split, but cannot be measured separately when acquired or on the subsequent balance sheet date.

Amount is initially measured by the sum of fair value (deducted bond interest expired without received) while obtained and relevant transaction expenses.

Interest or cash dividend in period of holding shall be recognized as investment income, and reckoned into current gains/losses with the variation of fair value at period-end.

In case of disposal, the difference between the amount while obtained and book value of the investment shall reckon into investment income, and gains/loses of variation of the fair value shall be adjusted correspondingly.

(2) Account receivables

Account receivables refer to the non-derivative financial assets in active market, which has no quoted but has fixed amount or amount can be determined in collection.

The contract price charged to the buyers shall be recognized as initial value for those account receivables which mainly comprise the receivable creditor's right caused by the sale of goods and providing of labor service to external customers by the Company, and receivables in other companies excluding debt instruments priced in active markets, includes but not limited to trade receivables, notes receivables, account paid in advance and other receivables. If characterized as of financing nature, the initial recognition shall be priced at the present value.

Upon disposal, the difference between the sale value and the book value of the receivables shall be accounted into current profit or loss on its recovery or disposal.

(3) Held-to-maturity investment

The non-derivative financial assets with maturity date, fix return amount or amount able to determined, and the Company held with specific intention and ability.

The Company takes the sum of fair value (after deducting bond interests which is due for interest payment but not received) and related transaction fee as initial recognition amount in respect of held-to-maturity investment upon acquisition of the investment. During the holding period, the Company recognizes interest income at amortized cost and effective interest rate which is included in investment income. The effective interest rate is determined upon acquisition of the investment and remains unchanged for the

expected continuous period or appropriate shorter period. Difference between sale price and carrying value of the investment is included in investment income.

If held-to-maturity investment is disposed or reclassified as other types of financial asset, and the relevant amount is relatively bigger than the total amount of our all held-to-maturity investments prior to disposal or reclassification, the remaining held-to-maturity investments shall be reclassified as available-for-sale financial assets immediately following such disposal or reclassification. On the reclassification date, difference between the carrying value and fair value of the investment is included in other comprehensive income and is transferred out into current profit or loss when the available-for-sale financial assets experience impairment or derecognition. However, the followings are exceptions:

- 1) The date of disposal or reclassification is approaching to the date of expiration or redemption of the investment (such as three months prior to expiration), and change of market rate has no material influences over the fair value of the investment.
- 2) Company has already recovered nearly all initial principal under the repayment means as agreed in contract.
- 3) Disposal or reclassification is arising from separate matters which are out of our control, which are expected not to occur repeatedly and which are difficult to predict reasonably.

(4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale upon initial recognition and financial assets other than other categories of financial assets.

The Company initially measures available-for-sale financial assets at the sum between their fair values when acquiring the assets or liabilities (after deducting cash dividend already declared but not paid or bond interests which is due for interest payment but not received) and the relevant transaction fee.

Interest or cash dividend acquired during the holding period shall be recognized as investment income. Gains or losses arising from movement of fair value is directly included in other comprehensive income except for impairment loss and exchange difference arising from foreign currency monetary financial assets.

When disposing available-for-sale financial assets, the Company includes the difference between the acquired price and carrying value of the financial assets into investment profit or loss. Meanwhile, accumulated fair value movement attributable to the disposed part which is originally directly included in other comprehensive income is transferred out and included investment profit or loss.

For equity instrument investment which is not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets which are linked to the equity instrument and whose settlement is conditional upon delivery of the equity instrument, they are stated at cost by the Company.

(5) Other financial liabilities

Initial recognition amount is determined at the sum of fair value and relevant transaction fee. Subsequent measurement is conducted at amortized cost.

(6) Held-to-maturity investment for sales or reclassify as financial assets available for sale:

In case that the amount of held-to-maturity investments disposed or reclassified into other categories of financial assets is greater than the total amount of all the held-to-maturity investment of the Company before the disposal or reclassification, the remaining held-to-maturity investment shall be recorded as financial assets available for sale immediately after such disposal or reclassification, unless:

- 1) The date of disposal or reclassification is relatively close to the maturity date or redemption date of the investment (such as three months before expiration), and change of market rate has no material affects on the fair value of the investment.
- 2) The enterprise has nearly recovers the entire initial principal under the payment method as agreed by contract.
- 3) The disposal or reclassification is due to such independent matter that the enterprise is not able to control, will not happen again as expected and can not predicted reasonably.

3. Confirmation evidence and measurement methods for transfer of financial assets

When transfer of financial assets occurs, the Company shall stop recognition of such financial assets if all risks and remunerations related to ownership of such financial assets have almost been transferred to the receiver; while shall continue to recognize such

financial assets if all risks and remunerations related to ownership of such financial assets have almost been retained.

When judging whether or not the aforesaid terminal recognition condition for financial assets is arrived at for transfer of financial assets, the Company generally adopts the principle that substance overweighs format. The Company divides such transfer into entire transfer and part transfer. As for the entire transfer meeting condition for discontinued recognition, balance between the following two items is recorded in current gains and losses:

- (1) Carrying value of financial assets in transfer;
- (2) Aggregate of the consideration received from transfer and accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets available for sale).

As for the part transfer meeting condition for discontinued recognition, entire carrying value of financial assets in transfer is shared by discontinued recognition part and continued recognition part, in light of their respective fair value. Balance between the following two items is recorded in current gains and losses:

- (1) Carrying value of discontinued recognition part;
- (2) Aggregate of the consideration of discontinued recognition part and amount of such part attributable to accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets available for sale).

Financial assets are still subject to recognition if transfer of such assets doesn't satisfy the condition for discontinued recognition. And consideration received is recognized as financial liability.

4. De-recognition condition for financial liability

As for the financial liabilities with its whole or part present obligations released, the company shall de-realize such financial liabilities or part of it. if the company enters into agreement with its creditor to substitute for the existing financial liabilities by means of assuming new financial liabilities, then the company shall de-realize the existing financial liabilities and realize the new financial liabilities provided that the contract clauses of the new and the existing financial liabilities are different in substance.

If the company makes substantial amendment to the whole or part contract clauses of the existing financial liabilities, it shall de-realize the existing financial liabilities or part of it. Meanwhile, the financial liabilities with amendment to its clauses shall be realized as new financial liabilities.

In case of derecognizing of financial liabilities in whole or part, the difference between the carrying value of such de-realized financial liabilities and consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

In case that the company repurchases part of financial liabilities, based on the comparative fair value of the continuing recognition part and the derecognizing part, the company shall allocate the carrying value of the financial liabilities in whole on the repurchase date. Difference between the carrying value allocated to the derecognizing part and the consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

5. Determination method for fair value of financial assets and financial liabilities

As for the financial assets or financial liability for which there is an active market, the quoted prices in the active market shall be used to determine the fair value thereof; the quoted prices in the active market refers to the prices, which are easily available from the stock exchanges, brokers, industry associations, pricing service institutions and etc. at a fixed term, and which represent the prices at which actually occurred market transactions are made under fair conditions.

As for the financial assets and financial liabilities measured by fair value and in case that there are active market for those assets and liabilities, then the fair value shall be determined based on the quotation on active market; as for the financial assets initially acquired or financial liabilities assumed, their fair value are determined based on the market transaction prices; in case that there are no such active market for financial assets and financial liabilities, the fair value shall be determined by evaluation technology. At time of evaluation, the applicable evaluation technology, in the prevailing circumstance, and those have available date and other information supporting shall be adopted, choose the input value, same with the assets or liability features that consider in transaction by market

participants, and use the relevant observable input values as far as possible. Use the un-observable input values when relevant observable input values unable to obtained or obtained without feasible.

6. Provision of impairment reserve for impairment of financial assets (excluding account receivables)

The company reviews the carrying value of the financial assets (excluding those measured by fair value and the change thereof is recorded in current gains and losses) on the balance sheet date, if there is objective evidence showing impairment of the financial assets, it shall provide impairment reserve.

Objective evidence that a financial asset is impaired includes the following observable events:

1. Significant financial difficulty of the issuer or obligor;
2. A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
3. The creditor, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
4. It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
5. The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
6. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: adverse changes in the payment status of borrowers in the group, an increase in the unemployment rate in the country or geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the group;
7. Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
8. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;

Details for impairment of financial assets are set out below:

(1) Impairment provision for available-for-sale financial assets

The Group has separately tested various available-for-sale equity instruments at the balance sheet date. It will be defined as impairment if the fair value is lower than the initial investment cost by more than 50% (including 50%) or the low state has lasted for no less than 1 year. While the lower proportion is between 20% and 50%, the Group will take other factors such as price fluctuation into consideration to estimate whether the equity instrument has impaired or not.

Cost stated in the above paragraph is determined based on the initial acquisition cost of available for sale equity instrument investment less recovered principal and amortized amount as well as impairment loss originally included in profit or loss; fair value is determined at the closing price quoted on stock exchange at period end, unless the available for sale equity instrument investment is limited for sale for certain periods. For available for sale equity instrument investment which is limited for sale for certain periods, fair value is determined at the closing price quoted on stock exchange at period end less the compensation required by market participator who would otherwise assume risks due to impossibility of selling the equity instrument on open market in designated period.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that had been recognized in other comprehensive income is reclassified to the profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is removed from equity is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If there are objective evidences showing that the value of available-for-sale debt instrument is recovered and it relates to the matters happened after the impairment loss recognition, the impairment loss recognized shall be reversed and accounted in current profit or loss. Impairment losses recognized for equity instrument investments classified as available-for-sale are reversed through equity. However, impairment loss occurred by equity instrument investment which is not quoted in an active market and whose fair value cannot be measured reliably and derivative financial assets which are linked to the equity instrument and whose settlement is

conditional upon delivery of the equity instrument, shall not be reversed.

(2) Impairment provision for held-to-maturity investment

For held-to-maturity investment, if there is object evidence showing the investment is impaired, then impairment loss is determined based on the difference between its fair value and present value of predicted future cash flow. After provision, if there is evidence showing its value has been restored, the originally recognized impairment loss can be reversed and included in current profit or loss, provided that the reversed carrying value shall not exceed the amortized cost of the financial asset as at reversal date assuming no impairment provision had been made.

7. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are stated in balance sheet separately without inner-offset. However, the net amount after inner offset is stated in balance sheet date when the following conditions are all met:

- (1) The Company has legal right to offset recognized amount and the right is enforceable;
- (2) The Company plans to settle on a net basis, or simultaneously realize the financial assets and settle the financial liabilities.

11. Account receivable

(1) Account receivable with single significant amount and withdrawal single item bad debt provision

Determine basis or amount standards for single significant amount	Account with single significant amount not less than RMB 1 million
Withdrawal method for bad debt provision of account receivable with single significant amount:	Conducted impairment testing separately, balance between the present value of future cash flow and its carrying value, bad debt provision withdrawal and reckoned into current gains/losses. As for the receivable without impairment being out in test, accrual bad debt provision in corresponding group

(2) Accounts receivable whose bad debts provision was accrued by combination of credit risk characteristics portfolio

Combination	Methods on withdrawal of bad debt provision
Age combination	Age analysis method
Related party combination in combined range	Other method
No risk portfolio	Other method

Accrued for provision of bad debt by aging analysis method in portfolio:

☒ Applicable ☐ Not-applicable

Account age	Rate for receivables	Rate for other receivables
Within 1 year (one year included)	5.00%	5.00%
1—2 years	20.00%	20.00%
2—3 years	50.00%	50.00%
Over 3 years	100.00%	100.00%

In combination, withdrawal proportion of bad debt provision based on balance proportion:

☐ Applicable ☒ Not-applicable

In combination, withdrawal proportion of bad debt provision based on other methods

☒ Applicable ☐ Not-applicable

Item	Accrual ratio – account receivable	Accrual ratio – other account receivable
Related party in consolidation scope	0.00%	0.00%
No risk portfolio	0.00%	0.00%

(3) Accounts receivable with single significant amount and bad debts provision accrued individually

Reasons for withdrawal single item bad debt provision	There is an objective evidence of impairment which is probably about to occurred, such as revocation from the debtor, bankruptcy or dead, and still able to recover after liquidated by the bankruptcy property or heritage as well as serious insufficient cash flow etc.
Withdrawal method for bad debt provision	For those account receivable with objective evidence of impairment been found, separated them from the relevant groups for impairment testing independently, and impairment losses shall recognized and withdrawal bad debt reserves on the difference between the present values of estimated future cash flow which is lower than its carrying value,

12. Inventories

Whether the company needs to comply with the disclosure requirements of the particular industry

No

1. Classification of inventories

Inventories are categorized into development cost, development products, relocation housing animals & plants aquaculture plant products and low value consumables etc.

2. Valuing of inventory

The Company adopts the historical cost for obtaining or the planned cost to value the inventory according to its actual situation, and specific identification method for the development projects.

Specific valuation method for consumptive biological assets found more in the biological assets listed in Note V(19)

3. Confirmation of net realizable value for the inventory and provision for inventory impairment

The ending inventory is measured at the lower of cost and net realizable value. Provision for impairment of inventory is determined at the excess amount of the single cost of the inventory over its net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

In case the influencing factor for write-down of the inventory values has disappeared, the amount which has been written down can be recover, and shall switch back within the inventory falling price reserves which has been accrual originally, the amount switch back shall reckoned into current gains/losses.

4. Inventory System

Perpetual inventory system

5. Amortization method for low-value consumables and wrappage

Low-value consumables are amortized on one-off amortization method

6. Relocation housing refers to the house for turnover purpose to arrange for relocation of residents, and amortized evenly in 50 years.**7. Calculation method of the lands for development purpose**

As for the pure land development project, the costs constitute costs of the land development; the project develops along with the real estate, costs with clear burden of objects shall split into commercial house costs with actual area.

8. Calculation method of the expenses of public supporting facilities

Public supporting facilities cannot be transfer with compensation: reckoned into commercial house costs by the benefit ratio;

Public supporting facilities can transfer with compensation: take all supporting facilities as the cost calculation subject, summarize the costs occurred.

9.Accounting for maintenance funds

According to the relevant provisions at the location of the developed projects, the maintenance funds should be collected from the house buyer or withdrawn and stated by the Company as development costs of relevant developed projects at the time of sale (presale) of the developed projects and uniformly turned in to the maintenance fund management department.

10.Accounting for quality assurance funds

The quality assurance funds should be deducted from the project payment for the construction unit according to the construction contracts. Maintenance expense incurred in the warranty period of the developed projects should be written down by the quality assurance funds. The balance of the quality assurance funds should be returned to the construction unit upon expiry of the specified warranty period of the developed projects.

13. Assets held for sale**1. Recognition criteria of assets held for sale**

The non-current asset will recognize as held-for-sale while satisfied the followed conditions simultaneously:

(1)immediate sale is available under the existing status based on the conventional practice for sale of such kind of assets or disposal group in similar transaction;

(2)The sale is likely to occur, that is, the Company has made resolution on the selling plan and obtained approval from regulatory department (if applicable) and obtained definite purchase commitment, the selling is estimated to be completed within one year.

Definite purchase commitment means a binding purchase agreement entered into by the Company and other parties, which contains transaction price, time and adequately strict punishments for breach of contract provisions, which renders the possibility of material adjustment or revocation of the agreement is extremely minor.

2. Accounting for assets held for sale

The Company makes no provision for depreciation or amortization for non-current assets or disposal group held for sale. For non-current asset or disposal group held for sale, for which it is found that the carrying value is higher than its fair value less disposal expense, the carrying value shall be deducted to the net amount of fair value less disposal expense, and the reduced amount shall be recognized as impairment loss in profit or loss for the period, and provision of impairment of assets held for sale shall be provided for accordingly.

