



Dongfeng Sci-Tech Group Co., Ltd.

SEMI-ANNUAL REPORT 2019

August 2019

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 2019 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 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.

Content

Section I Important Notice, Contents and Paraphrase.....	1
Section II Company Profile and Main Financial Indexes	5
Section III Summary of Company Business	8
Section IV Discussion and Analysis of the Operation	11
Section V Important Events	21
Section VI Changes in shares and particular about shareholders.....	27
Section VII Preferred Stock.....	32
Section VIII Particulars about Directors, Supervisors and Senior Executives... 	33
Section IX Corporate bond.....	34
Section X Financial report.....	35
Section XI Documents available for reference.....	173

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 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.
Dongfeng Power	Refers to	Dongguan Dongfeng Power Tech. Co., Ltd.
Fengning Real Estate	Refers to	Fengning Manchu Autonomous County Dongfeng Real Estate Development 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)	N/A		
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 Wenyong	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 2018.

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 2018.

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)	33,371,413.48	79,815,868.78	-58.19%
Net profit attributable to shareholders of the listed company (RMB)	-24,417,868.90	-5,210,758.22	-368.60%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-25,058,315.62	-8,215,907.64	-205.00%
Net cash flow arising from operating activities (RMB)	14,248,031.11	33,925,293.02	-58.00%
Basic earnings per share (RMB/Share)	-0.035	-0.007	-400.00%
Diluted earnings per share (RMB/Share)	-0.035	-0.007	-400.00%
Weighted average ROE	-7.36%	-1.44%	-5.92%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	696,986,564.93	624,370,817.40	11.63%
Net assets attributable to shareholder of listed company (RMB)	318,068,258.03	351,593,999.08	-9.54%

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
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	831,663.08	
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	198,770.44	Income from financial products
Other non-operating income and expenditure except for the aforementioned items	-389,986.80	
Total	640,446.72	--

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

Real estate business: the real estate development business was the main operating business of the Company during the reporting period, and the business model was the development and sales of commercial housing, and the business scope was mainly located in Chengde area. The main products were residence and commerce. With high-quality product quality and property services, the company's real estate business had established a good reputation in the local area.

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. At present, 500W to 5000W series air-cooled fuel cell pile (graphite bipolar plates) have been finalized for production, and the mass power density of the pile is above 500W/kg, at present, the Company are actively exploiting the market, which is in small batch production and sales.

For the hydrogen energy business, the company took Haizhuo Energy as its business platform, mainly engaged in research and development, production and sales of real-time hydrogen production equipment. The real-time hydrogen production equipment research by the Haizhuo Energy consists of on-board hydrogen generator and hydrogen fuel cell. At present, the real-time hydrogen production equipment has been successfully tested on hydrogen fuel cell buses, the system is being optimized and upgraded and road tests are being carried out, and the company is actively expanding the market joint for cooperation with vehicle companies.

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 (automobile gasket), radiation and heat insulation of petrification, metallurgy, non-ferrous metals, building materials, electric power, machinery, ceramics, glass, shipping and other industries. At present, the initial production line of alumina short fiber, researched and developed by Aolin New Materials was completed, and have entered the small batch production and sales. The company is further increasing production capacity and reducing costs, and improving product quality, while at the same time opening up markets and application customers.

(II) Main performance drivers

During the reporting period, due to the tightening of regulatory policies, the tightening policies in the real estate market such as purchase restrictions, limited loans, and price limits were frequent, and the real estate market in Beijing-surrounded areas has stabilized. 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. Meanwhile, 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	No major change in Period
Fixed assets	No major change in Period
Intangible assets	No major change in Period
Construction in process	No major change in 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

During the reporting period, the real estate industry policy was based on the goal of “housing is for residence instead of vicious speculation”, focused on stable land prices, stable housing prices, and stable expected targets, maintained the continuity and stability of regulatory policies, and implemented the long-term mechanism of one city one policy and urban subject responsibility. Local governments have taken different measures for different cities based on changes in market situation so as to ensure the smooth operation of the real estate market. According to the statistics of the Hebei Provincial Bureau of Statistics, in the first half of 2019, the investment in real estate development in Hebei Province was 210.49 billion Yuan, an increase of 7.2% over the same period of last year, the sales area of commercial housing was 20,525,000 square meters, a year-on-year increase of 9.5%, the area of commercial housing for sale was 9,043,000 square meters, a year-on-year increase of 1.4%.

During the reporting period, the company adhered to the development concept of “real estate + strategic transformation” and actively promoted the developments of various businesses mainly as follows:

First, steadily promote the real estate business. In the real estate business, promote the development of new projects with high quality and high efficiency, and increase sales efforts at the same time, and actively reduce the inventory building. Under the concerted efforts of the company, the newly developed Tianxi project has began presale in late June.

Second, lay a solid foundation for production and market. The business of hydrogen energy and new materials has been promoted in an orderly manner, further improve the performance of each product, optimize product quality, vigorously explore the market, actively connect with customers, and lay a solid foundation for the industrialization and marketization of products. During the reporting period, alumina short fiber and hydrogen fuel cells were in the stage of small batch production and sales, and hydrogen production equipment was being optimized and upgraded, and road tests were carried out.

Third, increase investment in research and development and enhance core competitiveness. During the reporting period, the company continued to focus on technology research and development and product upgrades, and strived to enhance and improve the competitiveness of core technologies and products. Up to now, the company has obtained 47 R&D patents, including 11 invention patents, 33 new patents and 3 appearance patents.

Fourth, accelerate the construction of Dongguan Dongfeng New Energy Equipment Industry Base. At present, the main construction projects of the Industrial Park have been completed, including plants No. 1-9 and the scientific research building No.10-12. The outdoor pipe network, water and electricity, fire protection, roads, greening and other projects are underway and are expected to be officially put into use this year.

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

Project under construction	Area	Equity ratio	Start-up time	Floor space	Calculated building area	Completed building area	Estimated investment amount	Actual invested amount

					(m ²)	(m ²)	(hundred million yuan)	(hundred million yuan)
Tianxi	Chengde	100%	2018.10	25128.90	43472	0	3.8	1.19

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

Project name	Area	Equity ratio	Type of operation	Saleable area at the beginning of the period (m ²)	Pre-sale area in current period (m ²)	Settlement area in current period (m ²)
Nanjiang –Huijing Tiandi	Chengde	100%	Residence	5,270.25	1,580.3	3,712.49
			Commerce	2,071.34	1,859.96	3,197.06
			Total	7,341.59	3,440.26	6,909.55
Tianxi	Chengde	100%	Residence	0	2397.05	0

During the reporting period, the company's financing situation was as follows:

Financing category	Credit amount (ten thousand yuan)	Financing balance (ten thousand yuan)	Financing cost	Financing period
Bank loan	20000	19800	6.88%	5 years

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 39,43 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.

During the reporting period, the company did not have any 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	33,371,413.48	79,815,868.78	-58.19%	Sales of real estate decreased in the current period.
Operating costs	28,218,727.77	71,967,495.21	-60.79%	Sales of real estate decreased in the current period.
Sales expenses	9,979,002.00	4,902.12	203,465.03%	Sales agency fees are incurred in this period.

Administration expenses	19,348,119.51	14,487,054.73	33.55%	The increase in intermediary fees in the current period.
Finance expenses	80,238.95	-1,144,471.62	107.01%	The decrease of interest income in the current period.
Income tax expenses		110,309.68	-100.00%	
Net cash flow arising from operating activities	14,248,031.11	33,925,293.02	-58.00%	The decrease in sales revenue in the current period.
Net cash flow arising from investment activities	-50,183,771.17	-73,486,580.11	31.71%	The investment return increased on a y-o-y basis in the period
Net cash flow arising from financing activities	56,125,613.16	2,023,800.00	2,673.28%	Obtain loan in the current period.
Net increase of cash and cash equivalent	20,189,873.10	-37,271,470.49	154.17%	Obtain loan in the current period.

