Stock Code: 200160 Short Form of the Stock: Nanjiang B Public Notice No.: 2017-028

Chengde Nanjiang Co., Ltd.
Summary of Annual Report 2016

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

Objection statement of directors, supervisors and senior executives

Name	Position	Content and reason

Statement

Other directors attending the Meeting for annual report deliberation except for the followed

Name of director absent	Title for absent director	Reasons for absent	Attorney

Prompt of non-standard audit opinion

□ Applicable √ Not applicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

□ Applicable √ Not applicable

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

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

□ Applicable √ Not applicable

II. Company information

1. Company Profile

Short form of the stock	Nanjiang-B	Stock code	200160
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Li Wenying	Wang Haijian	
Office add.	XiaBanCheng Town, Chengde County, Hebei Province	XiaBanCheng Town, Chengde County, Hebei Province	
Fax.	0314-3111475	0314-3111475	
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E-mail	liwy@dftechgroup.com	wanghj@dftechgroup.com	

2 Main business or product introduction in the reporting period

During the reporting period, the company's main business was real estate development, business model was the development and sales of commercial housing, business scope was mainly located in Chengde region. The main products of the company's real estate business included residential and commercial housing, currently Nanjiang ·Huijing Tiandi project is for sale .

In 2016, the real estate industry adopted the destocking policy at the beginning of the year and the successively introduced regulatory policies to hot cities at the second half of the year, and experienced the process from general loose to local continuous tightening. During the reporting period, influenced by the national strategy of Beijing-Tianjin-Hebei integration, the volume and price of real estate market in areas around Beijing rose, showing a promising prospect for profits. The construction of Beijing-Shenyang high-speed rail made Chengde enter into the “capital one hour economic circle”, and brought a new wave of heat to the local real estate. In the future, the company shall make use of this development opportunity to actively expand business areas, continuously improve service quality, build high-end boutique residential housing, and improve market competitiveness.

3. Main accounting data and financial indexes

(1) Main accounting data and financial indexes for recently three years

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

□Yes √ No

In RMB

	2016	2015	Changes over last year	2014
Operating income	367,898,631.53	141,221,936.00	160.51%	322,502,631.63
Net profit attributable to shareholders of the listed company	3,760,806.51	58,872,707.12	-93.61%	80,280,395.81
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	553,720.92	-31,171,146.45	101.78%	3,121,357.84
Net cash flow arising from operating activities	54,484,351.33	19,812,057.85	175.01%	-134,329,924.08
Basic earnings per share (RMB/Share)	0.01	0.08	-87.50%	0.11
Diluted earnings per share (RMB/Share)	0.01	0.08	-87.50%	0.11
Weighted average ROE	1.06%	18.43%	-17.37%	32.13%
	End of 2016	End of 2015	Changes over end of last year	End of 2014
Total assets	626,756,827.34	854,793,263.22	-26.68%	642,501,296.47
Net assets attributable to shareholder of listed company	359,826,450.98	352,256,123.56	2.15%	289,982,016.44

(2) Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	46,379,194.49	145,035,287.25	103,804,200.47	72,679,949.32
Net profit attributable to shareholders of the listed company	1,078,731.20	723,138.74	2,454,508.79	-495,572.22
Net profit attributable to	1,147,902.15	924,846.14	2,520,155.95	-4,039,183.32

shareholders of the listed company after deducting non-recurring gains and losses				
Net cash flow arising from operating activities	30,707,074.03	46,147,909.94	3,894,432.69	-26,265,065.33

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

□Yes √ No

4. Shares and shareholders

1. Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

In Share

Total common stock shareholders in reporting period-end	19,555	Total common stock shareholders at end of last month before annual report disclosed	19,555	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0

Top ten shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of non-tradable shares held	Number of share pledged/frozen	
					State of share	Amount
Wang Dong	Domestic natural person	29.49%	208,324,800	208,324,800	Frozen	208,324,800
China Everbright Securities (HK) Limited	Overseas legal person	13.28%	93,833,093	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	6.87%	48,524,062	0		
Chengde North Industrial Corporation	Domestic non-state-owned legal person	2.62%	18,517,651	18,517,651		
Wang Zhengsong	Domestic natural person	1.89%	13,327,891	13,327,891		
Wang Wensheng	Domestic natural person	1.03%	7,258,007	0		
Zhou Haihong	Domestic natural person	0.95%	6,708,495	0		
Li Tianyun	Domestic natural person	0.73%	5,158,000	0		
Shanghai H.K. Wangguo Securities	Overseas legal person	0.71%	4,995,920	0		
Chen Yan	Domestic natural person	0.57%	4,023,256	0		
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.				