As for non-current asset or disposal group classified as held for sale on the acquisition data, they are measured at the lower of their initial measurement amount and the net amount after their fair value less the selling expenses based on the assumption that such non-current assets or disposal group are not classified as held for sale at the time of initial measurement.

The above principle applies to all the non-current assets, other than investment property subsequently measured at fair value, biological assets measured at the net amount of fair value less selling expense, assets formed from staff remuneration, deferred income tax assets, financial assets regulated by financial instrument related accounting standards and right arising from insurance contract regulated by insurance contract related accounting standards.

14. Long-term equity investment

1. Recognition of investment cost

(1) As for the long-term equity investment formed from business combination under the same control, accounting policy found in (IV) Accounting method for business combination (not) under the same control of Note IV

(2) Long-term equity investment obtained by other means

For long-term equity investments obtained through payment with cash, then the actual payment shall be viewed as initial investment cost. Initial investment cost including the expenses, taxes and other necessary costs that directly concerned with the long-term equity investment that acquired.

For long-term equity investments obtained through issuance of equity securities, then the fair value of such securities shall be viewed as initial investment cost; for transaction expenses from issuing or own equity instrument acquired, it can be deducted from the equity when such expenses attributable directly to equity transaction.

Under the precedent condition that non-monetary assets exchanges are featured with commercial nature and fair values of exchange-in or exchange-out assets can be reliably measured, long-term equity investment exchange-in through non-monetary assets exchange shall be recognized with initial investment cost on the basis of the fair value of the assets exchange-out, unless there is obvious evidence showing that fair value of exchange-in assets is more reliable; as for non-monetary assets exchanges not satisfying such precedent condition, initial investment cost of exchange-in long-term equity investment falls to the carrying value of exchange-out assets and relevant taxes payable.

For long-term equity investments obtained through debt reorganization, its initial investment cost is recognized based on fair value.

2. Subsequent measurement and recognition of gains and losses

(1) Cost method

The long-term equity investment control by invested entity shall counted by cost method, and pricing on initial investment cost, cost of the long-term equity investment shall be adjusted while additional investment or dis-investment.

Other than payment actually paid for obtaining investment or cash dividend or profit included in consideration which has been declared while not granted yet, the Company recognizes investment income according to its share in the cash dividend or profit declared for grant by the invested unit.

(2) Equity method

The Company calculates long term equity investment in associates and joint ventures under equity method. For certain equity investments in associates indirectly held through risk investment institutions, joint funds, trust companies or similar entities including investment linked insurance fund, the Company measures the investment at fair value through profit or loss.

Where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period.

Return on investments and other comprehensive income is recognized respectively by shares of net gains and losses realized by the invested company and other comprehensive income after acquisition of long-term equity, and book value of such investment is adjusted accordingly. Profit or cash dividends pro rata distributed by the invested company are to minus book value of the relative long-term investment. Book value of long-term investment is adjusted when changes occur other than net gains and losses, other comprehensive income and profit distribution of the invested company, and is to reported in owners' equity accordingly

The Company should recognized net profit of invested unit after adjustment, based on fair value of vary identifiable assets of invested unit while obtained investment, while recognized net profit or net losses of invested units that should be enjoy by investment enterprise. the un-realized transaction gains/losses attributable to investment enterprise, internally occurred between the Company, affiliated units and joint-ventures should calculated by proportion of shares-holding which should be offset, than recognized investment gains/losses.

When the Company is confirmed to share losses of the invested units, the following order shall prevail for disposal: first of all, offset carrying value of long-term equity investment. Second, for long-term equity investment whose carrying value is not enough for offset, investment loss should be continued to recognize within the limit of carrying value of other long-term equity which substantially forms net investment to invested units, to offset carrying value of long-term items receivable. At last, after the aforesaid treatment, if enterprise still bears additional duties according to investment contract or agreement, projected liabilities are recognized in accordance to the obligations which are expected to undertake, and then recorded in current gains and losses.

In the event that the invested unit realizes profit in later periods, the Company will adopt disposal adverse to the above order after deduction the unrecognized share of loss, i.e. write off the carrying value of the recognized projected liabilities, recover carrying value of long-term equity which substantially forms net investment to invested unit and long-term equity investment, and recognize investment income at the same time.

3. Transfer of calculation for long term equity investment

(1) Measure at fair value transfer to equity method

For the equity investment originally held by the Company in which it has no control, common control or significant influence over the investee and which is accounted for under recognition and measurement principle as financial assets, in case that the Company becomes able to exercise significant influence or common control upon the investee due to additional investment while no control is reached, the sum of fair value of the originally held equity investment as determined under Business Accounting Principles No.22-Recognition and Measurement Principle as Financial Assets plus cost of the new investment shall be deemed as the initial investment cost upon calculation under equity method.

If the originally held equity investment is classified as available for sale financial assets, the difference between its fair value and carrying value and the accumulated fair value movement which is originally included in other comprehensive income shall be transferred to current period gains and losses under equity method.

In case that the initial investment cost under equity method is lesser than share of fair value of the investee's net identifiable assets as of the date when additional investment is made as calculated based on the latest shareholding proportion upon additional investment, carrying value of the long term equity investment shall be adjusted against such difference which is included in current period non-operating income.

(2) Measure at fair value or calculation under equity method transfer to calculation under cost method

For the equity investment originally held by the Company in which it has no control, common control or significant influence over the investee and which is accounted for under recognition and measurement principle as financial instrument, or for long term equity investment originally held in associates or joint ventures, in case that the Company becomes able to exercise control over investee not under common control due to additional investment, the sum of fair value of the originally held equity investment plus cost of the new investment shall be deemed as the initial investment cost upon calculation under cost method when preparing separate financial statement.

For other comprehensive income as recognized under equity method in respect of equity investment held prior to acquisition date, when the Company disposes this investment, the aforesaid income shall be accounted for on the same basis as the investee would otherwise adopt when it directly disposes relevant assets or liabilities.

For equity investment held prior to acquisition date which is accounted for under Business Accounting Principles No.22- Recognition and Measurement of Financial Assets, the accumulated fair value movement which originally included in other comprehensive income shall be transferred to current period gains and losses upon calculation under cost method.

(3) Calculation under equity method transfer to fair value measurement

In case that the Company lost common control or significant influence upon investee due to disposal of part equity investment, the remaining equity investment shall be calculated under Business Accounting Principles No.22- Recognition and Measurement of Financial Assets, and the difference between its fair value and carrying value as of the date when the Company lost common control or significant influence shall be included in current period gains and losses.

For other comprehensive income as recognized under equity method in respect of the original equity investment, when the Company ceases calculation under equity method, the aforesaid income shall be accounted for on the same basis as the investee would otherwise adopt when it directly disposes relevant assets or liabilities.

(4) Cost method transfer to equity method

In case that the Company lost control upon investee due to disposal of part equity investment, and if the remaining equity investment can exercise common control or significant influence over the investee, equity method shall be adopted when preparing separate financial statement, and the remaining equity investment shall be adjusted as if it had been stated under equity method since the acquisition.

(5) Cost method transfer to fair value measure

In case that the Company lost control upon investee due to disposal of part equity investment, and if the remaining equity investment cannot exercise common control or significant influence over the investee, Business Accounting Principles No.22- Recognition and Measurement of Financial Assets shall be adopted for accounting treatment when preparing separate financial statement, and the fair value and carrying value as of the date when control is lost shall be included in current period gains and losses.

4. Disposal of long term equity investment

Difference between carrying value and actual acquisition price in respect of disposal of long term equity investment shall be included in current period gains and losses. For long term equity investment under equity method, the Company shall adopt the same basis as the investee directly disposes relevant assets or liabilities when disposing this investment, and account for the part originally included in other comprehensive income under appropriate proportion.

If the terms, conditions and economic impact of each transaction involved in the disposal by steps of investment in subsidiaries fall into one or more of the following situations, such transactions will be accounted for as a package deal:

1. Such transactions are entered into simultaneously or in the case of considering the impact of each other;
2. Such transactions as a whole in order to reach complete commercial results;
3. The occurrence of one transaction is subject to that of at least one other transaction;
4. A transaction alone is not economic, but otherwise when considered with other transactions.

Enterprises that lose control of their original subsidiaries due to the disposal of partial equity investment or otherwise, and therefore disqualify a package deal, should prepare the relevant accounting treatment in differentiation with individual financial statements and consolidated financial statement:

(1) In separate financial statement, as for disposal of equity interest, difference between carrying value and actual acquisition price shall be included in current period gains and losses. In case that the remaining equity interests can exercise common control or significant influence over investee, it shall be stated under equity method in stead, and shall be adjusted as if the remaining equity interests had been stated under equity method since the acquisition. In case that the remaining equity interests cannot exercise common control or significant influence over investee, it shall be accounted for under Business Accounting Principles No.22- Recognition and Measurement Principle of Financial Instruments, and the difference between its fair value and carrying value as of the date then the Company lost control shall be included in current period gains and losses.

(2) In consolidated financial statement, for those transactions occurred before lost of control in subsidiaries, the difference between disposal price and share of net assets of subsidiaries since purchase date or combination date shall be used to adjust capital reserve

(equity premium), and if capital reserve is insufficient to offset, then it shall adjust retained earnings; when the Company lost control in a subsidiary, the remaining equity interests would be re-measured at the fair value as of the control-lost date. The sum of consideration gained from the disposal of equity and the fair value of remaining equity minus the share of net assets of original subsidiaries since the day of purchase and based on its original shareholding ratio is credited into investment gain for the current period, and off-set the goodwill at the same time. Other comprehensive income in relation to equity investments of original subsidiaries should be transferred to investment gain for the period at the time of loss of control.

Each transaction involved in the disposal of equity investments of subsidiaries until loss of control falls into a package deal, carrying accounting treatment on transaction of losing control rights and disposing the company, and should be accounted for accordingly in differentiation with individual financial statements and consolidated financial statements:

(1) In consolidated financial statements, difference between each payment from disposal of an equity and the book value of such long-term equity investment before the loss of control should be recognized as other comprehensive income and at the time of loss of control, transferred to profit or loss for the current period.

(2) In consolidated financial statements, difference between each payment from disposal of a subsidiary and the share of its net assets through investment before the loss of control should be recognized as other comprehensive income and at the time of loss of control, transferred to profit or loss for the current period.

5. Criteria for common control and significant influence

Where the Company jointly controls an arrangement with other participators under agreed terms, and decisions which materially affect return of such arrangement can only exist when other participators unanimously agree on the decisions, the Company is deemed to jointly control this arrangement with other participators, and the arrangement belongs to joint venture arrangement.

In case of a joint venture arrangement concluded through separate entity, when the Company is judged to be entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint venture under equity method. However, when the Company is judged to be not entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint operation, in which case, the Company recognizes items relating to its share of interests from the joint operation and accounts for according to relevant business accounting rules.

Significant influence refers to that investor has right to participate in making decisions relating to the financial and operational policies of the investee, while not able to control or jointly control (with others) establishment of these policies. The following one or more conditions are based to judge whether the Company has significant influence over investee with consideration of all facts and situations: (1) Has delegate in the board of directors or similar authority organs of investee; (2) Participate in establishing financial and operational policies of the investee; (3) Occur material transactions with the investee; (4) Delegate management to the investee; (5) Provide key technical data to the investee.

15. Investment real estate

Measurement model of investment real estate

Measure by cost

Depreciation or amortization method

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings. Besides, in respect of any vacant building held by the Company ready for operation lease, if the Board passed a written resolution to expressly indicate that the building will be used for operation lease and the intention of such hold will not change in a short run, the building shall be presented as investment property either.

The investment property of the Company is accounted at its cost. Cost of investment property purchased from the external sources includes purchase payment, related taxes and other expenditures which can be directly attributable to such assets; Cost of investment

property constructed by the Company comprise of the necessary expenditure occurred during the construction for reaching the condition of planned use.

Consequent measurement of investment estate shall be measured by cost method. Depreciation and amortization are provided to the buildings and land use right pursuant to the predicted service life and net rate of salvage value. The predicted service life and net rate of salvage value and annual depreciation (amortization) are listed as follows:

Type	Expected operating life (year)	Predicted rate of net salvage value	Depreciation(amortization) rate per annum
Land Use Right	50	0%-10%	1.80%-2.00%
House and buildings	20-28	0%-10%	3.56%-4.50%

When investment real estate turns to be used by holders, it shall switch to fixed assets or intangible assets commencing from the date of such turning. And when self-used real estate turns to be leased out for rental or additional capital, the fixed assets or intangible assets shall switch to investment real estate commencing from the date of such turning. In situation of switch, the carrying value before the switch shall be deemed as the credit value after the switch.

Indication of impairment is assessed, the recoverable amount shall be estimated and the impairment shall be recognizing while the recoverable amount lower than its book value.

Impairment loss once recognized shall not be reversed.

When investment is disposed, or out of utilization forever and no economic benefit would be predicted to obtain through the disposal, the Company shall terminate recognition of such investment real estate. The amount of income from disposal, transfer, discarding as scrap or damage of investment real estate after deducting the asset's carrying value and relevant taxation shall be written into current gains and losses.

16. Fixed asset

(1) Recognition

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time: (1) It is probable that the economic benefits associated with the assets will flow into the Company; and (2) The cost of the assts can be measured reliably.

(2) Depreciation method

Category	Depreciation method	Estimated useful life	Estimated residual rate	Annual depreciation rate
Houses and buildings	Straight-line depreciation	20.00-28.00	5.00	3.39%-4.75%
Machinery equipment	Straight-line depreciation	4.00-5.00	5.00	19.00%-23.75%
Transportation equipment	Straight-line depreciation	5.00-20.00	5.00	4.75%-19.00%
Other equipment	Straight-line depreciation	3.00-5.00	5.00	19.00-31.67%

(3) Basis of asserting, pricing and depreciation method on fixed assets under financing lease

A fixed asset leased by the Company is recognized as the fixed asset held under finance lease if one or more of the following criteria are met:

- (1) Upon the expiry of the lease term, the ownership is transferred to the Company.
- (2) The Company has the option to purchase the asset at a predetermined price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and it is reasonably ascertained at the inception of lease that the option will be exercised.
- (3) The lease term approximates the useful life of the relevant asset even if the ownership is not transferred.
- (4) At the inception of the lease, the present value of the minimum lease payments is substantially equivalent to the fair value of the leased asset.
- (5) The leased assets are of such a specialized nature that only the Company can use them without major modification.

A fixed asset held under finance lease is initially recognized at the lower of fair value of the leased asset and the present value of the minimum lease payments, while the amount of the minimum lease payments will be recognized as the entry value of long-term account payable, the difference between them will be recognized as unrecognized financing costs. The initial direct costs such as commissions, attorney's fees, and travelling expenses, stamp duties attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value. Unrealized finance costs will be amortized using actual interest rate method over each period during the lease terms.

The Company adopts depreciation policies for leased assets consistent with those of self-owned fixed assets for the purpose of calculating the depreciation of a leased asset. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

17. Construction in process

1. Classification of constructions under progress

The construction in progress constructed by the Company on its own shall be measured at the actual cost which comprises of all the necessary expenses occurred to enable the asset to meet such conditions as required for expected purpose, including engineering materials cost, labor cost, relevant tax payment, loan expenses which should be capitalized and indirect expenses which should be amortized, etc.

2. Standard and point of time for construction in process carrying forward to fixed assets

Fixed asset is booked with the entire expenditures occurred in the construction in process till it arrives at predicted state for use. For those constructions in process of fixed assets which have already arrived at the predicted state for use, while still with absence of completion settlement, they shall be carried forward to fixed assets at the estimated value based on engineering budget, construction cost or actual cost commencing from the date of arrival of the predicted state for use. Meanwhile, they shall be also subject to the depreciation policies applicable to fixed assets of the Company for provision of depreciation. Once completion settlement is made, the original temporary estimated value shall be adjusted at the effective cost. However, the original provision of depreciation remains unchanged.