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	30,461,034.34	25,343,639.52	16.80%	-60.43%	-63.19%	6.24%
Other industry	2,910,379.14	2,875,088.25	1.21%	2.69%	-7.63%	11.04%
According to products						
Real estate sales	30,461,034.34	25,343,639.52	16.80%	-60.43%	-63.19%	6.24%
Property management and other	2,910,379.14	2,875,088.25	1.21%	2.69%	-7.63%	11.04%
According to region						
Chengde region	33,371,413.48	28,218,727.77	15.44%	-58.19%	-60.79%	5.61%

III. Analysis of the non-main business

√Applicable □ Not applicable

In RMB

	Amount	Ratio in total profit	Causes	Whether it is sustainable
Investment income	198,770.44	-0.79%	Income from financial products	No
Fair value change gains and losses	0.00			
Assets impairment	-474,939.83	1.89%	Provision for impairment of receivables.	No
Non operating income	864.03	0.00%		No
Non operating expenses	390,850.83	-1.55%	Sponsorship expenditure is formed in this period.	No
Income from assets disposal	831,663.08	-3.30%	Due to disposal of fixed assets	No

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	55,053,763.21	7.90%	35,513,286.88	7.69%	0.21%	
Account receivable	11,171.25	0.00%	17,608.00	0.00%	0.00%	
Inventory	138,341,067.72	19.85%	169,853,514.37	36.79%	-16.94%	This period is due to inventory sales.
Investment property					0.00%	
Long-term equity investment					0.00%	
Fix assets	17,398,133.22	2.50%	17,428,589.07	3.78%	-1.28%	
Construction in process	108,179,114.15	15.52%	9,541,317.29	2.07%	13.45%	This period is due to the investment in construction in process

Short-term loans					0.00%	
Long-term loans	172,210,000.00	24.71%	0.00		24.71%	Obtain loan in the current 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	1,350,973.12	2,793,908.11
Total	1,350,973.12	2,793,908.11

V. Investment

1. Overall situation

Applicable Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
100,000,000.00	60,000,000.00	66.67%

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 Technology Development	Technical development of new energy and	Increase capital	100,000,000.00	100.00%	Self-owned capital	N/A	---	Technical development of new energy and	Completed	--	-278,773.91	No	2019-03-14	"Notice of Investment from Controlling

ment Co., Ltd.	material s							material ls							Subsidiary” released on Securities Times, Hong Kong Comme rcial Daily and Juchao Website (www.c ninfo.co m.cn)
Total	--	--	100,00 0,000.0 0	--	--	--	--	--	--	--	-278,77 3.91	--	--	--	--

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 Kefeng Trading Co., Ltd.	Subsidiary	Sales of machinery equipment and mechanical & electrical products	8,500,000	318,463,608.04	257,574,273.91	0.00	-624,855.92	-624,855.92
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	15,589,260.48	15,519,915.28	0.00	-1,944,008.22	-1,944,008.22
Dongguan Dongfeng Technology Development Co., Ltd.	Subsidiary	Industrial investment in technology field, investment consultant and management, equity investment	200,000,000	241,178,352.57	198,901,313.04	0.00	-278,773.91	-278,773.91
Chengde Huijing Property	Subsidiary	Property management	500,000	1,086,083.20	-8,622,197.84	2,910,379.14	-656,692.99	-655,828.96

Services Co., Ltd.		service						
Dongguan Zhongchuang New Energy Technology Co., Ltd.	Subsidiary	Development and transfer of the new energy technology, new-type fuel battery	24,600,000	24,194,911.29	23,923,479.62	0.00	-354,817.41	-354,817.41
Dongguan Dongfeng Intelligent Technology Co., Ltd.	Subsidiary	R&D and sales of the intelligent products; engaged in the technical development and transfer in field of technology, technical consultant and services; R&D of the clean energy power equipment as well as the sales, technical transfer and consultant; R&D of the carrier with clean energy power, technical transfer and consultant	120,000,000	357,144,364.35	112,709,374.30	0.00	-1,461,754.97	-1,461,754.97
Dongguan Aolin New Materials Co., Ltd.	Subsidiary	Nano-fiber, functional ceramics and clean energy materials	25,000,000	22,226,271.91	21,840,175.96	0.00	-1,136,272.94	-1,136,272.94

Dongguan Haizhuo Energy Technology Co., Ltd.	Subsidiary	Development and marketing of the hydrogen energy products and special energy mechanical equipment, technical consultation and services for hydrogen energy and power	25,000,000	24,555,566.20	24,387,755.86	0.00	-480,467.00	-480,467.00
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Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Notes of holding and shareholding companies

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prediction of business performance from January – September 2019

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
First Extraordinary shareholders general meeting 2019	Extraordinary shareholders general meeting	39.56%	2019-01-21	2019-01-22	Securities Times, Hong Kong Commercial Daily and Juchao Website http://www.cninfo.com.cn
Annual General Meeting of 2018	AGM	39.65%	2019-06-13	2019-06-14	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

There are no commitments that the actual controller, shareholder, related parties, buyer and committed party as the Company etc. have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

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

Financial report has been audited 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 arbitration 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	17,421	The joint liability guaranty; mortgage; pledge	5-year	No	No
Total amount of approving guarantee for subsidiaries in report period (B1)				0	Total amount of actual occurred guarantee for subsidiaries in report period (B2)		7,250	
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)		19,800	
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 above mentioned guarantee)								
Total amount of approving				0	Total amount of actual		7,250	

guarantee in report period (A1+B1+C1)		occurred guarantee in report period (A2+B2+C2)	
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)	19,800
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company			62.25%
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)			3,925.29
Total amount of the aforesaid three guarantees (D+E+F)			3,925.29
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 belong 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

1) On March 12, 2019, the company signed an *Equity Transfer Agreement* with Ms. Yu Jie, a natural person, that the company transfers 100% stock equity of its wholly-owned subsidiary Nanjiang Asia Investment Co., Ltd. to Ms. Yu Jie at a transfer price of RMB 5.55 million.

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

Progress of shares buy-back

Applicable Not applicable

On October 22, 2018, the company held the 4th session of the seventh board of directors which reviewed and approved the *Proposal on the Repurchase of Company Shares by Centralized Bidding*, and the second extraordinary shareholders meeting of 2018 held on November 7, 2018 reviewed and approved the above proposal. On November 14, 2018, the company disclosed the *Repurchase Report on the Repurchase of Company Shares by Centralized Bidding* (Announcement No.: 2018-062). The company implemented the repurchase for the first time

on December 6, 2018, and disclosed the *Announcement on the First Repurchase of the Company's Shares* (Announcement No.: 2018-070) on December 7, 2018. For details of the above, please refer to the relevant announcements disclosed by the company on *Securities Times*, *Hong Kong Commercial Daily* and <http://www.cninfo.com.cn>. The progress of the company's share repurchase was as follows:

Ended as the reporting period, the company repurchased the company's shares of 28,307,783 shares through a stock repurchase special security account by centralized bidding transactions, accounting for 4.01% of the company's total share capital, of which the highest transaction price was HK\$1.18/share, the lowest transaction price was HK\$1.09/share, and the total amount paid was HK\$32,095,614.32 (excluding transaction fees). Found more as:

Repurchased date	Amount repurchased	Ceiling price (HKD)	Bottom price (HKD)	Price repurchased (HKD)	Ratio in total share capital	Announcement index
2018.12.6	6,586,658	1.14	1.11	7,449,626.48	0.93%	<i>Notice on the First Repurchase of Company's Shares</i> (No.:2018-070)
2018.12.20	12,864,055	1.14	1.09	14,529,142.54	1.82%	<i>Notice on the Repurchase of 2% of the Company's Shares Capital</i> (No.:2018-075)
2018.12.27	4,994,970	1.18	1.12	5,697,753.10	0.71%	<i>Notice on the Repurchase of 3% of the Company's Shares Capital</i> (No.:2018-076)
2018.12.28	532,100	1.14	1.14	606,594.00	0.08%	<i>Notice on the Repurchase of 4% of the Company's Shares Capital</i> (No.:2019-006)
2019.1.29	3,330,000	1.16	1.14	3,812,498.20	0.47%	
Total	28,307,783			32,095,614.32	4.01%	

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of 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		17,620		Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (note 8)		0		
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	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	8.46%	59,722,845	-1,921,622	0	59,722,845		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	6.60%	46,638,726	-615,100	0	46,638,726		
Chengde North Industrial Corporation	Domestic non-state-owned legal person	2.62%	18,517,651	0	18,517,651	0		
Wang Zhongsong	Domestic nature person	1.89%	13,327,891	0	13,327,891	0		
Haitong International Securities Company Limited-Account Client	Overseas legal person	1.48%	10,438,075	-9,256,884	0	10,438,075		

Wang Wensheng	Domestic nature person	1.03%	7,258,007	0	0	7,258,007		
Su Youhe	Domestic nature person	1.02%	7,233,402	-517,545	0	7,233,402		
Zhou Haihong	Domestic nature person	0.95%	6,711,600	0	0	6,711,600		
CORE PACIFIC-YAM AICHI INTERNATIONAL (H.K.) LIMITED	Overseas legal person	0.86%	6,051,543	-830,700	0	6,051,543		
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.	59,722,845	Domestically listed foreign shares	59,722,845					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	46,638,726	Domestically listed foreign shares	46,638,726					
Haitong International Securities Company Limited-Account Client	10,438,075	Domestically listed foreign shares	10,438,075					
Wang Wensheng	7,258,007	Domestically listed foreign shares	7,258,007					
Su Youhe	7,233,402	Domestically listed foreign shares	7,233,402					

		shares	
Zhou Haihong	6,711,600	Domestically listed foreign shares	6,711,600
CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	6,051,543	Domestically listed foreign shares	6,051,543
Li Tianyun	5,246,584	Domestically listed foreign shares	5,246,584
Shenwan HongYuan Securities (Hong Kong) Co., Ltd.	4,995,920	Domestically listed foreign shares	4,995,920
Peng Wei	2,978,525	Domestically listed foreign shares	2,978,525
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 2018.

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

Applicable Not applicable

No changes of directors, supervisors and senior executives, found more details in Annual Report 2018.

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.

2019-06-30

In RMB

Item	2019-6-30	2018-12-31
Current assets:		
Monetary funds	55,053,763.21	36,306,825.10
Settlement provisions		
Capital lent		
Tradable financial assets		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Note receivable		
Account receivable	11,171.25	11,171.25
Receivable financing		
Accounts paid in advance	65,536,585.91	61,099,009.67
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	12,868,921.61	8,588,597.44

Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	138,341,067.72	151,585,557.50
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	17,257,840.46	37,786,874.66
Total current assets	289,069,350.16	295,378,035.62
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Finance asset available for sales		16,331,037.08
Other debt investment		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument	16,331,037.08	
Other non-current financial assets		
Investment real estate		
Fixed assets	17,398,133.22	17,302,279.65
Construction in progress	108,179,114.15	101,650,833.16
Productive biological asset	77,262.50	121,437.50
Oil and gas asset		
Right-of-use assets		
Intangible assets	55,660,162.47	56,686,960.59
Expense on Research and Development	21,630,362.80	13,346,410.47
Goodwill	1,543,786.41	1,543,786.41
Long-term expenses to be apportioned	244,302.74	266,884.56
Deferred income tax asset		

Other non-current asset	186,853,053.40	121,743,152.36
Total non-current asset	407,917,214.77	328,992,781.78
Total assets	696,986,564.93	624,370,817.40
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Transactional financial liability		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Note payable		
Account payable	3,626,056.85	6,668,789.67
Accounts received in advance	60,155,267.41	16,269,319.99
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	1,078,748.82	981,089.59
Taxes payable	318,487.97	921,967.58
Other account payable	114,627,139.72	118,570,218.85
Including: Interest payable		193,333.41
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Contractual liability		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	179,805,700.77	143,411,385.68
Non-current liabilities:		

Insurance contract reserve		
Long-term loans	172,210,000.00	101,710,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable		
Accrual liability		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	172,210,000.00	101,710,000.00
Total liabilities	352,015,700.77	245,121,385.68
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	28,826,485.70	19,718,613.55
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	76,791,550.17	76,791,550.17
Provision of general risk		
Retained profit	-899,898,115.99	-875,480,247.09
Total owner's equity attributable to parent company	318,068,258.03	351,593,999.08
Minority interests	26,902,606.13	27,655,432.64
Total owner's equity	344,970,864.16	379,249,431.72
Total liabilities and owner's equity	696,986,564.93	624,370,817.40

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	2019-6-30	2018-12-31
Current assets:		
Monetary funds	48,271,650.80	28,933,135.09
Transactional financial assets		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Note receivable		
Account receivable		
Receivable financing		
Accounts paid in advance	63,394,718.20	60,821,190.73
Other account receivable	18,975,344.61	80,991,042.06
Including: Interest receivable		
Dividend receivable		
Inventories	137,311,380.72	150,581,753.98
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,195,788.49	24,163,071.63
Total current assets	269,148,882.82	345,490,193.49
Non-current assets:		
Debt investment		
Available-for-sale financial assets		16,331,037.08
Other debt investment		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	372,803,036.40	272,803,036.40

Investment in other equity instrument	16,331,037.08	
Other non-current financial assets		
Investment real estate		
Fixed assets	1,398,249.69	1,551,517.36
Construction in progress		
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets		
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	390,532,323.17	290,685,590.84
Total assets	659,681,205.99	636,175,784.33
Current liabilities		
Short-term borrowings		
Transactional financial liability		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Account payable	2,971,984.67	6,263,184.67
Accounts received in advance	59,853,495.75	14,427,450.03
Contractual liability		
Wage payable	295,130.64	257,362.42
Taxes payable	104,058.87	125,482.71
Other accounts payable	441,038,568.55	432,985,336.27
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within		

one year		
Other current liabilities		
Total current liabilities	504,263,238.48	454,058,816.10
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	504,263,238.48	454,058,816.10
Owners' equity:		
Share capital	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	28,826,485.70	19,718,613.55
Other comprehensive income		
Special reserve		
Surplus reserve	76,791,550.17	76,791,550.17
Retained profit	-1,055,436,221.51	-1,037,845,092.94
Total owner's equity	155,417,967.51	182,116,968.23
Total liabilities and owner's equity	659,681,205.99	636,175,784.33

3. Consolidated Profit Statement

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Total operating income	33,371,413.48	79,815,868.78
Including: Operating income	33,371,413.48	79,815,868.78
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	58,707,615.78	88,084,229.50
Including: Operating cost	28,218,727.77	71,967,495.21
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	1,081,527.55	2,769,249.06
Sales expense	9,979,002.00	4,902.12
Administrative expense	19,348,119.51	14,487,054.73
R&D expense		
Financial expense	80,238.95	-1,144,471.62
Including: Interest expenses		
Interest income	26,346.24	894,404.17
Add: other income		2,890,000.00
Investment income (Loss is listed with "-")	198,770.44	133,320.88
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured		

by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)	-474,939.83	
Income from assets disposal (Loss is listed with “-”)	831,663.08	-18,684.68
III. Operating profit (Loss is listed with “-”)	-24,780,708.61	-5,263,724.52
Add: Non-operating income	864.03	3,121.00
Less: Non-operating expense	390,850.83	2,607.78
IV. Total profit (Loss is listed with “-”)	-25,170,695.41	-5,263,211.30
Less: Income tax expense		110,309.68
V. Net profit (Net loss is listed with “-”)	-25,170,695.41	-5,373,520.98
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	-25,170,695.41	-5,373,520.98
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-24,417,868.90	-5,210,758.22
2.Minority shareholders’ gains and losses	-752,826.51	-162,762.76
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 of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.gain/loss of fair value changes for available-for-sale financial assets		
4.Amount of financial assets re-classify to other comprehensive income		
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6.Credit impairment provision for other debt investment		
7.Cash flow hedging reserve		
8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-25,170,695.41	-5,373,520.98