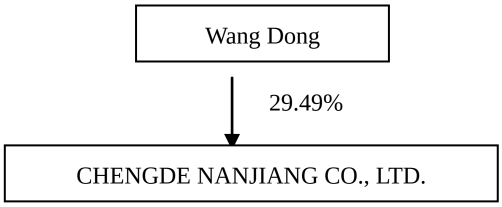
Explanation on involving margin business (if applicable)	N/A

(2) Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

□ Applicable √ Not applicable

The Company had no shareholders with preferred stock held in the reporting.

(3) Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



5. Corporate bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

III. Discussion and analysis by the Management Team

1. Introduction of operation in the reporting period

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

Yes

Real estate industry

The Company is comply with the disclosure requirement of "Information Disclosure Guidelines of Shenzhen Stock Exchange No.3-engaged in real estate business for the listed companies"

In 2016, the real estate market was like the rising wind and scudding clouds, and experienced a few ups and downs of "overall rise, local overheating, regulation and upgrading, rapid cooling". Since the central government put forward the "three remove one reduce one supplement", the governments in many places successively introduced the policies such as reducing the down-payment proportion of the first-time house purchase, adjusting the house-purchase tax, reducing the bank's benchmark interest rate, etc., influenced by the continuous slack policy of currency and industry and centralized release of improvement demands, both the volume and price of real estate market rose and reached a record high. But with the rapid rise in housing price and land price in hot cities, the policy differentiation became further apparent. On the one hand, the regulatory policies in hot cities continued to tighten, the limitation on purchase and loan and the regulatory measures increased frequently so as to restrain the investment and speculative demand and prevent the market risks; on the other hand, the third- and fourth-tier cities still adhered to the destocking policy, the regional differentiation intensified, industry concentration further improved, and the market differentiation became more obvious.

During the reporting period, influenced by the "Beijing-Tianjin-Hebei synergetic development", the value of real estate in areas around Beijing highlighted. In 2016, with the steady promotion of "Beijing-Tianjin-Hebei traffic integration and medical integration", some cities around Beijing and Hebei ushered in a round of significant rise in housing price, and the local limitations on purchase and loan was also successively introduced. With the saturation of city carrying capacity in Beijing, the continuously high housing prices and strict limitations on purchase and loan, some rigid demand and investment demand shall continue to overflow to areas around Beijing. At the same time, with decentralization to non-capital core functions of Beijing, the areas around Beijing need to undertake the progressively increasing industrial functions, and the real estate market in areas around Beijing shall still become the main objective to the decentralized industrial people, rigid demand customers and investors, and the overall market prospects are promising.

During the reporting period, benefited by the national strategy of "Beijing-Tianjin-Hebei integration" and the construction of Beijing-Shenyang high-speed rail, the real estate of Chengde ushered in a wave of rapid rise, the company clutched the market opportunities to comprehensively speed up the sales of Nanjiang ·Huijing Tianadi project, and achieved good sales performance. At the same time, the company still actively promoted the strategy transformation, constantly explored the future development direction, and sought new profit growth points.

During the reporting period, the company did not add any new land reserve.

(II) Company operating conditions during the reporting period

Up to December 31, 2016, the company's total assets has reached 626,756,827.34Yuan, net assets attributable to shareholders of listed company is359,826,450.98Yuan; in 2016, the company has achieved operating income of 367,898,631.53Yuan, net profit attributable to shareholders of listed company is3,760,806.51Yuan.