3. Impairment test and impairment provision for construction in process

The Company determines whether there is evidence of impairment that may occur upon construction in progress at end of each period.

If there is indication of impairment of construction in progress, the Company shall estimate its recoverable amount. The recoverable amount is to be determined by the higher between the net price of the fair value of construction in progress after subtracting costs of disposal and the present value of expected future cash flow from construction in progress.

When the recoverable amount of construction in progress is below their book value, the book value of construction in progress shall be written down to its recoverable amount, and the amount of write-down shall recognized as impairment loss of construction in progress, and included into current profits and losses. At the same time, the provision for depreciation of construction in progress shall be accrued.

After the recognition, the impairment loss of construction in progress shall not be reversed in subsequent accounting period.

If there are indications showing that impairment of certain construction in progress is possible, the Company shall estimate its recoverable amount based on individual construction. If difficult to do so, the Company shall determine the recoverable amount of the assets group on basis of the asset groups to which the construction in progress belongs.

18. Borrowing expenses

1. Recognition of the borrowing expenses capitalization

Borrowing expenses that attributed for purchasing or construction of assets that are complying with capitalizing conditions start to be capitalized and counted as relevant assts cost; other borrowing expenses, reckoned into current gains and losses after expenses recognized while occurred.

Assets satisfying the conditions of capitalization are those assets of fixed, investment real estate etc. which need a long period of time to purchase, construct, or manufacturing before becoming usable.

Capitalizing for borrowing expenses by satisfying the followed at same time:

- (1) Assets expense occurred, and paid as expenses in way of cash, non-cash assets transfer or debt with interest taken for purchasing, constructing or manufacturing assets that complying with capitalizing condition;
- (2) Borrowing expenses have occurred;
- (3) Necessary activities occurred for reaching predicted usable statues or sale-able status for assets purchased, constructed or manufactured.

2. Period of capitalization

Capitalizing period was from the time star capitalizing until the time of suspended capitalization. The period for borrowing expensed suspended excluded in the period.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization reached its predicted usable status or sale-able status, capitalization suspended for borrowing expenses.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization completed projects and usable independently for part of the projects, borrowing expenses for this kind of assts shall suspended capitalization.

If the assets have been completed in every part, but can be reached the useful status or sale-able status while completed entirely, the borrowing expense shall be suspended for capitalization while the assets completely finished in whole.

3. Period of suspended

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended; the suspended assets that satisfying the conditions of capitalization meets the necessary procedure of reaching predicted usable status or sellable status, capitalizing of borrowing expenses shall be resumed. The borrowing expenses occurred during the period of suspended shall reckon into current gains and losses until the purchasing, construction, or manufacturing process is resumed for capitalizing.

4. Calculation for capitalization amount

Interest expenses practically occurred at the current term of a special borrowing are capitalized after deducting of the bank saving interest of unused borrowed fund or provisional investment gains

Capitalization amounts of common borrowings are decided by the weighted average of exceeding part of accumulated asset expenses over the special borrowing assets multiply the capitalizing rate of common borrowings adopted. Capitalization rates are decided by the weighted average of common borrowings.

For those expenses with discount or premium, determined the amortizable discount or premium in every fiscal year by effective interest method, than adjusted interest amount in every period

19. Biological assets

The biological assets of the Company refer to consumptive biological assets and productive biological assets. The consumptive biological assets including young and livestock etc., productive biological assets including eggs etc.

Biological assets are recognized upon satisfaction of the following conditions:

- (1) The company owns or controls the biological asset due to the past transaction or proceeding;
- (2) The economic benefits or service potential related to the biological assets are likely to flow into the company;
- (3) Cost of the biological assets can be measured reliably.

2.Initial measurement of biological assets

Biological assets acquired by the Company are initially measured at the acquired cost. Cost of purchasing biological assets comprises of purchase price, relevant tax, delivery expense, insurance premium and other expenditure directly attributable to purchase of such asset. Biological assets injected by investors are accounted for with the value set out in the investment contract or agreement plus tax payable as the carrying value of the assets. However, if the value set out in the contract or agreement is not fair, the actual cost shall be determined at fair value.

3.Subsequent measurement of biological assets

(1)Subsequent expenditure

The cost of a consumptive biological asset that is propagated or bred by the Company itself is determined according to the necessary expenses, such as the feed fee, the labor cost and the indirect cost that should be allocated before the sale. Cost of the self propagating productive biological assets is determined according to the necessary expenses, such as the feed fee, the labor cost and the indirect cost that should be allocated before the asset satisfies the expected production and operation purposes. The subsequent expenditures of biological assets occurred after the asset satisfies the expected production and operation purposes, such as management and maintenance, raising expenses, etc, are recorded in current profits and losses.

(2)Depreciation of productive biological assets

For such productive biological assets as satisfy their expected production and operation purposes, the Company makes provision of depreciation over their periods on an average basis. The Company determines its service life and anticipated net residual value according to the nature and service condition of the productive biological assets and the anticipated implementation way of the related economic interests. At the end of the year, the Company re-checks the service life, anticipated net residual value and depreciation method of the productive biological assets, and adjusts correspondingly if it differs from the original assessment.

The expected service life, anticipated net residual value and yearly depreciation of the productive biological assets of the Company are as follows:

Category	Estimated useful life (Year)	Estimated residual rate	Annual depreciation rate
Eggs	1	5%	95%
Sheep and pigs	3	5%	31.67%

(3)Disposal of biological assets

The Company adopts weighted average method to carry forward cost of consumptive biological assets when acquiring or disposing such asset; cost of a biological asset after change of purpose is determined based on the carrying value as of such change; for sale,

destroy or deficit of a biological asset, the balance between the disposal income less carrying value and relevant taxes should be recorded in current profit or loss.

4. Impairment of biological assets

The Company conducts inspection of consumptive and productive biological assets at least once at the end of each year. If there is any evidence proving that the net realizable value of consumptive biological assets or recoverable amount of productive biological assets is less than carrying value due to natural disaster, disease or insect pests, animal epidemic disease invasion or market demand change, the assets shall be measured at net realizable value or recoverable amount.

For any difference lower than the carrying value, the Company makes devaluation provision or impairment provision for biological assets and records in current profit or loss.

In case that the factors affecting impairment of consumptive biological assets disappear, the reduced amount shall be restored and reverted from the devaluation provision previously made with the amount reverted recorded in current profit or loss. However, impairment provision for productive biological assets, once made, will be reverted in no way.

20. Intangible assets

(1) Pricing method, service life and impairment test

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company, including land use right and non-patented technology etc.

1. Initial measurement of intangible assets

For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments attributable to predicted purpose obtained should recognized as cost for this assets. For those purchased amount that paid overdue exceeded the normal credit condition, owns financing natures actually, the cost should be recognized based on the current value while purchased

As for the intangible assets acquired from the debtor in debt restructuring for the purpose of settlement of debt, the fair value of the intangible assets shall be based to determine the accounting value. The difference between the carrying value of restructured debt and the fair value of the intangible assets use for settlement of debt shall be recorded in current gains and losses.

With the preceding conditions that non-monetary assets exchange has commerce nature and the fair value of the assets exchanged in or out can be measured reliably, the intangible assets exchanged in through non-monetary assets exchange are accounted at the value based on the fair value of assets exchanged out, unless there is obvious evidence showing the fair value of assets exchanged in is more reliable; for non-monetary assets exchange not qualifying for the preceding conditions, the carrying value of assets exchanged out and related taxes payable shall be viewed as the cost of intangible assets exchanged in, without recognition of gains and losses.

Intangible assets obtained by means of enterprise merged under common control, recognized book-keeping value by the book value of merged party; Intangible assets obtained by means of enterprise merged under different control, recognized book-keeping value by the its fair value.

For those cost of intangible assets development internally including: the used materials, labor cost and register charge for development; amortization for other patent and concession used and interest expense satisfying the capitalization condition during process of development; other directly expense before reached its predated useful purpose.

2. Subsequent measurement

Analysis and determined the service life for intangible assets while obtained. And classified into intangible assets with limited useful life and assets without certain service life

(1) Intangible assets with limited useful life

Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become useable to the end of expected useful life. Particular about the estimation on intangible assets with limited service life:

Item	Predicted useful life	Basis
Patent right, trademark right, non-patents and outsourcing software	5-year	Within the terms of contractual rights or other statutory rights
Land Use Right	50-year	Within the terms of contractual rights or other statutory rights

At end of year, revising will be performed on the useful life of intangible assets with limited useful life and the methods of amortizing, if there is a difference with the original estimation, adjustment shall be implemented correspondingly. Being revised, the useful life of intangible assets and amortization method at period-end shows the same as previous.

(2) Judgment basis of criterion for intangible assets without certain service life

Intangible assets for which it is impossible to predict the term during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life.

Intangible assets with indefinite life are not amortized during the holding period, and useful life is re-reviewed at the end of each accounting period. In case that it is still determined as indefinite after such re-review, then impairment test will be conducted continuously in every accounting period.

At end of year, revising will be performed on the useful life of intangible assets with uncertain life.

The Company has no such intangible assets without certain service life after review.

(2) Accounting policy for expenditure of internal R&D

1. Detail standard for classification on research stage and exploitation stage

Research stage: stage of the investigation and research activities exercising innovative-ness for new science or technology knowledge obtained and understanding.

Exploitation stage: stage of the activities that produced new or material advance materials, devices and products that by research results or other knowledge adoption in certain plan or design before the commercial production or usage.

The expenditure of the research stage in R&D project internally shall reckon into current gains and losses while occurred.

2. Standards for capitalization satisfaction of expenditure in exploitation state

Intangible assets recognized for expenditure in exploitation stage by satisfying the followed at same time:

- (1) Owes feasibility in technology and completed the intangible assets for useful or for sale;
- (2) Owes the intention for completed the intangible assets and for sale purpose;
- (3) Way of profit generated including: show evidence that the products generated from the intangible assets owes a market or owes a market for itself; if the intangible assets will use internally, than show evidence of useful-ness;
- (4) Possess sufficient technique, financial resources and other resources for the development of kind of intangible assets and has the ability for used or for sale;
- (5) The expenditure attributable to the exploitation stage for intangible assets could be measured reliably.

21. Impairment of long term assets

Long term asset is judged whether for which there is indication of impairment on balance sheet date. If there is indication of impairment, the Company would estimate its recoverable amount based on single asset; if it is difficult to estimate the recoverable

amount of single asset, then the assets group which the single asset belongs to is based to determine the recoverable amount of the assets group.

Recoverable amount of an asset is determined at the higher of its fair value less disposal fee and present value of its predicted future cash flow.

If measurement of recoverable amount shows that the recoverable amount of long term asset is lower than carrying value, and then the carrying value shall be deducted to recoverable amount, with the deducted amount recognized as impairment loss which is included in current period gains and losses, meanwhile, asset impairment provision shall be made accordingly. Once recognized, asset impairment loss would not be reversed in future accounting period.

Once an asset is recognized for impairment loss, its depreciation or amortization expense would be adjusted in future periods, so as to systematically allocate the adjusted asset carrying value (after deduction of predicted net residual value) during the remaining useful life.

Goodwill arising from business combination and intangible assets with indefinite useful life shall be tested annually for impairment whether or not there is indication of impairment.

Goodwill is tested for impairment with the related assets group. When conducting impairment test for relevant asset group with inclusion of goodwill, in case that there is indication of impairment for such asset group, impairment test would be firstly conducted in respect of the asset groups without inclusion of goodwill. Then, it shall calculate the recoverable amount and determine the corresponding impairment loss as compared to its carrying value. Second, asset group with inclusion of goodwill would be tested for impairment. If it is found after comparison between the carrying value and recoverable amount of the asset group that the recoverable amount is less than carrying value, the Company would recognize impairment loss for goodwill.

22. Long term prepaid expense

1. Amortization method

Long term prepaid expense represents the expense which the Company has occurred and shall be amortized in the current and later periods with amortization period exceeding one year. Long term prepaid expense amortized on straight-line method by stages in benefit period.

2. Amortization term

Amortized equally during the benefit period for those long-term expenses whose has a defined benefit period, for those without a defined benefit period, amortized equally within 5 years.

23. Staff remuneration

(1) Accounting treatment of short-term remuneration

Staff remuneration refers to various forms of remuneration or compensation provided by the Company for services provided by employees or termination of employment relations. Staff remuneration includes short-term payoff, post employment benefits, dismissal benefits and other long-term employee benefits.

Short term remuneration refers to all the staff remuneration payable by the Company to its staff within 12 months after the end of annual reporting period in which staff provides relevant services, other than post office benefit and dismissal benefits. The Company recognizes short term remuneration payables as liabilities during the accounting period during which staff provides services, and includes in cost and expense of relevant asset according to the beneficial parties of such services.

(2) Accounting treatment of post office benefits

Post office benefits refer to kinds of remuneration or benefits granted by the Company to staff for their provision of service upon retirement or release of employment, other than short term remuneration and dismissal benefits. Post benefit plan is categorized as defined withdraw plan and defined benefit plan.

Defined withdraw plan under post office benefit mainly represents participation into social basic pension insurance and unemployment insurance operated by labor and social security authorities. During the accounting period when employee provides services for the Company, the contribution calculated under defined withdraw plan would be recognized as liabilities and included in current gains and losses or relevant asset cost.

Defined benefit plans for post-employment benefits are primarily clear and standard outside-plan welfare to pay the retirees and pay the living expenses for the deceased employees' family members. For the obligation assumed in the defined benefit plans, the independent actuaries will accurately calculate by using the expected cumulative actuarial unit credit method on the balance sheet date, attribute the benefit obligations arising from defined benefit plan to the period of employee providing services, and include in the current profit or loss or associated asset cost, thereinto, unless other accounting standards require or allow the employee benefits costs to be included in the asset cost, the service costs of defined benefit plans and the net interest of net indebtedness and net assets of defined benefit plans should be included in the current profit and loss in the current occurrence period; changes in the net indebtedness and net assets of re-measured defined benefit plans should be included in the other comprehensive income in the current occurrence period, and are not allowed to switch back to profit and loss in the follow-up accounting period.

(3) Accounting treatment of dismissal benefit

Dismissal benefit represents compensation paid to employees for release of employment before expiration or as compensation for their willing of cut, if the Company cannot recall the dismissal unilaterally or re-organization-related costs with dismissal benefit involved in cutting down, the liability arising from compensation for recognition of labor relationship released, reckoned into current gains/losses at the same time.

(4) Accounting treatment of other long term staff benefits

24. Accrual liability

When the Company is involved in proceedings, debt guarantees, onerous contracts and reorganization events, if such events may require delivery of assets or rendering of services in the future and the amounts of such events can be reliably measured, accrued liabilities are recognized.

1. Recognition criteria of accrued liability

The Company recognizes the accrued liabilities when obligations related to contingencies satisfy all the following conditions:

This obligation is a present obligation of the Company;

The performance of such obligation is likely to result in outflow of economic benefits from the Company; and

The amount of the obligation can be measured reliably.

2. Method of measuring of accrued liabilities

Accrued liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation.

The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

The best estimate will be dealt with separately in the following circumstances:

The expenses required have a successive range (or band), in which the possibilities of occurrence of each result are the same, and the best estimate should be determined as the middle value for the range, i.e. the average of the upper and lower limit.

The expenses required does not have a successive range (or band), or although there is a successive range (or band), the possibilities of occurrence of each result are not the same, if the contingency is related to individual item, the best estimate should be determined as the most likely amount; where the contingency is related to a number of items, the best estimate should be calculated and determined according to the possible results and the relevant possibilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the Company is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the book value of the estimated liability.