Total comprehensive income attributable to owners of parent Company	-24,417,868.90	-5,210,758.22
Total comprehensive income attributable to minority shareholders	-752,826.51	-162,762.76
VIII. Earnings per share:		
(i) Basic earnings per share	-0.035	-0.007
(ii) Diluted earnings per share	-0.035	-0.007

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	Semi-annual of 2019	Semi-annual of 2018
I. Operating income	30,461,034.34	76,981,775.06
Less: Operating cost	25,343,639.52	68,854,852.81
Taxes and surcharge	576,407.59	2,330,768.90
Sales expenses	9,972,717.45	
Administration expenses	11,730,063.17	5,464,817.12
R&D expenses		
Financial expenses	-30,943.47	-1,783.91
Including: interest expenses		
Interest income		
Add: other income		2,890,000.00
Investment income (Loss is listed with “-”)	148,717.94	36,288,157.57
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		

Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)	-357,903.38	1,221,802.00
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	-17,340,035.36	40,733,079.71
Add: Non-operating income		
Less: Non-operating expense	251,093.21	2,301.69
III. Total Profit (Loss is listed with “-”)	-17,591,128.57	40,730,778.02
Less: Income tax		
IV. Net profit (Net loss is listed with “-”)	-17,591,128.57	40,730,778.02
(i)continuous operating net profit (net loss listed with “-”)	-17,591,128.57	40,730,778.02
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive		

income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.gain/loss of fair value changes for available-for-sale financial assets		
4.Amount of financial assets re-classify to other comprehensive income		
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6.Credit impairment provision for other debt investment		
7.Cash flow hedging reserve		
8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
VI. Total comprehensive income	-17,591,128.57	40,730,778.02
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	71,181,446.41	41,330,719.96
Net increase of customer deposit and interbank deposit		
Net increase of loan from central		

bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received		19,411.90
Other cash received concerning operating activities	38,650,193.44	45,480,140.88
Subtotal of cash inflow arising from operating activities	109,831,639.85	86,830,272.74
Cash paid for purchasing commodities and receiving labor service	23,741,457.32	2,393,155.64
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of financial assets held for transaction purposes		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	11,686,149.72	11,135,618.06

Taxes paid	2,872,965.62	28,912,052.61
Other cash paid concerning operating activities	57,283,036.08	10,464,153.41
Subtotal of cash outflow arising from operating activities	95,583,608.74	52,904,979.72
Net cash flows arising from operating activities	14,248,031.11	33,925,293.02
II. Cash flows arising from investing activities:		
Cash received from recovering investment	56,900,000.00	8,900,000.00
Cash received from investment income	153,949.66	47,503.07
Net cash received from disposal of fixed, intangible and other long-term assets	623,640.00	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	57,677,589.66	38,201,503.07
Cash paid for purchasing fixed, intangible and other long-term assets	71,861,360.83	118,301,007.55
Cash paid for investment	36,000,000.00	
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	107,861,360.83	111,688,083.18
Net cash flows arising from investing activities	-50,183,771.17	-73,486,580.11
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	72,500,000.00	
Cash received from issuing bonds		
Other cash received concerning financing activities	1,468,200.00	2,558,600.00
Subtotal of cash inflow from financing activities	73,968,200.00	2,558,600.00
Cash paid for settling debts	2,000,000.00	
Cash paid for dividend and profit distributing or interest paying	6,712,514.69	
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	9,130,072.15	534,800.00
Subtotal of cash outflow from financing activities	17,842,586.84	534,800.00
Net cash flows arising from financing activities	56,125,613.16	2,023,800.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		266,016.60
V. Net increase of cash and cash equivalents	20,189,873.10	-37,271,470.49
Add: Balance of cash and cash equivalents at the period -begin	33,512,916.99	68,107,388.69
VI. Balance of cash and cash equivalents at the period -end	53,702,790.09	30,835,918.20

6. Cash Flow Statement of Parent Company

In RMB

Item	Semi-annual of 2019	Semi-annual of 2018
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor	69,729,459.05	39,669,174.08

services		
Write-back of tax received		19,411.90
Other cash received concerning operating activities	138,321,012.21	92,306,663.50
Subtotal of cash inflow arising from operating activities	208,050,471.26	131,995,249.48
Cash paid for purchasing commodities and receiving labor service	12,747,914.55	7,056,722.87
Cash paid to/for staff and workers	4,622,640.41	3,152,939.13
Taxes paid	1,734,963.45	7,392,154.60
Other cash paid concerning operating activities	78,906,698.00	117,720,242.64
Subtotal of cash outflow arising from operating activities	98,012,216.41	135,322,059.24
Net cash flows arising from operating activities	110,038,254.85	-3,326,809.76
II. Cash flows arising from investing activities:		
Cash received from recovering investment	52,300,000.00	
Cash received from investment income	148,717.94	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	52,448,717.94	47,503.07
Cash paid for purchasing fixed, intangible and other long-term assets	4,604,858.63	
Cash paid for investment	128,300,000.00	
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning		

investing activities		
Subtotal of cash outflow from investing activities	132,904,858.63	
Net cash flows arising from investing activities	-80,456,140.69	47,503.07
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	1,468,200.00	2,558,600.00
Subtotal of cash inflow from financing activities	1,468,200.00	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	10,268,863.46	534,800.00
Subtotal of cash outflow from financing activities	10,268,863.46	534,800.00
Net cash flows arising from financing activities	-8,800,663.46	2,023,800.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	20,781,450.70	-1,255,506.69
Add: Balance of cash and cash equivalents at the period -begin	26,139,226.98	5,394,019.29
VI. Balance of cash and cash equivalents at the period -end	46,920,677.68	4,138,512.60

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

This Period

In RMB

Item	Semi-annual of 2019
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	Owners' equity attributable to parent company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses	Provision of general risk	Retained profit	Other			Subtotal
		Preferred stock	Perpetual capital securities	Other											
I. Balance at the end of the last year	706,320,000.00				463,681,309.55	19,718,613.55			76,791,550.17		-875,480,247.09		351,593,999.08	27,655,432.64	379,249,431.72
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	19,718,613.55			76,791,550.17		-875,480,247.09		351,593,999.08	27,655,432.64	379,249,431.72
III. Increase/Decrease in this year (Decrease is listed with "-")						9,107,872.15					-24,417,868.90		-33,525,741.05	-752,826.51	-34,278,567.56
(i) Total comprehensive income											-24,417,868.90		-24,417,868.90	-752,826.51	-25,170,695.41
(ii) Owners' devoted and decreased capital						9,107,872.15							-9,107,872.15		-9,107,872.15
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					9,107,872.15								-9,107,872.15	-9,107,872.15
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk provisions														
3. Distribution for owners (or shareholders)														
4. Other														
(IV) Carrying forward internal owners' equity														
1. Capital reserves converted to capital (share capital)														
2. Surplus reserves converted to capital (share capital)														
3. Remedying loss with surplus reserve														
4. Carry-over retained earnings from the defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Other														
(V) Reasonable reserve														
1. Withdrawal														

in the report period																		
2. Usage in the report period																		
(VI)Others																		
IV. Balance at the end of the report period	706,320,000.00				463,681,309.55	28,826,485.70				76,791,550.17			-899,898,115.99			318,068,258.03	26,902,606.13	344,970,864.16