During the reporting period, the company's real estate development is as follows:

(1) Business formt

Name of item	Format	Meter capacity building are (㎡)	Completed construction are (㎡)	Saleable area (㎡)	Equity ratio
Nanjiang ·Huijing Tiandi	Residence	154,301.45	154,301.45	153,049.71	85.27%
	Business	25,352.10	25,352.10	25,352.10	14.01%
	Public area	1,304.43	1,304.43		0.72%
	Total	180,957.98	180,957.98	178,401.81	100%

(2) According to region

Area	Name of item	Developed land area (㎡)	Meter capacity building are (㎡)	Completed construction are (㎡)	Total investment amount (in 100 million Yuan)
Chengde	Nanjiang ·Huijing Tiandi	97,627.39	180,957.98	180,957.98	6.66

During the reporting period, the company's real estate sales as follows:

(1) Business formt

Name of item	Format	Proportion (%)	Saleable area (㎡)	The pre-sale area (㎡)	Current settlement area (㎡)	Operating income (RMB)	Operating cost(RMB)	Gross margin (%)
Nanjiang ·Huijing Tiandi	Residence	85.79%	153,049.71	45,318.96	79,148.74	353,111,510.77	298,839,250.46	15.36%
	Business	14.21%	25,352.10	5,826.66	243.96	1,209,811.18	608,585.79	49.69%
	Total	100%	178,401.81	51,145.62	79,392.70	354,321,321.95	299,447,836.25	15.48%

(2) According to region

Area	Name of item	Operating income(RMB)	Proportion(%)	Saleable area (㎡)	The pre-sale area (㎡)	Settlement area (㎡)
Chengde	Nanjiang ·Huijing Tiandi	354,321,321.95	100%	178,401.81	51,145.62	79,392.70
Total		354,321,321.95	100%	178,401.81	51,145.62	79,392.70

2. Whether the main business had major change in the reporting period

□ Yes √ No

3. About the industries, products, or regions accounting for over 10% of the company's operating income or operating profit

√Applicable □Not applicable

In RMB

Item	Operating revenue	Operating profit	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating profit y-o-y	Increase/decrease of gross profit ratio y-o-y
Property sales	354,321,321.95	299,447,836.25	15.49%	870.69%	1,000.25%	-9.95%
Chemical materials	9,397,196.11	8,740,329.32	6.99%	-90.37%	-91.04%	6.86%

4. Whether the characteristics of management seasonal or cyclical need special attention

□ Yes √ No

5. In the reporting period, note of major changes in operating income, operating cost, total net profit attributable to common stock shareholders of listed company or composing the previous reporting period

√Applicable □Not applicable

In reporting period, the area of real estate carried over to income increased over that of last period, operation revenue and costs increased correspondingly. Income from land sales decreased over that of last period, than the net profit attribtuable to commone shareholders of listed company are decreased on a y-o-y basis.

6. Particular about suspended and delisting

□ Applicable √ Not applicable

7. Relevant items involving financial report

(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

√Applicable □ Not applicable

(1) Execution of "VAT Accounting Rules"
The Ministry of Finance issued the "VAT Accounting Rules" (No. CK [2016]22) on December 3, 2016.
Impacts on the Company in execution are as:

Content and reasons	Approval procedures	Item and amount impacted
(1) "business tax and surcharge" in profit statement adjusted to "taxes and surcharge"	"VAT Accounting Rules" (No. CK [2016]22)	Taxes and surcharge
(2) The house duty, use tax of land, vehicle and vessel usage tax and stamp tax, which is from operation activities since 1 May 2016, shall be listed in "taxes and surcharge" instead of "administrative expenses". The taxes occurred before 1 May 2016 shall not be adjusted, and comparative data either.	"VAT Accounting Rules" (No. CK [2016]22)	Increased taxes and surcharge of 958,566.12 Yuan, administrative expenses decreased 958,566.12 Yuan in the year

(2) Major accounting errors within reporting period that needs retrospective restatement

□ Applicable √ Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

(3) Compare with last year's financial report; explain changes in consolidation statement's scope

√Applicable □ Not applicable

1. On 23 September 2016, being deliberated and approved by 11th session of 6th BOD, a wholly-owned subsdiary was established in Hangzhou – Hangzhou Hangfeng Technology Co., Ltd., with registered capital of 50 million Yuan, which is included in the consolidation range in the yera.
2. The 12th session of 6th BOD was held on 19 October 2016, deliberated and approved the Proposal of Cancelling Controlling Subsidiary Hangzhou Dongfeng Stealth Technology Co., Ltd., after calleration, the enterprise will not included in consoliation socpe any more.
3. On 9 December 2016, being deliberated and approved by 15th session of 6th BOD, the Company estaiblished a wholly-owned subsidairy - Chengde Kefeng Aerospace Technology Development Co., Ltd. in Chengde, with registered capital of 30 million Yuan, which in included in the consolidation range in the yera.