25. Share-based payment

1. Category of share-based payment

Share-based payment of the Company divided into share-based payment settled by equity and by cash

2. Determination of fair value of equity instruments

If there is an active market for an equity instrument granted such as share option, the quoted price in the active market is used to establish the fair value of the equity instrument. If there is no active market for the equity instrument granted such as share option, the option pricing model is used to determine the fair value. Option pricing model is elected after taking into account the following factors: (1) Exercise price of the option; (2) Effective period of the option; (3) Prevailing price of the subject shares; (4) Predicted fluctuation rate of share prices; (5) Predicted dividend of shares; (6) Risk-free interest rate of the option in effective period.

When determining fair value of equity instruments on the date of grant, influences from market conditions among conditions available for exercising rights and those not available for exercising rights as provided in share-based payment agreement should be considered. If there is condition not available for exercising rights in respect of share-based payment, cost expenses attributable to services received can be recognized provided that employees or other parties satisfy all the non-market conditions among conditions available for exercising rights (such as service term).

3. Bases for determining the best estimate for exercisable equity instruments

On each balance sheet date during the vesting period, best estimate shall be made based on the latest available information on change of employees who are entitled to exercise right, and number of exercisable equity instruments shall be amended accordingly. On exercise date, number of the final predicted exercisable equity instruments shall accord to the actual number of exercisable instruments.

4. Accounting treatment method

Equity-settled share-based payment is measured at fair value of equity instruments granted to staff. For equity instruments which are exercisable immediately upon grant, they are included in relevant costs or expenses at fair value of the instruments as of the date of grant, with increase of capital reserve accordingly. For instruments for which exercise is conditional upon completion of service in vesting period or satisfaction of required results, services received in current period are included in relevant costs or expenses and capital reserve at the fair value of the equity instrument as of the date of grant based on the best estimate of the numbers of exercisable equity instruments on each balance sheet date during the vesting period. Recognized relevant costs or expense and total owners' equity will not be adjusted after the exercise date.

The cash-settled share-based payment shall be measured at the fair value of liabilities identified on the basis of shares or other equity instruments undertaken by the Group. For the instruments that may be exercised immediately after the grant, the fair value shall, on the date of the grant, be recognized in relevant costs or expenses and the liabilities shall be increased accordingly. For instruments that cannot be exercised until the services are fully provided during vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of exercisable instruments, be recognized in relevant costs or expenses and the corresponding liabilities at the fair value of

the liability incurred by the Group. The Group shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the profit or loss for the period.

5. Amendment and relevant accounting treatment for those with amendment clauses and condition concerned

During the vesting period, where an equity instrument award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is included immediately into the profit or loss for the period and capital reserve is recognized. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, equity instrument award are deemed cancelled.

26. Other financial instrument as preferred stock and perpetual capital securities

27. Revenue

Whether the company needs to comply with the disclosure requirements of the particular industry

No

Revenue of the Company mainly including revenue from goods selling, sale of real estate, and revenue from property rent-out and labor service revenue etc.

1. Recognition standards of income from commodity sales:

When main risks and rewards attached to the ownership of goods have been transferred to the buyer, reserved neither continuous management power nor effective control over the goods, incoming payment can be measured reliably, relative financial benefit possibly inflow to the company, cost occurred or will occur can be reliably measured, sales income of goods is recognized.

2. Sales revenue recognition for property industry:

- (1) Construction completion and qualified acceptance of properties;
- (2) Commercial property pre-sale license granted by relevant state resources and housing bureau;
- (3) Enter into sales contract;
- (4) Sales contract has been certified and confirmed by property exchange center;
- (5) Receive property price or obtain payment certificate from buyers;
- (6) Complete deliver procedure for commercial properties.

Upon satisfaction of all the above conditions, the Company recognizes sales revenue

3. Recognition of property leasing revenue:

Property leasing revenue is recognized when the Company receives rental or obtain payment certificate from buyers based on the payment date and rental amount to be paid by lessee as provided in the contract or agreement entered into between the Company and the lessee.

4. Labor service revenue

- (1) Income of the contract can be measured reliably
- (2) Financial benefit attached to the contract is possibly inflow to the company
- (3) Schedule of the contracted project can be determined reliably;
- (4) And the relevant amount of cost incurred or to be incurred can be measured reliably

5. Recognition basis of revenue from transferring the use right of assets

The economic benefits related to transactions are probable to flow into the Company; and amount of revenue can be measured reliably.

28. Government grants

(1) Criterion and accounting treatment on government grants with assets concerned

1.Type

Government grant represents the monetary and non-monetary assets of the Company obtained from government agencies for free. Depending on the grantees under relevant government documents, government grant is classified into grant related to assets and income, respectively.

For such government grant under which no specific grantee is defined, it is classified as grant related to assets or income depending on the actual grantee. The details relating to relevant judgment reference is set out in note VI to this financial statement - deferred income/non-operating income.

Government grant related to assets refers to that obtained by the Company for the purpose of acquiring or otherwise forming long term assets. Government grant related to income refers to that other than that related to assets.

2.Realization of government grant

Where there are evidences showing that the Company meets the requirements of the financial supporting policies and it is expected that the financial supporting funds will be received, the government grant is recognized on the receivables. Otherwise, the government grant is recognized when actually received.

The grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably obtained, it should be measured at the nominal value (RMB1.00). government grants measured at nominal value will be recorded in profit or loss for the period directly.

3.Accounting treatment

Government grant related to assets constructed or purchased is realized as deferred income, and included in profit or loss by stages over the assets' useful life in a reasonable and systematic manner;

(2) Criterion and accounting treatment on government grants with revenue concerned

Government grant related to income, if it is used to compensate relevant expense or loss of a company to be occurred in future periods, shall be recognized as deferred income and included in profit or loss during the period in which the above expense or loss is recognized; if it is used to compensate relevant expense or loss of a company incurred, it shall be included in profit or loss upon acquisition.

Government grant related to a company's normal operation is recognized as other income, and otherwise, as non-operating income or expense.

Borrowing expense shall be reduced against the government grant received by a company provided that the grant is related to policy

preferential loan discount. If the Company is granted by lending bank with policy preferential loan interest, the amount of borrowing actually received shall be taken as the carrying value of the borrowing with borrowing expense calculated based on principal of the borrowing and such policy preferential loan interest.

If a government grant recognized is required to return, carrying value of the asset shall be adjusted if the carrying value is written down at initial recognition; balance of carrying value of deferred income shall be written down if there such balance exists with the amount of excess included in current profit or loss; it shall be directly included in current profit or loss if no relevant deferred income exists.

29. Deferred income tax assets / Deferred income tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized according to the balance between the tax base and the book value of assets and liabilities (temporary differences). At the balance sheet date, the deferred tax assets and deferred tax liabilities are measured by the applicable tax rate during the period of expected recovery of assets or clearing off the liability.

1. The basis for confirming deferred tax assets

The Company takes the taxable income which is likely to be obtained for deducting the deductible temporary differences and can carry over the deductible loss and tax credits as the limit to confirm the deferred income tax assets generated by deductible temporary differences. However, the deferred income tax assets generated by the initial recognition of assets or liabilities in the transactions with following characteristics shall not be recognized: (1) The transaction is not a business combination; (2) The occurrence of transaction affects neither the accounting profit nor the taxable income or deductible loss.

For the deductible temporary differences associated with investments in associated enterprises and satisfying the following conditions, confirm the corresponding deferred income tax assets: temporary difference is likely to be reversed back in the foreseeable future, and it is likely to obtain the taxable income used for deducting the deductible temporary differences in the future.

2. The basis for confirming deferred tax liabilities

The company recognizes the currently and previously payable but not paid taxable temporary differences as the deferred income tax liabilities. But not including:

- (1) The temporary differences formed in the initial recognition of goodwill;
- (2) Transactions or events formed by non-business combination, and it affects neither the accounting profit nor the temporary differences formed by taxable income (or deductible loss) when the transactions or events occur;
- (3) For the taxable temporary differences related to the subsidiary companies and investments in associated enterprises, the reversal time of this temporary difference can be controlled and this temporary difference is unlikely to be reversed back in the foreseeable future.

3. Deferred tax assets and liabilities are offset if all the following conditions are met

- (1) An enterprise has the legal rights to settle the income tax assets and income tax liabilities for the current period by net amount;
- (2) They relate to income taxes levied by the same tax authority on either the taxable entity has a legally enforceable right or set off current income tax assets against current income tax liabilities, and different taxable entities which either intend to settle the current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

30. Lease

(1) Accounting treatment of operation lease

If a lease contains such clause that substantially transfers to the lease all the risks and reward related to the ownership of the leased

asset, this lease is accounted for as financial leasing, and others are operating leases.

(1) Assets under operation lease-in

The lease payment paid for leasing assets is amortized under straight line method in the entire lease period without deduction of lease-for-free period, and is recorded in current expenses. The initial direct expenses paid by the Company related to lease transactions shall be recorded in current expenses.

If asset leaser assumes the lease related expenses which shall be assumed by the Company, the Company shall deduct such expenses from the total rental and amortize based on the deducted rental expenses during the lease period and record in current expenses.

(2) Assets under operation rent-out

The lease fee collected by the Company for assets lease is amortized under straight line method in the entire lease period without deduction of lease-for-free period, and is realize as lease income. The initial direct expenses paid by the Company related to lease transactions shall be recorded in current expenses; for significant amount, it shall be capitalized and recorded in current income in phases under the same basis as realization of lease income in the entire lease period.

If the Company assumes the lease related expenses which shall be assumed by the lessee, the Company shall deduct such expenses from the total rental income and allocate based on the deducted rental expenses during the lease period.

(2) Accounting treatment of financing lease

(1) Assets leased by financing lease: the Company accounts the leased assets at the lower of the fair value of leased assets and present value of the minimum lease payment on the inception date of the lease, and the minimum lease payment is deemed as the accounting value of long term account payables, and the difference is taken as unrealized financing expenses. The recognition basis, evaluation and depreciation method for assets leased by financing lease found more in the Fixed assets in Note IV (15)

The Company amortizes the unrealized financing expenses at effective interest rate method in the asset lease period and records in finance expenses.

(2) Assets leased out by financing lease: on the inception date of the lease, the Company realizes the difference between the sum of financing lease account receivables and unguaranteed remaining value and its present value as unrealized financing income which is conformed as lease income in future periods involving lease. The initial direct expenses occurred by the Company related to lease transaction shall be recorded in the initial measurement of financing lease account receivables. And income realized in lease period shall be reduced accordingly.

31. Other important accounting policies and accounting estimates

32. Changes of main accounting policy and estimate

(1) Changes of accounting policies

☐ Applicable ☒ Not-applicable

(2) Changes in accounting estimates

☐ Applicable ☒ Not-applicable

33. Other

VI. Taxes

1. Main tax category and tax rate

Taxes	Basis	Rate
VAT	Sales of goods, taxable sales service income, intangible assets or immovable property	3%-17%
Urban maintenance and construction tax	Turnover tax payable	5%
Enterprise income tax	Taxable income	25%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%
Property tax	Rental income or original value of the property	12% or 1.2%
Land VAT	VAT for the lands or pre-requisitioned land	Over-rate progressive tax rate

As for the taxpaying body with different tax rate for enterprise income tax, disclosed explanations:

Taxpaying body	Rate for income tax
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2. Tax preference

3. Other

Nanjiang Asia tax in Hong Kong Special Administrative Region with rate of 16.5% for income tax.

VII. Notes to the main items of consolidate financial statements

1. Monetary funds

In RMB

Item	Ending balance	Opening balance
Cash in stock	118,377.59	61,945.60
Bank deposit	30,717,540.61	68,045,443.09
Other monetary funds	4,677,368.68	6,697,820.37
Total	35,513,286.88	74,805,209.06
Including: total amount deposit aboard	5,622,588.26	5,356,719.91

Other explanation

Monetary fund with restrictions:

Item	Ending balance	Opening balance
Margin of housing mortgage	4,677,368.68	6,697,820.37
Total	4,677,368.68	6,697,820.37

Ending balance of monetary fund decreased 39,291,922.18 Yuan over that of period-begin with 52.53% down, mainly because the construction in progress are paid in the period

2. Derivative financial assets

☐Applicable ☒Not applicable

3. Accounts receivable**(1) Accounts receivable by type**

In RMB

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accounts receivable with large single amount and accrued for provision of bad debt on a single basis	2,320,047.40	94.84%	2,320,047.40	100.00%		2,320,047.40	94.84%	2,320,047.40	100.00%	
Accounts receivable accrued for provision of bad debt by portfolio	82,138.85	3.36%	64,530.85	78.56%	17,608.00	82,138.85	3.36%	64,530.85	78.56%	17,608.00
Accounts receivable with minor single amount but accrued for provision of bad debt on a single basis	44,172.00	1.80%	44,172.00	100.00%		44,172.00	1.80%	44,172.00	100.00%	
Total	2,446,358.25	100.00%	2,428,750.25	99.28%	17,608.00	2,446,358.25	100.00%	2,428,750.25	99.28%	17,608.00

Accounts receivable with large single amount and accrued for provision of bad debt on a single basis at period-end:

☒Applicable ☐Not-applicable

In RMB

Accounts receivable (unit)	Ending balance			
	Accounts receivable	Provision for bad debts	Provision ratio	Reasons
Beijing Xiangqing Industrial & Trade Co., Ltd.	2,320,047.40	2,320,047.40	100.00%	Estimated uncollectible
Total	2,320,047.40	2,320,047.40	--	--

Accounts receivable accrued for provision of bad debt by aging analysis method in portfolio:

☒ Applicable ☐ Not-applicable

In RMB

Aging	Ending balance		
	Accounts receivable	Provision for bad debts	Provision ratio
Within 1 year			
Subtotal of within 1 year	10,150.00	507.50	5.00%
1-2 years	6,102.50	1,220.50	20.00%
2-3 years	6,167.00	3,083.50	50.00%
Over 3 years	59,719.35	59,719.35	100.00%
Total	82,138.85	64,530.85	78.56%

Portfolio recognized:

Accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

☐ Applicable ☒ Not-applicable

Accounts receivable accrued for provision of bad debt by other methods in portfolio:

(2) Provision for bad debts accrued, regain or switch back in the Period

In the Period, Yuan accrued for provision of bad debts; Yuan provision for bad debts regains or switch back in the Period.