Last Period

In RMB

Item	Semi-annual of 2018														Minority interests	Total owners' equity		
	Owners' equity attributable to parent company												Subtotal					
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other						
Preferred stock		Perpetual capital securities	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			363,928,776.87	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			363,928,776.87	18,855,204.34	382,783,981.21
III. Increase/Decrease in this year (Decrease is listed with "-")													-5,210,758.22			-5,210,758.22	9,464,062.33	4,253,304.11
(i) Total comprehensive													-5,210,758.22			-5,210,758.22	-162,766.23	-5,373,024.43

income											758.22		758.22	2.76	520.98
(ii) Owners' devoted and decreased capital														9,626,825.09	9,626,825.09
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														9,626,825.09	9,626,825.09
(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. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI)Others															
IV. Balance at the end of the report period	706,320,000.00				463,681,309.55				76,791,550.17		-888,074,841.07		358,718,018.65	28,319,266.67	387,037,285.32

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

This Period

In RMB

Item	Semi-annual of 2019											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferr ed stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	706,320,000.00				456,569,124.55	19,718,613.55			76,791,550.17	-1,037,845,092.94		182,116,968.23
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	19,718,613.55			76,791,550.17	-1,037,845,092.94		182,116,968.23
III. Increase/Decrease in this year (Decrease is listed with "-")						9,107,872.15				-17,591,128.57		-26,699,000.72
(i) Total comprehensive income										-17,591,128.57		-17,591,128.57
(ii) Owners' devoted and decreased capital						9,107,872.15						-9,107,872.15
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						9,107,872.15						-9,107,872.15
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying												

loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	706,320,000.00				456,569,124.55	28,826,485.70			76,791,550.17	-1,055,436,221.51		155,417,967.51

Last period

In RMB

Item	Semi-annual of 2018											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	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	-1,101,450,517.19		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 “-”)										40,730,77 8.02		40,730,778. 02
(i) Total comprehensive income										40,730,77 8.02		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 conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedying loss with surplus reserve												

4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	706,320,000.00				456,569,124.55				76,791,550.17	-1,060,719,739.17		178,960,935.55

III. Company profile

(i) Registered place, organization structure and head office of the Company

Dongfeng Sci-Tech. Group Co., Ltd. (Hereinafter referred to as Dongfeng Sci-Tech. Group or 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 Zhongsong, 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, being verified and approved by Chengde Administration for Industry and Commerce, the Company's name 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 ecological agriculture and technology promotion service, wholesales of ecological 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

Dongfeng Sci-Tech Group belongs to the development operation of real estate business, subsidy engaged in new energy, new materials, property management and agricultural farming and breeding

(iv) Report approval for the financial statement

The statement has been approved by all Directors of the Company dated 28 August 2019 for reporting.

Totally 16 subjects are included in consolidate financial statement, mainly including the follow except the Company:

Subsidiaries	Type	Level	Shareholding ratio (%)	Voting rights ratio (%)
Chengde Kefeng Engineering Project Management Co. Ltd.(hereinafter referred to as “Kefeng Engineering”)	Wholly-owned subsidiary	1	100.00	100.00
Chengde Dongfeng Investment Co., Ltd(hereinafter referred to as “Dongfeng Investment ”)	Wholly-owned subsidiary	1	100.00	100.00
Nanjiang Asia Investment Co., Ltd(hereinafter referred to as “Nanjiang Asia ”)	Wholly-owned subsidiary	1	100.00	100.00
Chengde Kefeng Trading Co., Ltd.(hereinafter referred to as “Kefeng Trading ”)	Wholly-owned subsidiary	1	100.00	100.00
Hangzhou Dongfeng Technology Co. Ltd(hereinafter referred to as “Hangzhou Dongfeng”)	Wholly-owned subsidiary	1	100.00	100.00
Dongguan Dongfeng Technology Development Co., Ltd(hereinafter referred to as “Dongguan Dongfeng Technology ”)	Controlling subsidiary	1	100.00	100.00
Chengde Kefeng Aerospace Technology Development Co. Ltd(hereinafter referred to as “Kefeng Aerospace ”)	Wholly-owned subsidiary	1	100.00	100.00
Dongguan Dongfeng Power Tech. Co., Ltd.(hereinafter referred to as “Dongfeng Power ”)	Controlling subsidiary	1	100.00	100.00
Chengde Dongfeng Ecological Agriculture Co., Ltd(hereinafter referred to as “Ecological Agriculture”)	Wholly-owned sub-subsiary	2	100.00	100.00
Chengde Nanjiang Technology Co. Ltd(hereinafter referred to as “Nanjiang Technology ”)	Wholly-owned sub-subsiary	2	100.00	100.00
Chengde Huijing Property Services Co., Ltd(hereinafter referred to as “Huijing Property ”)	Wholly-owned sub-subsiary	2	100.00	100.00

Dongguan Zhongchuang New Energy Technology Co., Ltd.(hereinafter referred to as “Zhongchuang New Energy”)	Controlling sub-subsidiary	2	60.98	60.98
Dongguan Dongfeng Intelligent Technology Co., Ltd.(hereinafter referred to as “Dongguan Dongfeng Intelligent ”)	Wholly-owned sub-subsidiary	2	100.00	100.00
Dongguan Aolin New Materials Co., Ltd.(hereinafter referred to as “Aolin New Materials ”)	Controlling sub-subsidiary	2	62.00	62.00
Dongguan Haizhuo Energy Technology Co., Ltd.(hereinafter referred to as “Haizhuo Energy ”)	Controlling sub-subsidiary	2	62.00	62.00

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 Standards for Business Enterprises- Basic Standard* 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 associated enterprise Runhua RW, 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

Notice of specific accounting policy and estimation:

Nil

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

Except for the real estate business, operating cycle of other business is 12 months; The operating cycle of real estate is determined by

the development conditions. Generally has over 12 months from development, sales to the completion of delivery.

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 invested enterprise directly disposes of relevant assets or liabilities; other changes of owners' equity in the net assets of invested enterprise 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:

- ① the contracts or agreements relating to business combination has been approved by the internal authority of the Company.

- ② consent from the national competent authorities relating to business combination, if required, has been obtained.
- ③ necessary property transfer procedure has been completed.
- ④ the Company has paid a majority of the consolidated consideration, and it is capable of and scheduled to pay the outstanding balance.
- ⑤ the 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 invested enterprise 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 existing since the ultimate controller starts controlling.

If the control can be implemented to the invested enterprises 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 invested enterprises 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 invested enterprises.

(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 invested enterprises 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 invested enterprises.

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 instrument is the contract that taken shape of the financial assets for an enterprise and of the financial liability or equity instrument for other units. A financial asset or liability is recognized when the group becomes a party to a financial instrument contract.

Financial instrument of the Company including monetary funds, account receivable, the equity investment except for long-term equity investment, trading financial assets, derivative financial instrument, account payable, loans, bond payable and share capital etc.

(1) Classification and follow-up measurement of financial assets

1) Classification:

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, at initial recognition, the Company classifies the financial assets into different types: the financial assets measured at amortized cost, the financial assets measured at fair value and whose changes are included in other comprehensive income, and the financial assets measured at fair value and whose changes are included in current profit or loss.

The financial assets meet the following conditions simultaneously and such assets are not designated as the financial assets measured at fair value and whose changes are included in current gains/losses, are classified as the financial assets measured at amortized cost:

- ① The business mode for such financial assets are managed aims to collect contractual cash flows;
- ② as regulated in the contract, the cash flows generated on a specific date are only the payment for the principal and the interest based on the outstanding principal amount.