Including major amount of bad debt provision regain or switch back in the Period:

In RMB

Unit	Amount regain or switch back	Way of regain
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(3) Account receivable actual charge off in the Period

In RMB

Item	Amount written-off
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Written-off for the major receivable:

In RMB

Unit	Nature	Amount written off	Reasons	Procedures	Arising from related transaction (Y/N)
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Explanation on written off:

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

Unit	Ending balance	Ratio in account receivable at period-end (%)	Bad debt provision accrued
Beijing Xiangqing Industrial & Trade Co., Ltd.	2,320,047.40	94.84	2,320,047.40
Electricity Authority of Chengde County	82,138.85	3.36	64,530.85
Inner Mongolia Ajinnai Horse Culture Development Co., Ltd.	44,172.00	1.80	44,172.00
Total	2,446,358.25	100.00	2,428,750.25

(5) Account receivable de-recognition due to financial assets transfer

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

Other explanation

4. Prepayments

(1) Aging analysis of repayment

In RMB

Aging	Ending balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	97,678,146.00	99.99%	171,695.28	93.52%
1-2 years	11,899.78	0.01%	11,899.78	6.48%
Total	97,690,045.78	--	183,595.06	--

Reasons for significant repayment with over one year age without settle:

(2) Top five prepayment collected by objects at ending balance

Unit	Ending amount	Ratio in prepayment (%)	Time of repayment	Un-settle reasons
Chengde Greatwall Construction Group Co., Ltd.	95,100,000.00	97.35%	Within 1 year	Incomplete transaction
Beijing Tiangao Diaphragm Compressor Co., Ltd.	544,000.00	0.56%	Within 1 year	Incomplete transaction

Zhongtong Bus Holding Co., Ltd.	400,000.00	0.41%	Within 1 year	Incomplete transaction
Luoyang Shuangshi Kiln Equipment Co., Ltd.	330,000.00	0.34%	Within 1 year	Incomplete transaction
Chengdu Huaqi Houpu Holding Co., Ltd.	249,000.00	0.25%	Within 1 year	Incomplete transaction
Total	96,623,000.00	98.91%	---	---

Other explanation

Increased 97,506,450.72 Yuan over that of last period with 53109.52% up, mainly because the construction in progress paid in advance are not been settled in the period

5. Other account receivables

(1) Other account receivables by type

In RMB

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Other receivables with large single amount and accrued for provision of bad debt on a single basis	2,709,273.00	8.11%	2,709,273.00	100.00%		2,709,273.00	4.24%	2,709,273.00	100.00%	
Other receivables accrued for provision of bad debt by portfolio	28,643,161.44	85.70%	442,594.61	1.55%	28,200,566.83	59,168,537.55	92.50%	442,594.61	0.75%	58,725,942.94
Other receivables with minor single amount but accrued for provision of bad debt on a single basis	2,071,332.08	6.20%	2,071,332.08	100.00%		2,085,594.08	3.26%	2,071,332.08	99.32%	14,262.00
Total	33,423,766.52	100.00%	5,223,199.69	15.63%	28,200,566.83	63,963,404.63	1.00%	5,223,199.69	8.17%	58,740,204.94

Other receivables with large single amount and accrued for provision of bad debt on a single basis at period-end:

√ Applicable □ Not-applicable

In RMB

Other account receivables (by unit)	Ending balance			
	Other account receivable	Provision for bad debts	Provision ratio	Reason for provision
Non-Taxable Revenue Authority of Chengde County	1,500,000.00	1,500,000.00	100.00%	Estimated uncollectible
Claims obtained from auction	1,209,273.00	1,209,273.00	100.00%	Estimated uncollectible
Total	2,709,273.00	2,709,273.00	--	--

Other receivables accrued for provision of bad debt by aging analysis method in portfolio:

√ Applicable □ Not-applicable

In RMB

Aging	Ending balance		
	Other account receivable	Provision for bad debts	Provision ratio
Within 1 year			
Subtotal of within 1 year	2,750,461.28	37,708.95	1.37%
1-2 years	30,200.00	6,040.00	20.00%
2-3 years	3,000.00	1,500.00	50.00%
Over 3 years	397,345.66	397,345.66	100.00%
Total	3,181,006.94	442,594.61	13.92%

Portfolio recognized:

Other accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

□ Applicable √ Not-applicable

Other accounts receivable accrued for provision of bad debt by other methods in portfolio:

√ Applicable □ Not-applicable

Portfolio	Ending balance		
	Other accounts receivable	Provision for bad debts	Provision ratio (%)
Land reserve center of Chengde County	23,360,000.00	---	---
Shao Yuqin	1,750,000.00	---	---
Margin	212,154.50	---	---
Deposit	140,000.00	---	---
Total	25,462,154.50	---	---

(2) Bad debt provision accrual collected or switch back

There is Yuan provision for bad debts accrued in the Period; and Yuan regains or switch back in the Period.

Including the followed significant amount:

In RMB

Unit	Regains or switch back	Way of regain
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(3) Other receivables actually written-off during the reporting period

In RMB

Item	Amount written-off
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Major other account receivables written-off:

In RMB

Name	Nature	Amount written-off	Reasons	Procedures	Arising from related transaction (Y/N)
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Explanation on other account receivable:

(4) Other account receivables category by nature of money

In RMB

Nature of money	Ending book balance	Beginning book balance
Land acquisition account	23,360,000.00	51,360,000.00
Margin	1,762,154.50	1,762,154.50
Petty cash	1,515,629.01	872,244.72
Debt auction	1,209,273.00	1,209,273.00
Other	5,576,710.01	8,759,732.41
Total	33,423,766.52	63,963,404.63

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

In RMB

Unit	Nature	Ending balance	Aging	Proportion in total other receivables	Ending balance of bad debt provision
Land reserve center of Chengde County	Land acquisition account	23,360,000.00	Within 1 year	69.89%	
Shao Yuqin	Account of transfer for leasehold	1,750,000.00	Within 1 year	5.24%	
Non-Taxable Revenue Authority	Margin for land bidding	1,500,000.00	3-4 years	4.49%	1,500,000.00

of Chengde County					
Auction of creditor's rights	Debt auction	1,209,273.00	Over 5 years	3.62%	1,209,273.00
Zhou Haihong		642,689.25	Over 5 years	1.92%	642,689.25
Total	--	28,461,962.25	--	85.15%	3,351,962.25

(6) Account receivables related to government subsidies

In RMB

Unit	Item	Ending balance	Ending age	Time and amount collected and basis
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(7) Other receivable for termination of confirmation due to the transfer of financial assets

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

Other explanation

Ending balance of other receivables decreased 30,539,638.11 Yuan over that of period begin with 51.99% down, mainly because the amount for land reserves are collected in the Period.

6. Inventories

(1) Classification of inventories

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	61,290.09		61,290.09	71,640.85		71,640.85
Stock products	112,228.19		112,228.19	150,484.25		150,484.25
Revolving materials	17,581.70		17,581.70	28,170.33		28,170.33
Consumptive biological assets	0.00		0.00	2,916.05		2,916.05
Production costs	2,007,012.36		2,007,012.36	1,749,205.68		1,749,205.68
Development cost	90,606,341.56		90,606,341.56	86,747,495.40		86,747,495.40
Development products	77,049,060.47		77,049,060.47	145,903,913.28		145,903,913.28
Total	169,853,514.37		169,853,514.37	234,653,825.84		234,653,825.84

Does the Company comply with the disclosure requirement of “Information Disclosure Guidelines of Shenzhen Stock Exchange No.4 – Listed Companies Engaged in Seed Industry and Planting Business” or not

No

(2) Inventory depreciation reserve

In RMB

Item	Opening balance	Increased in Period 金额		Decreased in Period		Ending balance
		Accrual	Other	Reversing or write-off	Other	

(3) Explanation on capitalization of loan cost at end of the balance

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

In RMB

Item	Amount
------	--------

Other explanation

Decreased 64,800,311.47 Yuan over that of period-begin with 27.62% down, mainly because development products for Huijing Tiandi are carry forward to costs for sales in the period

7. Other current assets

In RMB

Item	Ending balance	Opening balance
Taxes paid in advance	9,737,288.76	2,029,505.29
Financial products	4,630,000.00	32,530,000.00
Total	14,367,288.76	34,559,505.29

Other explanation

Decreased 20,192,216.53 Yuan over that of period-begin with 58.43% down, mainly due to the redemption of financial products in the period

8. Financial assets available for sale

(1) Financial assets available for sale

In RMB

Item	Ending balance	Opening balance
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	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Instrument equity available for sale:	25,000,000.00	8,329,596.87	16,670,403.13	25,000,000.00	8,329,596.87	16,670,403.13
Measured by cost	25,000,000.00	8,329,596.87	16,670,403.13	25,000,000.00	8,329,596.87	16,670,403.13
Total	25,000,000.00	8,329,596.87	16,670,403.13	25,000,000.00	8,329,596.87	16,670,403.13

(2) Financial assets available for sale measured by fair value at period-end

In RMB

Type	Instrument equity available for sale	Instrument debt available for sale		Total
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(3) Financial assets available for sale measured by cost at period-end

In RMB

Investee unit	Book balance				Depreciation reserves				Ratio of share-holding in invested entity	Current cash dividend
	Opening	Increased in Period	Decreased in Period	Closing	Opening	Increased in Period	Decreased in Period	Closing		
Dongguan Dongfeng New Energy Technology Co. Ltd.	25,000,000.00			25,000,000.00	8,329,596.87			8,329,596.87	2.56%	
Total	25,000,000.00			25,000,000.00	8,329,596.87			8,329,596.87	--	

(4) Change of financial assets depreciation for sale during reporting period

In RMB

Type	Instrument equity available for sale	Instrument debt available for sale		Total
Balance of accrual at period-begin	8,329,596.87			8,329,596.87
Balance of accrual at period-end	8,329,596.87			8,329,596.87

(5) Fair value of the available-for-sale equity instrument drops significantly or not contemporarily without depreciation reserves accrued

In RMB

Equity instruments project available for sale	Investment cost	Ending fair value	Decline range of fair value compare with the cost	Times continued to declined (Month)	Amount accrual for impairment	Reasons for un-accrual
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Other explanation

9. Long-term equity investment

In RMB

Invested company	Opening balance	Changes in Period								Ending balance	Impairment provision at ending balance
		Additional investment	Capital reduction	Investment gains/losses recognized by equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividend or profit declare to issue	Provision for impairment losses	Other		
I. Joint venture											
II. Associated enterprise											
Runhua RW (Tianjin) International Trading Co., Ltd.	9,170,370.00									9,170,370.00	9,170,370.00
Subtotal	9,170,370.00									9,170,370.00	9,170,370.00
Total	9,170,370.00									9,170,370.00	9,170,370.00

Other explanation

10. Investment real estate**(1) Investment real estate measured at cost**

√ Applicable □ Not-applicable

In RMB

Item	Houses, buildings	Land use right	Construction in process	Total
I. Original book value				
1. Opening balance		5,051,773.92		5,051,773.92
2. Increased in Period				
(1) Outsourcing				
(2) Inventory \ Fixed assets \ Transferred from construction in process				
(3) Increased by enterprise combination				
3. Decreased in Period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance		5,051,773.92		5,051,773.92
II. Accumulated depreciation and accumulated amortization				
1. Opening balance		815,427.58		815,427.58
2. Increased in Period		51,942.00		51,942.00
(1) Accrual or amortization		51,942.00		51,942.00
3. Decreased in Period				

(1) Disposal				
(2) Other transfer-out				
4. Ending balance		867,369.58		867,369.58
III. Depreciation reserve				
1. Opening balance				
2. Increased in Period				
(1) Accrual				
3. Decreased in Period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Booking value				
1. Ending book value		4,184,404.34		4,184,404.34
2. Beginning book value		4,236,346.34		4,236,346.34

(2) Investment real estate measured by fair value

□ Applicable √ Not-applicable

(3) Investment real estate without property rights certificate held

In RMB

Item	Book value	Reasons
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Other explanation

11. Fixed assets**(1) Fixed assets**

In RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Other equipment	Total
I. Original book value	5,259,168.09	2,220,348.20	5,204,758.70	1,393,816.06	14,078,091.05
1.Opening balance	5,259,168.09	2,220,348.20	5,204,758.70	1,393,816.06	14,078,091.05
2.Increased in Period	8,203,689.11	65,384.62	88,800.00	136,215.90	8,494,089.63
(1) Purchase	8,203,689.11	65,384.62	88,800.00	122,955.13	8,480,828.86
(2) Transferred from construction in process					
(3) Increased by enterprise combination				9,330.00	9,330.00
3.Decreased in Period					
(1) Disposal or scrap					
4.Ending balance	13,462,857.20	2,285,732.82	5,293,558.70	1,530,031.96	22,572,180.68
II. Accumulated depreciation					
1.Opening balance	249,808.69	1,262,321.81	1,884,384.94	1,007,178.62	4,403,694.06
2.Increased in Period	254,796.94	48,566.76	342,401.28	94,132.57	739,897.55
(1) Accrual	254,796.94	48,566.76	342,401.28	88,619.12	734,384.10
(1) Other transfer-in				5,513.45	5,513.45
3.Decreased in Period					
(1) Disposal or scrap					
4.Ending balance	504,605.63	1,310,888.57	2,226,786.22	1,101,311.19	5,143,591.61
III. Depreciation reserve					
1.Opening balance					

2.Increased in Period					
(1) Accrual					
3.Decreased in Period					
(1) Disposal or scrap					
4.Ending balance					
IV. Booking value					
1. Ending book value	12,958,251.57	974,844.25	3,066,772.48	428,720.77	17,428,589.07
2. Beginning book value	5,009,359.40	958,026.39	3,320,373.76	386,637.44	9,674,396.99

(2) Temporarily idle fixed assets

In RMB

Item	Original book value	Cumulative depreciation	Depreciation reserves	Book value	Note
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(3) Fixed assets acquired by financing lease

In RMB

Item	Original book value	Cumulative depreciation	Depreciation reserves	Book value
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(4) Fixed assets acquired by operating lease

In RMB

Item	Ending book value
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(5) Fixed assets without property certificates

In RMB

Item	Book value	Reasons
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Other explanation

Increased 7,754,192.08 Yuan over that of period-begin with 80.15% up, mainly due to the fixed assets purchased in the period

12. Construction in progress**(1) Construction in progress:**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Industrialization project of Dongfeng New energy equipment	9,541,317.29		9,541,317.29	2,267,164.04		2,267,164.04
Total	9,541,317.29		9,541,317.29	2,267,164.04		2,267,164.04

(2) Changes of major projects under construction:

In RMB

Item	Budget	Opening balance	Increase in Period	Fixed assets transfer-in in the Period	Other decrease in the Period	Ending balance	Proportion of project investment in budget (%)	Progress (%)	Accumulated amount of interest capitalization	including interest capitalized amount of the year	Interest capitalization rate of the year (%)	Source of funds
Industrialization project of Dongfeng New energy equipment	300,000,000.00	2,267,164.04	7,274,153.25			9,541,317.29	3.18%	3.18%				Other
Total	300,000,000.00	2,267,164.04	7,274,153.25			9,541,317.29	--	--				--

(3) The provision for impairment of construction projects:

In RMB

Item	Amount accrual in the period	Accrual reasons
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Other explanation

Increased 7,274,153.25 Yuan over that of period-begin with 320.85% up, mainly because investment for industrialization project in Dongfeng New Energy increased in the period

13. Productive biological assets

(1) Measured by cost

√ Applicable □ Not-applicable

In RMB

Item	Plantation	Livestock	Forestry	Aquaculture	Total
I. Original book value					
1. Opening balance		40,121.80			40,121.80
2. Increased in Period		185,050.20			185,050.20
(1) Outsourcing		185,050.20			185,050.20
(2) Self-cultivation					
3. Decreased in Period		57,172.00			57,172.00
(1) Disposal		57,172.00			57,172.00
(2) Other					
4. Ending balance		168,000.00			168,000.00
II. Accumulated depreciation					
1. Opening balance		22,150.41			22,150.41
2. Increased in Period		41,269.41			41,269.41
(1) Accrual		41,269.41			41,269.41
3. Decreased in Period		26,607.32			26,607.32
(1) Disposal		26,607.32			26,607.32
(2) Other					
4. Ending balance		36,812.50			36,812.50
III. Depreciation					

reserve					
1.Opening balance					
2.Increased in Period					
(1) Accrual					
3.Decreased in Period					
(1) Disposal					
(2) Other					
4.Ending balance					
IV. Booking value					
1. Ending book value		131,187.50			131,187.50
2. Beginning book value		17,971.39			17,971.39

(2) Measured by fair value

□ Applicable √ Not-applicable

14. Oil & gas assets

□ Applicable √ Not-applicable

15. Intangible assets**(1) Intangible assets**

In RMB

Item	Land Use Right	Patent right	Non-patent technology		Total
I. Original book value					
1.Opening balance	52,406,400.00				52,406,400.00
2.Increased in Period 金额	6,508,062.90				

(1) Purchase	6,508,062.90				
(2) Internal R&D					
(3) Increased by enterprise combination					
3.Decreased in Period					
(1) Disposal					
4.Ending balance					
II. Accumulated amortization					
1.Opening balance	701,088.96				701,088.96
2.Increased in Period	1,926,524.57				1,926,524.57
(1) Accrual					
3.Decreased in Period					
(1) Disposal					
4.Ending balance	2,627,613.53				2,627,613.53
III. Depreciation reserve					
1.Opening balance					
2.Increased in Period					
(1) Accrual					
3.Decreased in Period					

(1) Disposal					
4. Ending balance					
IV. Booking value					
1. Ending book value	56,286,849.37				56,286,849.37
2. Beginning book value	51,705,311.04				51,705,311.04

Intangible assets formulated no by means of internal R&D in balance of total intangible assets at period-end

(2) Land use right without property certificate

In RMB

Item	Book value	Reasons
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Other explanation

16. Development expenditure

In RMB

Item	Opening balance	Increased in Period			Decreased in Period			Ending balance
Airship	2,543,414.10	811,496.72						3,354,910.82
Air-cooled hydrogen fuel cell power system for vehicle used	31,847.46	1,396,450.87						1,428,298.33
ZS01 alumina fiber	938,300.00	1,262,854.11						2,201,154.11
High purity alumina powder and vehicle mounted hydrogen generator (R&D of hydrogen buses)		2,317,035.01						2,317,035.01

Total	3,513,561.56	5,787,836.71					9,301,398.27
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Other explanation

17. Goodwill

(1) Original book value of goodwill

In RMB

Name of invested company or items formed goodwill	Opening balance	Increased in Period		Decreased in Period		Ending balance
Aolin New Material	1,294,711.56					1,294,711.56
Haizhuo Energy		249,074.85				249,074.85
Total	1,294,711.56	249,074.85				1,543,786.41

(2) Impairment loss of goodwill

In RMB

Name of invested company or items formed goodwill	Opening balance	Increased in Period		Decreased in Period		Ending balance

Process of impairment testing, parameter and recognition method for impairment losses:

Other explanation

18. Long-term unamortized expenses

In RMB

Item	Opening balance	Increased in Period	Amortized in current period	Other decrease	Ending balance
Office remodeling costs	149,963.84		67,741.68		82,222.16
Fir protection engineering	70,000.00		30,000.00		40,000.00
Total	219,963.84		97,741.68		122,222.16

Other explanation

19. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets un-offset

In RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Preparations of assets depreciation	3,102,581.64	775,645.41	3,102,581.64	775,645.41
Total	3,102,581.64	775,645.41	3,102,581.64	775,645.41

(2) Deferred income tax liabilities un-offset

In RMB

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

(3) Deferred income tax assets and deferred income tax liabilities listed after off-set

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		775,645.41		775,645.41

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Deductible temporary differences	12,878,965.17	12,878,965.17
Deductible losses	144,828,914.84	135,919,643.05
Total	157,707,880.01	148,798,608.22

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

In RMB

年份	Ending amount	Opening amount	Note
2018			

2019	30,576,125.82	30,576,125.82	
2020	33,429,382.84	33,429,382.84	
2021	19,481,015.78	19,481,015.78	
2022	52,433,118.61	52,433,118.61	
2023	8,909,271.79		
Total	144,828,914.84	135,919,643.05	--

Other explanation

20. Other non-current assets

In RMB

Item	Ending balance	Opening balance
Account of land and ground attachments paid in advance		10,427,021.55
Total		10,427,021.55

Other explanation

Decreased 10,427,021.55 Yuan over that of period-begin, mainly the account of land and ground attachments paid in advance are transfer to intangible assets and fixed assets in the period

21. Account payable

(1) Account payable

In RMB

Item	Ending balance	Opening balance
Account payable for engineering	8,819,293.79	15,406,565.98
Account payable for goods	0.00	7,994.50
Account payable for equipment	16,350.00	8,700.00
Other	68,282.88	64,572.58
Total	8,903,926.67	15,487,833.06

(2) Accounts payable with major amount and aging of over one year

In RMB

Item	Ending balance	Reason for non-repayment or carryover
Chengde Xingcheng Construction Installation Company	2,274,499.03	Quality retention money for the engineering
Chengde Licheng Construction Installation	2,226,900.24	Quality retention money for the

Engineering Co., Ltd.		engineering
Chengde Yongwang Construction Engineering Co., Ltd.	1,467,887.22	Quality retention money for the engineering
Chengde Greatwall Construction Group Co., Ltd.	1,353,100.46	Quality retention money for the engineering
Total	7,322,386.95	--

Other explanation

Decreased 6,583,906.39 Yuan over that of period-begin with 42.51% down, mainly because the engineering account are paid in the period

22. Account received in advance

(1) Account received in advance

In RMB

Item	Ending balance	Opening balance
Deposit received for house-Huijing Tiandi	36,590,892.79	62,427,764.58
Resident heating fees received in advance	67,172.09	1,530,016.02
Other	280,900.77	207,928.77
Total	36,938,965.65	64,165,709.37

(2) Major account received in advance for over one year age

In RMB

Item	Ending balance	Reason for non-repayment or carryover
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(3) Project closed for account without complete in construction from construction contract at period-end

In RMB

Item	Amount
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Other explanation

Ending balance of account received in advance decreased 27,226,743.72Yuan over that of period-begin with 42.43% declined, mainly because the deposit received for house-Huijing Tiandi are transfer to revenue in the period

23. Wages payable

(1) Wages payable

In RMB

Item	Opening balance	Increased in Period	Decreased in Period	Ending balance
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I. Short-term employee benefits	2,177,237.35	8,003,084.38	9,538,934.38	641,387.35
II. Post-employment benefits - defined contribution plans	24,431.58	729,336.15	726,454.85	27,312.88
Total	2,201,668.93	8,732,420.53	10,265,389.23	668,700.23

(2) Short-term employee benefits

In RMB

Item	Opening balance	Increased in Period	Decreased in Period	Ending balance
1. Salary, bonus, allowance and subsidy	2,159,954.12	7,152,476.82	8,671,043.59	641,387.35
3. Social insurance premium	16,390.01	466,628.72	483,018.73	
Including: medical insurance expenses	14,341.26	393,087.06	407,428.32	
Work injury insurance expenses	682.92	29,100.30	29,783.22	
Maternity insurance	1,365.83	44,441.36	45,807.19	
4. Housing provident funds	495.00	382,283.70	382,778.70	
5. Labor union expenditures and employee education expenses	398.22	1,695.14	2,093.36	
Total	2,177,237.35	8,003,084.38	9,538,934.38	641,387.35

(3) Details of defined contribution plans

In RMB

Item	Opening balance	Increased in Period	Decreased in Period	Ending balance
1. Basic endowment insurance expenses	23,646.10	713,622.67	709,955.89	27,312.88
2. Unemployment insurance expenses	785.48	15,713.48	16,498.96	
Total	24,431.58	729,336.15	726,454.85	27,312.88

Other explanation

24. Tax payable

In RMB

Item	Ending balance	Opening balance
VAT	56,946.49	41,473.25
Enterprise income tax	0.00	12,906,984.10
Individual income tax	36,608.99	47,250.06
Urban maintenance and construction tax	17,740.79	432.35
Land use tax	157,929.78	136,349.73
Educational surtax	10,644.48	354.44
Local educational surtax	7,096.31	236.30
Stamp tax	1,891.00	37,978.90
Total	288,857.84	13,171,059.13

Other explanation

Ending balance of tax payable decreased 12,882,201.29 Yuan over that of beginning of the Period, with 97.81% down, mainly because the enterprise income taxes are paid in the period

25 .Other account payables

(1) Other account payables by nature

In RMB

Item	Ending balance	Opening balance
Intercourse current	25,889,842.66	22,953,440.32
Deposit and margin	937,600.00	712,541.20
Agency fee	675,000.00	1,525,800.00
Withhold and remit tax	26,855.09	22,061.90
Other	261,080.11	738,349.92
Total	27,790,377.86	25,952,193.34

(2) Other payables with large amount and aging of over one year

In RMB

Item	Ending balance	Reason for non-repayment or carryover
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Other explanation

26. Share capital

In RMB

	Opening balance	Increased (decreased) in Period					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	
Total shares	706,320,000.00						706,320,000.00

Other explanation

27. Capital reserves

In RMB

Item	Opening balance	Increased in Period	Decreased in Period	Ending balance
Capital premium (share premium)	397,808,090.32			397,808,090.32
Other capital reserves	65,873,219.23			65,873,219.23
Total	463,681,309.55			463,681,309.55

Other explanation, including changed in Period as well as reasons for changes:

28. Surplus reserves

In RMB

Item	Opening balance	Increased in Period	Decreased in Period	Ending balance
Statutory surplus reserves	76,791,550.17			76,791,550.17
Total	76,791,550.17			76,791,550.17

Explanation on surplus reserve, including changed in Period as well as reasons for changes:

29. Retained profits

In RMB

Item	Current period	Last period
Retained profits at the end of last period before adjustment	-882,864,082.85	-886,966,408.74
Retained profits at the beginning of the period after adjustment	-882,864,082.85	-886,966,408.74
Add: The net profits belong to owners of patent company of this period	-5,210,758.22	-3,145,668.96

Retained profits at the end of the period	-888,074,841.07	-890,112,077.70
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Details about adjusting the retained profits at the beginning of the year:

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

30. Operating income and operating cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	79,815,868.78	71,967,495.21	101,493,229.09	86,731,511.45
Other business			70,765.38	37,714.74
Total	79,815,868.78	71,967,495.21	101,563,994.47	86,769,226.19

31. Business tax and surcharges

In RMB

Item	Current Period	Last Period
Urban maintenance and construction tax	156,332.31	360,349.17
Educational surtax	156,332.33	360,349.18
Property tax	41,701.98	838.10
Land use tax	455,907.91	127,235.53
Vehicle and vessel use tax	3,880.00	9,880.00
Stamp tax	68,045.30	67,598.20
Business tax	547,830.45	4,938,432.50
Land VAT	1,339,218.78	1,988,303.86
Total	2,769,249.06	7,852,986.54

Other explanation

Taxes and surcharge decreased 5,083,737.48 Yuan over that of last period with 64.74% down, mainly because the business tax from Huijing Tiandi declined in the period

32. Sales expense

In RMB

Item	Current Period	Last Period
Advertising fees		88,066.00
Business publicity expense		113,450.00
Packaging fee		114,119.82
Other	4,902.12	200.00
Total	4,902.12	315,835.82

Other explanation

33. Administration expenses

In RMB

Item	Current Period	Last Period
Salary	4,045,124.60	3,921,799.98
Depreciation and amortization	2,649,290.58	540,961.54
Business entertainment	2,027,808.43	1,220,199.01
Social insurance	1,115,574.30	784,247.48
Business-travel expense	658,480.06	551,869.73
Welfare	572,380.68	372,685.72
Repair charge	318,588.09	117,778.09
Housing fund	240,465.20	235,434.20
Office allowance	177,410.63	228,411.68
Material consumption	149,022.03	339,236.49
Low value consumables	107,303.84	280,130.27
Intermediary organs	101,587.29	927,762.26
Utilities	46,009.05	38,644.36
Long-term deferred expenses	6,075.00	46,203.48
Union dues	2,112.98	4,009.32
Other	2,269,821.97	938,821.91
Total	14,487,054.73	10,548,195.52

Other explanation

34. Financial expenses

In RMB

Item	Current Period	Last Period
Interest expenses		
Less: Interest income	903,639.76	709,763.28
Profit/loss on exchange	-266,016.60	
Bank handling charges	25,184.74	18,493.33
Total	-1,144,471.62	-691,269.95

Other explanation

35. Asset impairment loss

In RMB

Item	Current Period	Last Period
I. Bad debt loss		-597.99
Total		-597.99

Other explanation

36. Investment income

In RMB

Item	Current Period	Last Period
Investment income from financing products in bank	133,320.88	
Total	133,320.88	

Other explanation

37. Income from assets disposal

In RMB

Income resources	Current Period	Last Period
Gains/losses from biological assets disposal	-18,684.68	
Total	-18,684.68	

38. Other income

In RMB

Income resources	Current Period	Last Period
Renewable energy subsidies	2,890,000.00	

Total	2,890,000.00	
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39. Non-operating income

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Other	3,121.00	30,121.27	
Total	3,121.00	30,121.27	

Government grants reckoned into current gains/losses:

In RMB

Item	Distributed by	Reasons	Nature	Impact on current gains/losses (Y/N)	Special grants (Y/N)	Current Period	Last Period	Assets-related /income-related

Other explanation

40. Non-operating expenditure

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Other	2,607.78	7,113.04	
Total	2,607.78	7,113.04	

Other explanation

41. Income tax expense**(1) Statement of income tax expenses**

In RMB

Item	Current Period	Last Period
Current income tax	110,309.68	
Total	110,309.68	

(2) Adjustment on accounting profit and income tax expenses

In RMB

Item	Current Period

Total profit	-5,263,211.30
Income tax measured by statutory/applicable tax rate	-1,315,802.83
Impact on different tax rate for subsidiary	43,868.28
Impact on deductible losses for deferred income tax recognized at period-end before adjustment	-845,073.72
The deductible temporary differences or deductible losses of the un-recognized deferred income tax assets in the Period	2,227,317.95
Income tax expenses	110,309.68

Other explanation

42. Other comprehensive income

Found in Note

43. Notes to statement of cash flow

(1) Other cash received in relation to operation activities

In RMB

Item	Current Period	Last Period
Intercourse current	41,000,000.00	2,737,235.86
Subsidy income	2,890,000.00	
Interest income	894,404.17	709,446.69
Other	695,736.71	6,040,764.33
Total	45,480,140.88	9,487,446.88

Explanation on other cash received in relation to operation activities:

(2) Other cash paid in relation to operation activities

In RMB

Item	Current Period	Last Period
Disbursement costs	7,500,856.76	4,634,876.43
Intercourse current	2,260,000.00	832,000.00
Other	703,296.65	8,737,183.17
Total	10,464,153.41	14,204,059.60

Explanation on other cash paid in relation to operation activities:

(3) Cash received from other investment activities

In RMB

Item	Current Period	Last Period
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Explanation on cash received from other investment activities:

(4) Cash paid related with other investment activities

In RMB

Item	Current Period	Last Period
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Explanation on cash paid related with other investment activities:

(5) Cash received from other financing activities

In RMB

Item	Current Period	Last Period
Guarantee for mortgage loan returned	2,558,600.00	
Total	2,558,600.00	

Explanation on cash received from financing activities:

(6) Cash paid related with other financing activities

In RMB

Item	Current Period	Last Period
Guarantee for mortgage loan paid	534,800.00	663,800.00
Total	534,800.00	663,800.00

Explanation:

44. Supplementary information to statement of cash flow**(1) Supplementary information to statement of cash flow**

In RMB

Supplementary information	Current Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	-5,373,520.98	-3,207,373.43
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	830,843.55	521,039.05

Amortization of intangible assets	1,926,524.57	30,461.06
Amortization of long-term deferred expenses	97,741.68	86,310.60
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	18,684.68	-21,731.42
Investment losses(gain is listed with “-”)	64,800,311.47	54,521,751.22
Decrease of operating receivable accounts (increase is listed with “-”)	27,243,279.39	17,625,680.12
Increase of operating payable accounts (decrease is listed with “-”)	-55,618,571.34	-40,868,835.51
Net cash flow arising from operating activities	33,925,293.02	28,687,301.69
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	30,835,918.20	153,602,420.61
Less: Balance of cash equivalent at year-begin	68,107,388.69	126,970,834.83
Net increase of cash and cash equivalents	-37,271,470.49	26,631,585.78