The financial assets meet the following conditions simultaneously and such assets are not designated as the financial assets measured at fair value and whose changes are included in current gains/losses, are classified as the financial assets measured at fair value and whose changes are included in other comprehensive income:

- ① The Company's business model for managing such financial assets is to target at both the collection of contractual cash flows and

the sale;

②as regulated in the contract, the cash flows generated on a specific date are only the payment for the principal and the interest based on the outstanding principal amount.

At initial recognition, the Company irrevocably designated the investment of non-trading equity instrument as the financial assets measured at fair value and whose changes are included in other comprehensive income. Once the designation has been made, it shall not be revoked.

Except for the above financial assets measured at amortized cost and measured at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and whose changes are included in current profit or loss. In the initial recognition, if the accounting mismatch can be eliminated or significantly reduce, the Company irrevocably designated the financial assets as the financial assets measured at fair value and whose changes are included in current gains/losses. For the debt instrument and derivative financial assets held without measured at amortized cost and measured at fair value and whose changes are included in other comprehensive income, the Company listed them as the trading financial assets, measured at fair value and with its variation included in current gains/losses. If the assets maturity exceed one year since the balance sheet date and expected to holds for over one year, it shall be listed as other non-current financial assets.

2) Follow-up measurement of the financial assets

① Financial assets measured at fair value and with its variation included in current gains/losses

After initial recognition, follow-up measurement of such financial assets are made at fair value. The gains or losses (interest and dividend revenue included) are reckoned into current gains/losses, unless the financial asset is part of the hedging relationship.

②Equity instrument investment measured at fair value and with its variation included in other comprehensive income

After initial recognition, follow-up measurement of such financial assets are made at fair value. The dividend revenue is reckoned into gains/losses and other gains or losses are reckoned into other comprehensive income.

When being derecognized, the accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recognized in current profit and loss.

③ Financial assets measured at amortized cost

After initial recognition, such financial assets are measured at amortized cost by using the effective interest method. Gains or losses arising from financial assets which are measured at amortized cost and are not a component of any hedging relationship are included in current profit or loss when being derecognized, amortized by effective interest method, or impaired and reckoned into current gains/losses.

(2) Classification and follow-up measurement of financial liability

The Company classified the financial liability to financial liability measured at fair value and whose changes are included in current gains/losses and those measured by amortized costs.

1) Financial liability measured at fair value and whose changes are included in current gains/losses

Such financial liabilities include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in current gain and loss.

After the initial recognition, such financial liabilities are subsequently measured at fair value, in addition to relevant to the hedge accounting, the gains or losses (including interest expenses) arising from changes in the fair value of the financial liabilities are included in current profit and loss.

2) Financial liabilities measured at amortized cost

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

(3) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset by each other. However, when meeting the following conditions, the net amount offset by each other shall be presented in the balance sheet:

- ① The Company has statutory powers to offset the confirmed amount, and such statutory powers are currently enforceable;
- ② The Company plans to settle by net assets, or realize the financial assets and liquidate the financial liabilities at the same time.

(4) Termination of recognition for financial assets and financial liability

The financial assets shall be terminated for recognition if meets one of the following conditions:

- ① the contractual right to receive the cash flow of the financial asset is terminated;
- ② the financial asset has been transferred, and the Company has transferred almost all the risks and remuneration of ownership of the financial assets to the transferee ;
- ③ the financial asset has been transferred., although the Company has neither transferred nor retained almost all remuneration of the financial assets, it does not retain control over the financial asset.

(5) Impairment

Based on the expected credit losses, the Company performs impairment accounting treatment on financial assets measured at amortized cost and confirms the loss provision. Other financial assets measured at fair value held by the Company are not applicable to the expected credit loss model, including the equity instrument investments measured at fair value and whose changes are included in current profit and loss, the equity instrument investments designated to be measured at fair value and whose changes are included in other comprehensive income, and the derivative financial assets.

1) Measurement of expected credit losses

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows that the Company discounts at the original actual interest rate and are receivable in accordance with contract and all cash flows expected to be received, that is, the present value of all cash shortages. For accounts receivable, the Company always measures the loss provisions based on the amount of expected credit loss for the entire duration. The Company calculates the expected credit losses of the above financial assets based on historical credit loss experience. Relevant historical experience is adjusted based on the specific factors of the receivables on the balance sheet date and the assessment of current conditions and future economic conditions.

Except for accounts receivable, the Company measures the loss provisions for financial instruments that meet the following conditions in accordance with the amount of expected credit losses in the next 12 months, and measures the loss provisions for other financial instruments in accordance with the amount of expected credit losses for the entire duration.

- ① The financial instrument only has a lower credit risk on the balance sheet date;
- ② The credit risk of the financial instrument has not increased significantly since the initial recognition.

2) Lower credit risk

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

3) Significant increase in credit risk

The Company compares the risk of default of the financial instruments on the balance sheet date with the risk of default on the initial

recognition date to determine the relative change in default risk of the financial instruments during the expected duration, and to assess whether the credit risk of the financial instruments has increased significantly since initial recognition.

When determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidence-based information that can be obtained without unnecessary additional costs or efforts, including forward-looking information. If the overdue period exceeds 30 days, the Company shall determine that the credit risk of financial instruments has increased significantly.

4) Financial assets with credit impairment

On the balance sheet date, the Company assesses whether the financial assets measured at amortized cost have credit impairment. When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

- ① The issuer or the debtor has significant financial difficulties.
- ② The debtor breaches the contract, such as repayment of interest or principal default or overdue.
- ③ The Company gives concessions to the debtor which will not be made in any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor.
- ④ The debtor is likely to go bankrupt or carry out other financial restructuring.
- ⑤ The financial difficulties of the issuer or the debtor have caused the active market of the financial assets to disappear.
- ⑥ Purchase or originate a financial asset at a substantial discount, and the discount reflects the fact that credit losses have occurred.

5) Financial instrument portfolios

According to the nature of financial instruments, the Company evaluates the expected credit loss information based on a single financial instrument or a financial instruments portfolio. The basis for the determination of a single financial instrument and a financial instruments portfolio is as follows:

Portfolio	Basis and accrual method of the credit loss impairment
Loss impairment of financial instrument accrual on single basis	If there is evidence that the credit risk of a single receivable is large, the loss provision shall be separately made for the receivable, and the loss provision is made based on the difference between the present value of its future cash flow and its book value.
Financial instrument Portfolio I	The portfolio is divided according to the credit risk characteristics of the debt unit, mostly the accounts receivables from the related parties of the Company that have not been impaired after being tested separately, and the possibility of credit loss of such receivables is extremely small. This portfolio makes loss provisions by zero to one thousandth.
Financial instrument Portfolio II	This portfolio is the part other than the portfolio one and the receivables making a single provision for loss. This portfolio makes loss provisions for receivables based on historical loss experience and aging analysis method.

6) Presentation of the expected credit loss provision

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the increase or reversal amount of the loss provisions resulting from this shall be treated as impairment losses or gains and included in the current profit. For a financial asset measured at amortized cost, the loss provision offsets the book value of the financial assets shown in the balance sheet.

7) Charge-off

If the Company no longer reasonably expects that the financial asset contract cash flow can be fully or partially recovered, the book balance of the financial asset shall be directly written down. Such write-downs constitute the derecognition of related financial assets. This situation usually occurs when the Group determines that the debtor has no assets or sources of income to generate sufficient cash flow to cover the amount that will be written down. However, according to the Company's procedures for recovering the due fund, the financial assets that have been written down may still be affected by the execution activities.

If the financial assets that have been written down are recovered in the future, they shall be taken as the reversal of the impairment loss and be included in the profit or loss of the current period.

11. Note receivable

12. Account receivable

1.Account receivable with single significant amount and withdrawal bad debt provision on single basis:

Recognition criteria:

Specific standards for single significant account: the amount has over one million Yuan.