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

In RMB

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

Other explanation

(3) Net cash received from the disposal of subsidiaries

In RMB

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

Other explanation

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I . Cash	30,835,918.20	68,107,388.69
Including: Cash in stock	118,377.59	61,945.60
Bank deposit available for payment at any time	30,717,540.61	68,045,443.09
III. Balance of cash and cash equivalent at period-end	30,835,918.20	68,107,388.69
Including: Cash and cash equivalent with restriction for used in parent company or subsidiary in the Group	4,677,368.68	6,697,820.37

Other explanation

Balance of cash and cash equivalent on 30 June 2018 amounted as 30,835,918.20 Yuan, monetary fund has 35,513,286.88 Yuan in end of the balance, there is a difference of 4,677,368.68 Yuan, mainly because there was a mortgage security deposit that unable to cash in freely within three months in end of the balance of monetary fund; balance of period-begin found abovementioned

45. Notes on items of changes of owner's equity

Name and adjusted amount on "Other" at balance of year-end of last year:

46. Assets with ownership or right-to-use restricted

In RMB

Item	Ending book value	Restriction reasons
Monetary fund	4,677,368.68	Deposit for housing mortgage
Total	4,677,368.68	--

Other explanation

47. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Balance of foreign currency at period-end	Exchange rate convert	RMB concert at Period-end
Including: USD	849,770.01	6.6166	5,622,588.26

Other explanation

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

☐ Applicable ☒ Not-applicable

48. Other

VIII. Changes of consolidation range

1. Enterprise combined not under the same control

(1) Enterprise combined not under the same control in the period

In RMB

Acquiree	Time for equity obtained	Cost for equity obtained	Ratio of equity obtained	Way to obtained	Purchasing date	Basis of the purchasing date	Revenue of the acquiree from purchasing date to period-end	Net profit of the acquiree from purchasing date to period-end
Haizhuo Energy	2018-03-06	15,956,000.00	62.00%	Capital increase	2018-03-06	Obtained controlling rights	0.00	-69,251.22

Other explanation

(2) Combined cost and goodwill

In RMB

Combined cost	
-- Cash	15,956,000.00
Total combined costs	15,956,000.00
Amount of the goodwill/combined cost less than the recognizable fair value of the net assets	249,074.85

Explanation on determination method for fair value of combine cost, contingent consideration and its changes:

Reason of major goodwill resulted:

Other explanation

(3) Acquiree's identifiable assets and liabilities on purchasing date

In RMB

--	--

	Fair value on purchasing date	Book value on purchasing date
Assets:	25,439,918.00	25,439,918.00
Monetary fund	19,994,549.36	19,994,549.36
Account receivable	5,273,000.00	5,273,000.00
Fixed assets	3,324.13	3,324.13
Liability:	106,167.76	106,167.76
Account payable	106,167.76	106,167.76
Net assets	25,333,750.24	25,333,750.24
Less: minority's interest	9,626,825.09	9,626,825.09
Net assets obtained	15,706,925.15	15,706,925.15

Determination method for fair value of the identifiable assets and liabilities:

Contingent liability of the acquiree taken during enterprise merger:

Other explanation

(4) Gains/losses arising from re-calculation on fair value for the equity held before purchasing date

Whether the enterprise combine through multiple transaction by steps or not and obtained controlling rights during the reporting period

☐Y ☒N

(5) Explanation on the combination consideration, which is unable to confirm rationally on purchasing date or combination date or on the fair value of identifiable assets and liabilities for the acquiree

(6) Other explanation

2. Enterprise combined under the same control

(1) Enterprise combined under the same control in the period

In RMB

Combined party	Equity ratio in combination	Basis for merger under the same control	Combination date	Basis of combination date	Revenue of the combined party from period of combined to combination date	Net profit of the combined party from period of combined to combination date	Revenue of the combined party during comparative period	Net profit of the combined party during comparative period
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Other explanation

(2) Combine cost

In RMB

Combine cost	
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Explanation on contingent consideration and its changes:

Other explanation

(3) Book value of the combined party's assets and liabilities on combine date

In RMB

	Combination date	End of last period

Contingent liability of the combined party taken in combination:

Other explanation

3. Counter purchase

General information about the transaction, basis for constitution of reverse acquisition, whether the assets and liabilities retained by the listed issuer constitute any business and basis for this constitution, determination of combination costs, amount of equity adjusted in accounting treatment on a equity-based transaction basis and the calculation thereof:

4. Subsidiary disposal

Whether there is a single disposal of the investment in subsidiaries that is the loss of control

☐ Yes ☒ No

Whether there is disposal of the investment in subsidiaries through multiple transactions step by step and loss of control in the current period

☐ Yes ☒ No

5. Other reasons for consolidation range changed

Reasons for changed on consolidation range (such as new subsidiary established, subsidiary liquidated etc.)And relevant information:

6. Other

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main operation	Registered place	Business nature	Share-holding ratio	Acquired way
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	place			Directly	Indirectly	
Nanjiang Trade and Business	Chengde	Chengde	Commercial trade	100.00%		Enterprise combined under the same control
Kefeng Engineering	Chengde	Chengde	Management and consultant of engineering project	100.00%		Establishment
Kefeng Trading	Chengde	Chengde	Commercial trade	100.00%		Establishment
Dongfeng Investment	Chengde	Chengde	Industrial investment	100.00%		Establishment
Ecological Agriculture	Chengde	Chengde	Animal husbandry		100.00%	Establishment
Nanjiang Asia	Chengde	Chengde	International investment	100.00%		Establishment
Nanjiang Technology	Chengde	Chengde	Inflatable capsule, production and sale of Grapheme		100.00%	Establishment
Huijing Property	Chengde	Chengde	Property management		100.00%	Establishment
Hangzhou Dongfeng	Hangzhou	Hangzhou	High-tech development	100.00%		Establishment
Kefeng Aerospace	Chengde	Chengde	Aerospace product technology development	100.00%		Establishment
Dongfeng Technology Development	Dongguan	Dongguan	Technology development of new materials	70.00%		Establishment
Dongguan Zhongchuang New Energy	Dongguan	Dongguan	Technology Development of new energy		60.98%	Enterprise combined not under the same control
Dongguan Dongfeng Intelligent	Dongguan	Dongguan	Technology Development in field of technology		100.00%	Enterprise combined under the same control
Dongguan Aolin New Energy	Dongguan	Dongguan	Nano metric technology		62.00%	Enterprise combined not

			material			under the same control
Dongguan Haizhuo Energy	Dongguan	Dongguan	Hydrogen energy power products		62.00%	Enterprise combined not under the same control

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

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

Controlling basis for the structuring entity included in consolidated range:

Basis on determining to be an agent or consignor:

Other explanation

*1 Chengde Rongyida Real Estate Development Co., Ltd (“Rongyida” for short) was established on 20 February 2009 with registered capital of 10 million Yuan, of which, Wang Fei invested 9 million Yuan, representing 90 percent of the registered capital while one million Yuan contributed by Chen Liping, presenting 10 percent of the registered capital; On 27th July 2009, Wang Fei and Chen Liping transferred all their shares to the controlling shareholder Chen Rong. At the same time, Chen Rong transferred 100% shares to Nanjiang Company with RMB1.00. After the transfer, Nanjiang Company wholly owned the Rongyida. On 3 April 2014, as approved by Industry & Commercial Bureau of Chengde County, Rongyida changed its name to Chengde Nanjiang Real Estate Development Co., Ltd. (“Nanjiang Real Estate” for short). On 12 December 2016, being approved from Chengde Administration for Industry and Commerce, the name of the enterprise are re-named as Chengde Nanjiang Trade and Business Co., Ltd (hereinafter referred to as Nanjiang Trade and Business), business cope: sales of hardware electrical, construction material and mechanical equipment; house leasing services.

On 6 March 2017, Nanjiang Trade and Business split-off to Kefeng Engineering, Kefeng Trade and Business and Nanjiang Trade and Business. Registered capital of Nanjiang Trade and Business turns to one million Yuan from 100 million Yuan.

*2 Kefeng Engineering and Kefeng Trading are the new enterprise derivative split from Dongfeng Trade and Business on 6 March 2017, registered capital amounted as 0.5 million Yuan and 8.5 million Yuan respectively. Totally 100% of the registered capitals are taken by Dongfeng Technology Group

*3 Nanjiang Investment was established by Nanjiang Real Estate dated 9 October 2012, original registered capital was 50 million Yuan, shareholder Nanjiang Real Estate contribute 50 million Yuan, presenting 100 percent of the registered capital; on 21 December 2012, the 100 percent equity held by Nanjiang Real Estate are transferred to Nanjiang Company with 50 million Yuan, after transferred, Dongfeng Technology Group holds total equity of the Nanjiang Investment; on 6 January 2013, Dongfeng Technology Group increase capital 40 million Yuan to Nanjiang Investment, and registered capital comes to 90 million Yuan after capital increased. On 25 October 2017, Chengde Nanjiang Investment Co., Ltd. changed its name to Chengde Dongfeng Investment Co., Ltd.

*4 Ecological Agriculture was established by Nanjiang Investment on 24 October 2012, original registered capital was 5 million Yuan, shareholder Nanjiang Investment contributes 5 million Yuan with 100 percent held in total registered capital. On 18 April 2013, Nanjiang Investment increase 5 million Yuan to Ecological Agriculture and the registered capital turns to 10 million Yuan after increased. On 21 June 2017, Chengde Nanjiang Ecological Agriculture Co., Ltd renamed as Chengde Dongfeng Ecological Agriculture Co., Ltd

*5 Nanjiang Asia was founded by Nanjiang Company on 14th Nov. 2013, located in Hong Kong, with register capital of US\$ 20 million, the paid-up was US\$ 797, 583.34.

*6 Morsh Technology was founded jointly by Nanjiang Investment and Ningbo Morsh Technology on 24th Jan. 2013 with register capital of RMB50 million, including Nanjiang Investment invested RMB45 million taking up 90% of the total investment; Ningbo Morsh Technology invested RMB5 million taking up 10%. In July 2016, the Nanjiang Investment entered into a equity transfer agreement with Ningbo Morsh Technology, that is transfer 10% shares of the Ningbo Morsh; and after transfer, 100% shares of Morsh Technology are held by Nanjiang Investment. On 26 September 2016, being approved from Chengde Administration for Industry and Commerce, the name of the enterprise are re-named as Chengde Nanjiang Technology Co., Ltd. (Nanjiang Technology), business scope: R&D, production and sales of inflatable sac., grapheme, grapheme application materials, power cell and battery material, high-performance membrane material and nanophase materials, and promotion and technical service for the above mentioned products.

*7 Huijing Property was founded by Nanjiang Investment on 18th Nov. 2013 with register capital of RMB500, 000. Shareholder Nanjiang Investment invested RMB500, 000 wholly owning it.

*8 Hangzhou Hangfeng established on 21 September 2016 by Dongfeng Technology Group, registered capital was 50 million Yuan; actually paid-in capital was 30 million Yuan. On 5 June 2017, Hangzhou Hangfeng Technology Co., Ltd. renamed as Hangzhou Dongfeng Technology Co., Ltd.

*9 Kefeng Aerospace established on 12 December 2016 by Dongfeng Technology Group Co., Ltd., registered capital was 30 million Yuan; no paid-up capital till end of 31 December 2017.

*10 Dongguan Dongfeng Technology established on 17 August 2017 with registered capital of 100 million Yuan. Dongfeng Technology Group invested 70 million Yuan on 20 September 2017, a 70% of the registered capital takes.

*11 Dongguan Zhongchuang New Energy established on 4 July 2017 with registered capital of 24.6 million Yuan. On 5 September 2017, the Dongguan Dongfeng Technology Development entered into a capital increase agreement with Dongguan Hangda Venture Investment, registered capital goes to 24.6 million Yuan from one million Yuan. Among them, Dongguan Dongfeng Technology Development contributes 15 million Yuan in monetary, a 60.98% in total shares. Dongguan Dongfeng Technology contributed 15 million Yuan on 24 October 2017

*12 Dongguan Dongfeng Intelligent established on 14 February 2017 with registered capital of 60 million Yuan. On 5 December 2017, Dongfeng Technology Development entered into an equity transfer agreement with Dongguan Dongfeng New Energy with consideration of 15 million Yuan. Registered capital of 45 million Yuan are paid on 27 December 2017 with totally 100% holds in shares

*13 Dongguan Aolin New Energy established on 23 October 2015 with registered capital of 25 million Yuan. On 4 December 2017, Aolin entered into a capital increase agreement with Dongguan Dongfeng Technology, registered capital comes to 25 million Yuan from 9.5 million Yuan. In line with the agreement between Dongguan Hangda Venture Investment Co., Ltd. and Dongfeng Technology Development, increasing capital of 16.4025 million Yuan to Aolin New Material, among which, 15.5 million Yuan will increased for registered capital, the 902500 Yuan will reckoned into the capital reserves of Aolin New Material. On 29 December

2017, Dongguan Dongfeng Technology invested 15.5 million Yuan, a 62% in total registered capital.

*14 Dongguan Haizhuo Energy established on 15 September 2015 with registered capital of 25 million Yuan. On 4 December 2017, Dongguan Haizhuo Energy entered into a capital increase agreement with Dongguan Dongfeng Technology, registered capital comes to 25 million Yuan from 9.5 million Yuan. In line with the agreement between Dongguan Hangda Venture Investment Co., Ltd. and Dongfeng Technology Development, increasing capital of 15.956 million Yuan to Dongguan Aolin New Energy, among which, 15.5 million Yuan will increased for registered capital, the 456,000 Yuan will reckoned into the capital reserves of Dongguan Aolin New Energy. On 6 March 2018, Dongguan Dongfeng Technology invested 15.956 million Yuan, a 62% in total registered capital.