Accrual 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. Account receivable with bad debt provision accrual on portfolio

(1) Accrual method recognized according to the credit risk characteristic portfolio:

Bad debt provision accrual by aging analysis:

Account age	Accrual ratio for account receivable(%)	Accrual ratio for other account receivable(%)
Within one year (one year included)	5	5
1—2 years	20	20
2—3 years	50	50
Over 3 years	100	100

Determine basis for credit risk characteristic:

Receivables with insignificant single amount are divided into several portfolios together with the receivables with significant single amount that have not been impaired after the separate test according to the credit risk characteristics, the company determines the bad debt provisions to be made based on the actual loss rate of the receivables portfolio with similar credit risk characteristics in previous years and combined with the current situation.

(2)Accrual method recognized according to the credit risk characteristic portfolio:

Basis for determining the portfolio:

Portfolio	Accrual method	Basis for determining the portfolio
Related parties in consolidate scope	Without bad debt provision accrual	The related parties included in consolidate scope
No risks	Without bad debt provision accrual	According to the nature of the business, it is determined that there is no credit risk, mainly including employee borrowings and payments from

		relevant government functional departments.
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3.Account receivable with single minor amount but with bad debt provision accrual on single basis, disclosed the reasons and accrual method etc. for accrual on single basis

(1) Determining basis on account receivable with single minor amount but with bad debt provision accrual on single basis:

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.

(2) Accrual method for account receivable with single minor amount but with bad debt provision accrual on single basis:

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.

13. Account receivable financing

14. Other account receivable

Determining method and accounting treatment on the expected credit loss of other account receivable

15. Inventory

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, finished goods of polyethylene 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 IV(18)

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

(1) 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.

16. Contract assets

17. Contract cost

18. Assets held for sale

19. Creditors' investment

20. Other creditors' investment

21. Long-term account receivable

22. 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 invested enterprise'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 invested enterprise'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 invested enterprise 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 invested enterprise due to additional investment while no control is reached, the sum of fair value of the originally held equity investment as determined under *Accounting Standards for Business Enterprise No.22- Recognition and Measurement of Financial Instrument* 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 invested enterprise'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 invested enterprise 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 invested enterprise 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 invested enterprise 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 invested enterprise due to disposal of part equity investment, the remaining equity investment shall be calculated under *Accounting Standards for Business Enterprise No.22- Recognition and Measurement of Financial Instrument*, 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 invested enterprise 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 invested enterprise due to disposal of part equity investment, and if the remaining equity investment can exercise common control or significant influence over the invested enterprise, 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 invested enterprise due to disposal of part equity investment, and if the remaining equity investment cannot exercise common control or significant influence over the invested enterprise, *Accounting Standards for Business Enterprise No.22- Recognition and Measurement of Financial Instrument* 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 invested enterprise 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 invested enterprise, 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 invested enterprise, 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 invested enterprise, 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 invested enterprise with consideration of all facts and situations: (1) Has delegate in the board of directors or similar authority organs of invested enterprise; (2) Participate in establishing financial and operational policies of the invested enterprise; (3) Occur material transactions with the invested enterprise; (4) Delegate management to the invested enterprise; (5) Provide key technical data to the invested enterprise.

23. 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	Yearly depreciation (amortization)
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.

24. Fixed assets

(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 assets can be measured reliably.

(2) Depreciation method

Category	Method	Years for depreciation	Residual rate	Annual depreciation rate
Houses and buildings	Straight-line method	20.00-28.00	5.00	3.39%-4.75%
Machinery equipment	Straight-line method	4.00-5.00	5.00	19.00%-23.75%
Transportation equipment	Straight-line method	5.00-20.00	5.00	4.75%-19.00%
Other equipment	Straight-line method	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 leased asset at a predetermined price that is expected to be much lower than the fair value of the leased assets when the option is exercised. Therefore, it can be reasonably determine that the company will exercise this option on the lease start date. (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.

25. Construction in process

1. Classification of constructions under progress

The construction in process 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.

26. 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 assets 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 expenses 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 assets 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 saleable 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

27. Biological assets

1. Classification

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 is 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	Yearly 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.

28. Oil and gas assets

29. Right-of-use assets

30. 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 combined under common control, recognized book-keeping value by the book value of combined party; Intangible assets obtained by means of enterprise combined 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 useful 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 a planned investigation or research activity designed to acquire and understand new scientific or technological knowledge.

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) The way in which intangible assets generate economic benefits include proving that the products produced by the intangible assets exist in the market or that the intangible assets them selves exist in the market, that the intangible assets will be used internally and that their usefulness can be proved;
- (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.

31. 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.

32. Long-term expenses to be apportioned

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.

33. Contract liability

34. Employee compensation

(1) Accounting treatment of short-term remuneration

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 payable 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

35. Lease liability

36. 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.

37. 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 equity instruments with feasible rights

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 equity instruments of the feasible rights shall be amended accordingly. On the feasible date, the number of instruments of the feasible rights and interests is eventually predicted to be the same as the actual number of feasible rights.

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 exercise 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 feasible rights of 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 feasible rights, 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 canceled, 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 canceled.

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

39. Revenue

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

No

Whether implemented the new revenue standards

Yes 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.

40. Government grants

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;

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.

41. 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.

42. Lease

(1) Accounting treatment of operation lease

(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 payable, and the difference is taken as unrealized financing expenses. The identification 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: at the beginning of the lease, the Company recognizes the difference between the sum of financial lease receivable and the unsecured residual value and its present value as unrealized financing income, and recognized as rental income during the period of rents accepted; the initial direct expenses incurred by the Company in connection with the lease transaction are included in the initial measurement of financial lease receivable and the amount of revenue recognized during the lease period is reduced.

43. Other important accounting policies and accounting estimates

Discontinued operation

The Company recognizes a component as discontinued operation component if it meets any of the following conditions, it has been treated or classified as held for sale and can be distinguished from others:

(1)the component represents an independent major business or a separate major operation region.

(2)the component is a part of a related plan proposed for the purpose of treatment of an independent major business or a separate major operation region.

(3)the component is a subsidiary particularly acquired for resale.

Impairment loss, reverted amount and other operating gains and losses or disposal gains and losses of discontinued operation are presented in profit statement as profit or loss from discontinued operation.

44. Changes of main accounting policy and estimate

(1)Changes of accounting policies

Applicable Not-applicable

(2)Changes in important accounting estimates

Applicable Not-applicable

(3)Adjustment the financial statements at the beginning of the first year of implementation of new financial instrument standards, new revenue standards and new leasing standards

Applicable Not-applicable

Consolidate balance sheet

In RMB

Item	2018-12-31	2019-01-01	Adjustment
Current assets:			
Monetary fund	36,306,825.10	36,306,825.10	
Settlement provisions			
Capital lent			
Trading financial assets			
Financial assets measured on fair value and with its changes reckoned into the current loss/gain			
Derivative financial assets			
Note receivable			
Account receivable	11,171.25	11,171.25	
Receivables financing			
Accounts paid in advance	61,099,009.67	61,099,009.67	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivable	8,588,597.44	8,588,597.44	
Including: interest receivable			
Dividend receivable			
Buying back the sale of financial assets			
Inventory	151,585,557.50	151,585,557.50	
Contract assets			
Assets held for sale			
Non-current asset due within one year			
Other current assets	37,786,874.66	37,786,874.66	
Total current assets	295,378,035.62	295,378,035.62	
Non-current assets:			