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Dongguan Dongfeng Technology Development Co., Ltd.	30.00%	0.00		0.00
Dongguan Zhongchuang New Energy Technology Co., Ltd.	39.02%	609.08		9,596,201.16
Dongguan Aolin New Material Co., Ltd.	38.00%	-137,056.38		9,122,555.89
Dongguan Haizhuo Energy Technology Co., Ltd.	38.00%	-26,315.46		9,600,509.63

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

Other explanation

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

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Dongguan Dongfeng	44,578,633.88	167,358,500.00	211,937,133.88	142,530,590.94		142,530,590.94	6,923,460.66	91,402,500.00	98,325,960.66	28,643,341.72		28,643,341.72

g Technolo gy Develop ment Co., Ltd.												
Donggua n Zhongch uang New Energy Technolo gy Co., Ltd.	23,220,7 68.18	1,576,76 1.91	24,797,5 30.09	207,264. 46		207,264. 46	24,491,4 28.69	1,090,03 6.98	25,581,4 65.67	26,515.0 0		26,515.0 0
Donggua n Aolin New Material Co., Ltd.	21,218,1 81.69	2,993,78 8.59	24,211,9 70.28	205,244. 26		205,244. 26	22,602,5 84.99	2,815,47 6.28	25,418,0 61.27	43,720.7 1		43,720.7 1
Donggua n Haizhuo Energy Technolo gy Co., Ltd.	23,022,9 92.64	2,365,89 9.31	25,388,8 91.95	124,392. 93		124,392. 93	9,377,66 8.64	3,816.55	9,381,48 5.19	600.00		600.00

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehen sive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehen sive income	Cash flow from operation activity
Dongguan Dongfeng Technology Development Co., Ltd.	0.00	-276,076.00	-276,076.00	76,513,673.2 2	0.00	0.00	0.00	0.00
Dongguan Zhongchuang New Energy Technology	0.00	1,560.94	1,560.94	-23,861,349.7 7	0.00	0.00	0.00	0.00

Co., Ltd.								
Dongguan Aolin New Material Co., Ltd.	0.00	-360,674.69	-360,674.69	-19,670,168.15	0.00	0.00	0.00	0.00
Dongguan Haizhuo Energy Technology Co., Ltd.	0.00	-69,251.22	-69,251.22	-8,698,314.81	0.00	0.00	0.00	0.00

Other explanation

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

(5) Financial or other supporting offer to structuring body included in consolidate statement scope

Other explanation

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

(1) Explanation on changes in owner's equity in subsidiaries

(2) Impact on minority interest and owner's equity attributable to parent company from transaction

In RMB

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Other explanation

3. Equity in joint venture and cooperative enterprise

(1) Important joint venture and cooperative enterprise

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

Share-holding ratio or shares enjoyed different from voting right ratio:

Basis of the voting rights with 20% below but with major influence, or without major influence but with over 20% (20% included) voting rights hold:

(2) Main financial information of the important joint venture

In RMB

	Ending balance/Current Period	Opening balance/Last Period

Other explanation

(3) Main financial information of the important affiliated business

In RMB

	Ending balance/Current Period	Opening balance/Last Period

Other explanation

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

In RMB

	Ending balance/Current Period	Opening balance/Last Period
Joint venture:	--	--
Total on below item by shareholding ratio	--	--
Affiliated enterprise:	--	--
Total on below item by shareholding ratio	--	--

Other explanation

(5) Major limitation on capital transfer ability to the Company from joint venture or affiliates**(6) Excess loss occurred in joint venture or affiliates**

In RMB

Name	Cumulated previous losses determined	Losses un-determined in the Period(net profit share in the Period)	Cumulated losses un-determined at period-end

Other explanation

(7) Unconfirmed commitment with joint venture investment concerned

(8) Intangible liability with joint venture or affiliates investment concerned

4. Major conduct joint operation

Joint operation	Main operation site	Register place	Business	Shareholding ratio/quota enjoy	
				Directly	Indirectly

Explanation on shareholding ratio or quota enjoy in joint operation different from voting rights:

If the joint operation was the independent body, basis of classification of joint operation:

Other explanation

5. Structured body excluding in consolidate financial statement

Relevant explanation:

6. Other

X. Risk related with financial instrument

XI. Related party and related transactions

1. Parent company of the enterprise

Parent company	Registration place	Business nature	Registered capital	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise
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Explanation on parent company of the enterprise

The Company has no parent company; controller refers to the first largest shareholder Mr. Wang Dong, who holds 29.49% equity of the Company.

Ultimate controller of the Company:

Other explanation

2. Subsidiary of the Enterprise

Found more in Note

3. Cooperative enterprise and joint venture

Found more in Note

Other cooperative enterprise and joint venture that have related transaction with the Company in the Period or occurred in pervious period:

Name	Relationship
------	--------------

Other explanation

4. Other related party

Other related party	Relationship with the Enterprise
Eagles Men Aeronautic Science and Technology Group Co., Ltd.	Related legal person of the Company
Shanxi Eagles Men Aeronautic Science and Technology Co., Ltd.	Related legal person of the Company
Runhua RW Industrial Development Company	Controller of the joint venture of the Company
Shanxi Wuchan Minfeng Chemical Co., Ltd.	Controller of the joint venture of the Company

Other explanation

5. Related transaction**(1) Goods purchasing, labor service providing and receiving**

Goods purchasing/labor service receiving

In RMB

Related party	Content	The Period	Amount approved	Whether over the transaction limit	Last Period
---------------	---------	------------	-----------------	------------------------------------	-------------

Goods sold/labor service providing

In RMB

Related party	Content	Current Period	Last Period
---------------	---------	----------------	-------------

Explanation on goods purchasing, labor service providing and receiving

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

Trusteeship management/contract:

In RMB

Client/contract-out party	Commissioned party/contractor	Assets type	Start date	Expire date	Pricing basis	Income recognized in the period
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Explanation

Entrust management/ outsourcing:

In RMB

Client/contract-out party	Commissioned party/contractor	Assets type	Start date	Expire date	Pricing basis	Expenses recognized in the period
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Explanation

(3) Related leasing

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized in last Period
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As a lessee for the Company:

In RMB

Lessor	Assets type	Rental fee recognized in the Period	Rental fee recognized in last Period
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Explanation on related lease

(4) Related guarantee

The Company acts as a secured party

In RMB

Secured party	Guarantee amount	Start date	Expiry date	Whether the guarantee implemented or not
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As a secured party by the Company

In RMB

Guarantor	Guarantee amount	Start date	Expiry date	Whether the guarantee implemented or not
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Explanation on related guarantee

(5) Borrowed funds from related party

In RMB

Related party	Borrowing amount	Start date	Expiry date	Note
Inter-bank borrowing				
Lending transaction				

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

In RMB

Related party	Content	Current Period	Last Period
---------------	---------	----------------	-------------

(7) Remuneration of key management personnel

In RMB

Item	Current Period	Last Period
------	----------------	-------------

Remuneration of key management personnel	797,313.00	783,050.00
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(8) Other related transaction**6. Account receivable/payable from/to related party****(1) Account receivables**

In RMB

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision

(2) Account payable

In RMB

Item	Related party	Ending book balance	Beginning book balance
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7. Commitment of related party**8. Other****XII. Share-based payment****1. Share-based payment**
☐ Applicable ☒ Not applicable
2. Share-based payment settled by equity
☐ Applicable ☒ Not applicable
3. Share-based payment settled by cash
☐ Applicable ☒ Not applicable

4. Modification and termination of the share-based payment**5. Other****XIII. Commitment and contingency****1. Important commitment**

Important commitment on balance sheet date

As of 30 June 2018, as for the mortgage loans from the owner of commercial property, balance for guarantee providing amounted as 120.21 million Yuan.

2. Contingency**(1) Important contingency on balance sheet date****(2) If the Company has no important contingency need to disclosed, explain reasons**

The Company has no important contingency that need to disclose.

3. Other**XIV. Events after balance sheet date****1. Important non adjustment matters**

In RMB

Item	Content	Impact on financial status and operation results	Reasons of fails to estimate the impact
------	---------	--	---

2. Profit distribution

In RMB

3. Sales return**4. Other events after balance sheet date**

On 14 August 2018, Dongfeng Sci-Tech Group Co., Ltd. entered into a equity transfer agreement with Chengde Chengjin Trading Co., Ltd., according to the agreement, the 100% shares of Chengde Nanjiang Trading Co., Ltd. held by Dongfeng Sci-Tech Group are transferred to Chengde Chengjin Trading with consideration of 22.6395 million Yuan. After equity transferred, Chengde Nanjiang Trading Co., Ltd. will not include in consolidation scope of the Company any more

XV. Other important events

1. Previous accounting errors collection

(1) Retrospective restatement

In RMB

Content	Treatment procedure	Items impact during vary comparative period	Accumulated impact
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(2) Prospective application

Content	Approval procedure	Reasons
---------	--------------------	---------

2. Debt restructuring

3. Assets replacement

(1) Non-monetary assets

(2) Other assets

4. Pension plan

5. Discontinuing operation

In RMB

Item	Revenue	Expenses	Total profit	Income tax	Net profit	Profit of discontinuing operation attributable to owners of parent company
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Other explanation

6. Segment

(1) Recognition basis and accounting policy for reportable segment

(2) Financial information for reportable segment

In RMB

Item		Offset of segment	Total
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(3) The Company has no segment, or unable to disclose total assets and liability of the segment, explain reasons

(4) Other explanation

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

8. Other

XVI. Principle notes of financial statements of parent company

1. Accounts receivable

(1) Accounts receivable by type

In RMB

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	

Accounts receivable with large single amount and accrued for provision of bad debt on a single basis at period-end:

☐ Applicable ☒ Not-applicable

Accounts receivable accrued for provision of bad debt by aging analysis method in portfolio:

☐ Applicable ☒ Not-applicable

Accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

☐ Applicable ☒ Not-applicable

Accounts receivable accrued for provision of bad debt by other methods in portfolio:

(2) Provision for bad debts accrued, regain or switch back in the Period

In the Period, 0 Yuan accrued for provision of bad debts; 0 Yuan provision for bad debts regains or switch back in the Period.

Including major amount of bad debt provision regain or switch back in the Period:

In RMB

Unit	Amount regain or switch back	Way of regain
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(3) Account receivable actual charge off in the Period

In RMB

Item	Amount written-off
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Written-off for the major receivable:

In RMB

Unit	Nature	Amount written off	Reasons	Procedures	Arising from related transaction (Y/N)
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Explanation on written off:

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

(5) Account receivable de-recognition due to financial assets transfer

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

Other explanation

2. Other account receivables

(1) Other account receivables by type

In RMB

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Other receivables with large single amount and accrued for provision of bad debt on a single basis	16,465,104.90	15.44%	16,465,104.90	100.00%	0.00	17,782,439.90	38.66%	17,686,906.90	99.46%	95,533.00
Other receivables accrued for provision of bad debt by portfolio	89,938,726.20	84.34%	130,835.29	0.15%	89,807,890.91	27,989,554.17	60.84%	130,835.29	0.47%	27,858,718.88
Other receivables with minor single amount but accrued for provision of bad debt on a single basis	229,787.72	0.22%	229,787.72	100.00%	0.00	229,787.72	0.50%	229,787.72	100.00%	
Total	106,633,618.82	100.00%	16,825,727.91	15.78%	89,807,890.91	46,001,781.79	100.00%	18,047,529.91	39.23%	27,954,251.88

Other receivables with large single amount and accrued for provision of bad debt on a single basis at period-end:

√ Applicable □ Not-applicable

In RMB

Other receivables (by unit)	Ending balance			
	Other account receivable	Provision for bad debts	Provision ratio	Provision reasons
Dongfeng Ecological Agriculture	16,465,104.90	16,465,104.90	100.00%	Estimated uncollectible
Total	16,465,104.90	16,465,104.90	--	--

Other receivables accrued for provision of bad debt by aging analysis method in portfolio:

☒ Applicable ☐ Not-applicable

In RMB

Aging	Ending balance		
	Other account receivable	Provision for bad debts	Provision ratio
Within 1 year			
Subtotal within 1 year	2,520,885.79	34,374.29	1.36%
1-2 years	30,200.00	6,040.00	20.00%
Over 3 years	90,421.00	90,421.00	100.00%
Total	2,641,506.79	130,835.29	4.95%

Portfolio recognized:

Other accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

☐ Applicable ☒ Not-applicable

Other accounts receivable accrued for provision of bad debt by other methods in portfolio

☒ Applicable ☐ Not-applicable

Portfolio			
Portfolio	Ending balance		
	Other accounts receivable	Provision for bad debts	Provision ratio(%)
Dongguan Dongfeng Technology Development	80,000,000.00	---	---
Huijing Property	7,182,248.19	---	---
Kefeng Aerospace	60,000.00	---	---
Kefeng Engineering	50,000.00	---	---
Nanjiang Asia	4,971.22	---	---
		---	---
Total	87,297,219.41	---	---
Portfolio recognized:			

In portfolio, the accrual of bad debt in way of other method was 0.00 Yuan, mainly because there is minor estimated recoverable risk.

(2) Bad debt provision accrual collected or switch back

There is Yuan provision for bad debts accrued in the Period; and 1,221,802.00 Yuan regains or switch back in the Period.

Including the followed significant amount:

In RMB

Unit	Regains or switch back	Way of regain
Ecological Agriculture	1,221,802.00	
Total	1,221,802.00	--

(3) Other receivables actually written-off during the reporting period

In RMB

Item	Amount written-off
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Major other account receivables written-off:

In RMB

Name	Nature	Amount written-off	Reasons	Procedures	Arising from related transaction (Y/N)
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Explanation on other account receivable:

(4) Other account receivables category by nature of money

In RMB

Nature of money	Ending book balance	Beginning book balance
Intercourse current	104,286,437.91	44,963,887.31
Petty cash	1,255,256.91	800,332.72
Other	1,091,924.00	237,561.76
Total	106,633,618.82	46,001,781.79

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

In RMB

Unit	Nature	Ending balance	Aging	Proportion in total other receivables	Ending balance of bad debt provision
Dongguan Dongfeng Technology	Intercourse current	80,000,000.00	Within 1 year	75.02%	

Development					
Ecological Agriculture	Intercourse current	16,465,104.90	1-2 years	15.44%	16,465,104.90
Huijing Property	Intercourse current	7,182,248.19	Within 1 year	6.74%	
Chengde Liyuan Investment Consultant Co., Ltd.	Intercourse current	524,113.60	Within 1 year	0.49%	
Chengde Petroleum Sub-branch	Intercourse current	92,164.28	Within 1 year	0.09%	
Total	--	104,263,630.97	--	97.78%	16,465,104.90

(6) Account receivables related to government subsidies

In RMB

Unit	Item	Ending balance	Ending age	Time and amount collected and basis
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(7) Other receivable for termination of confirmation due to the transfer of financial assets**(8) The amount of assets and liabilities that are transferred other receivable and continued to be involved**

Other explanation

3. Long-term equity investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment for subsidiary	248,114,466.37		248,114,466.37	248,114,466.37		248,114,466.37
Investment for joint venture and associated enterprises	9,170,370.00	9,170,370.00		9,170,370.00	9,170,370.00	
Total	257,284,836.37	9,170,370.00	248,114,466.37	257,284,836.37	9,170,370.00	248,114,466.37

(1) Investment for subsidiary

In RMB

Invested company	Opening balance	Increased in Period	Decreased in Period	Ending balance	Depreciation reserves accrual in the Period	Ending balance of depreciation reserves
Nanjiang Trade and Business	5,311,429.97			5,311,429.97		
Nanjiang Investment	90,000,000.00			90,000,000.00		
Nanjiang Asia	5,000,166.64			5,000,166.64		
Hangzhou Dongfeng	30,000,000.00			30,000,000.00		
Kefeng Trading	45,147,154.77			45,147,154.77		
Kefeng Engineering	2,655,714.99			2,655,714.99		
Dongguan Dongfeng Technology	70,000,000.00			70,000,000.00		
Total	248,114,466.37			248,114,466.37		

(2) Investment for joint venture and associated enterprise

In RMB

Unit of investment	Opening balance	Changes in Period								Ending balance	Ending balance of depreciation reserves
		Additional investment	Negative investment	Investment gains/losses recognized by equity	Other comprehensive income adjustment	Other equity changes	Cash dividend or profit announced to distributed	Depreciation reserves accrual	Other		
I. Joint venture											
II. Associated enterprise											
Runhua RW	9,170,370.00									9,170,370.00	9,170,370.00
Subtotal	9,170,370.00									9,170,370.00	9,170,370.00
Total	9,170,370.00									9,170,370.00	9,170,370.00

(3) Other explanation**4. Operation income and operation cost**

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	76,981,775.06	68,854,852.81	99,465,192.85	83,841,835.73
Other business			62,967.09	37,714.74
Total	76,981,775.06	68,854,852.81	99,528,159.94	83,879,550.47

Other explanation

5. Investment gains

In RMB

Item	Current Period	Last Period
Long-term equity investment income measured by cost	36,240,654.50	
Other	47,503.07	
Total	36,288,157.57	

6. Other**XVII. Supplementary information****1. Details of current non-recurring profits and losses**

√ Applicable □ Not-applicable

In RMB

Item	Amount	Remark
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	2,890,000.00	
Gains/losses satisfied definition of the non-recurring gains/losses	115,149.42	

Total	3,005,149.42	--
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Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

☐ Applicable ☒ Not-applicable

2. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/share)	Diluted EPS (Yuan/share)
Net profits belong to common stock stockholders of the Company	-1.44%	-0.007	-0.007
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-2.27%	-0.0120	-0.0120

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

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

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

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

4. Other

Section XI. Documents available for reference

1. Financial statement carried with the signature and seal of the Person in charge of the Company, person in charge of the accounting works and accountant in charge.
2. Text and original draft of the notice that disclosed in reporting period on newspapers appointed by CSRC.