Loans and payments on behalf			
Creditors' investment			
Financial assets available for sale	16,331,037.08		-16,331,037.08
Other creditors' investment			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investments			
Other equity instrument investment		16,331,037.08	16,331,037.08
Other non-current financial assets			
Investment real estate			
Fixed assets	17,302,279.65	17,302,279.65	
Construction in process	101,650,833.16	101,650,833.16	
Productive biological asset	121,437.50	121,437.50	
Oil and gas asset			
Right-of-use asset			
Intangible assets	56,686,960.59	56,686,960.59	
Expense on Research and Development	13,346,410.47	13,346,410.47	
Goodwill	1,543,786.41	1,543,786.41	
Long-term prepaid expenses	266,884.56	266,884.56	
Deferred income tax asset			
Other non-current asset	121,743,152.36	121,743,152.36	
Total non-current asset	328,992,781.78	328,992,781.78	
Total assets	624,370,817.40	624,370,817.40	
Current liabilities:			
Short-term loans			

Loan from central bank			
Capital borrowed			
Trading financial liability			
Financial liabilities measured on the fair value and with its changes reckoned into the current loss/gain			
Derivative financial liability			
Notes payable			
Accounts payable	6,668,789.67	6,668,789.67	
Accounts received in advance	16,269,319.99	16,269,319.99	
Selling financial asset of repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	981,089.59	981,089.59	
Taxes payable	921,967.58	921,967.58	
Other accounts payable	118,570,218.85	118,570,218.85	
Including: Interest payable	193,333.41	193,333.41	
Dividend payable			
Commission charge and commission payable			
Reinsurance payable			
Contract liability			
Liability held for sale			
Non-current liabilities due within one year			
Other current liabilities			

Total current liabilities	143,411,385.68	143,411,385.68	
Non-current liabilities:			
Insurance contract reserve			
Long-term loans	101,710,000.00	101,710,000.00	
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable			
Long-term wages payable			
Accrual liability			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	101,710,000.00	101,710,000.00	
Total liabilities	245,121,385.68	245,121,385.68	
Owners' equity:			
Share capital	706,320,000.00	706,320,000.00	
Other equity instrument			
Including: Preferred stock			
Perpetual capital securities			
Capital reserve	463,681,309.55	463,681,309.55	
Less: treasury stock	19,718,613.55	19,718,613.55	
Other comprehensive income			
Reasonable reserve			
Surplus reserve	76,791,550.17	76,791,550.17	

Provision of general risk			
Retained profit	-875,480,247.09	-875,480,247.09	
Total owner's equity attributable to parent company	351,593,999.08	351,593,999.08	
Minority interests	27,655,432.64	27,655,432.64	
Total owner's equity	379,249,431.72	379,249,431.72	
Total liabilities and owner's equity	624,370,817.40	624,370,817.40	

Explanation

Balance sheet of parent company

In RMB

Item	2018-12-31	2019-01-01	Adjustment
Current assets:			
Monetary fund	28,933,135.09	28,933,135.09	
Trading financial assets			
Financial assets measured on fair value and with its changes reckoned into the current loss/gain			
Derivative financial assets			
Note receivable			
Account receivable			
Receivables financing			
Accounts paid in advance	60,821,190.73	60,821,190.73	
Other account receivable	80,991,042.06	80,991,042.06	
Including: interest receivable			
Dividend receivable			
Inventory	150,581,753.98	150,581,753.98	
Contract assets			
Assets held for sale			
Non-current asset due			

within one year			
Other current assets	24,163,071.63	24,163,071.63	
Total current assets	345,490,193.49	345,490,193.49	
Non-current assets:			
Creditors' investment			
Financial assets available for sale	16,331,037.08		-16,331,037.08
Other creditors' investment			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investments	272,803,036.40	272,803,036.40	
Other equity instrument investment		16,331,037.08	16,331,037.08
Other non-current financial assets			
Investment real estate			
Fixed assets	1,551,517.36	1,551,517.36	
Construction in process			
Productive biological asset			
Oil and gas asset			
Right-of-use asset			
Intangible assets			
Expense on Research and Development			
Goodwill			
Long-term prepaid expenses			
Deferred income tax asset			
Other non-current asset			
Total non-current asset	290,685,590.84	290,685,590.84	
Total assets	636,175,784.33	636,175,784.33	

Current liabilities:			
Short-term loans			
Trading financial liability			
Financial liabilities measured on the fair value and with its changes reckoned into the current loss/gain			
Derivative financial liability			
Notes payable			
Accounts payable	6,263,184.67	6,263,184.67	
Accounts received in advance	14,427,450.03	14,427,450.03	
Contract liability			
Wage payable	257,362.42	257,362.42	
Taxes payable	125,482.71	125,482.71	
Other accounts payable	432,985,336.27	432,985,336.27	
Including: Interest payable			
Dividend payable			
Liability held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	454,058,816.10	454,058,816.10	
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account			

payable			
Long-term wages payable			
Accrual liability			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities	454,058,816.10	454,058,816.10	
Owners' equity:			
Share capital	706,320,000.00	706,320,000.00	
Other equity instrument			
Including: Preferred stock			
Perpetual capital securities			
Capital reserve	456,569,124.55	456,569,124.55	
Less: treasury stock	19,718,613.55	19,718,613.55	
Other comprehensive income			
Reasonable reserve			
Surplus reserve	76,791,550.17	76,791,550.17	
Retained profit	-1,037,845,092.94	-1,037,845,092.94	
Total owner's equity	182,116,968.23	182,116,968.23	
Total liabilities and owner's equity	636,175,784.33	636,175,784.33	

Explanation

(4) Retrospective adjustment of early comparison data description when initially implemented the new financial instrument standards and new leasing standards

√ Applicable □ Not-applicable

1) The Company prepared the 2019 annual financial statement in accordance with the Ministry of Finance's Notice on Amending the 2019 Annual Financial Statement Form of General Enterprises (CK [2019] No. 6) and the Accounting Standards for Business Enterprises, this accounting policy change adopted the retrospective adjustment method. Report items and amounts of the 2018 Annual Financial Statement that were significantly affected are as follows:

Former items and amount		New items and amount	
Note receivable and account receivable	11,171.25	Note receivable	
		Account receivable	11,171.25
Notes payable and accounts payable	6,668,789.67	Notes payable	
		Accounts payable	6,668,789.67

2)The revised Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting and Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation (hereinafter referred to as new financial instrument standards)are implemented by the Company since 1st January 2019. According to the relevant convergence rules for new and old standards, the information of the comparable period will not be adjusted. The difference between the implementation of the new standard and the original standard on the first implementation date is retrospectively adjusted to the retained earnings or other comprehensive income at the beginning of the reporting period.

① Impact on the financial statement as of 1st Jan. 2019 by implementation of new financial instrument standards:

Item	Balance sheet		
	2018 - 12 - 31	Adjustment under new financial instrument standards	2019 - 1 - 1
Financial assets available for sale	16,331,037.08	-16,331,037.08	
Other equity instrument investment		16,331,037.08	16,331,037.08

② Contrast of the classification and measurement of the financial assets and liability under new financial instrument standards with those under former financial instrument standards on 1st Jan. 2019:

Item	Former financial instrument standards		New financial instrument standards	
	Measurement type	Book value	Measurement type	Book value
Financial assets available for sale	Measured at cost	16,331,037.08		
Other equity instrument investment			Measured at cost	16,331,037.08

45. Other

VI. Taxes

1. Main tax and tax rate

Taxes	Basis	Rate
VAT	Sales of goods, taxable sales service income, intangible assets or real property	5%, 9%, 13%

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%

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

Taxpaying body	Rate for income tax
Dongfeng Sci-Tech Group	25%
Kefeng Engineering	25%
Dongfeng Investment	25%
Nanjiang Asia	16.5%
Kefeng Trading	25%
Hangzhou Dongfeng	25%
Dongguan Dongfeng Technology	25%
Kefeng Aerospace	25%
Dongfeng Power	25%
Ecological Agriculture	25%
Nanjiang Technology	25%
Huijing Property	25%
Zhongchuang New Energy	25%
Dongguan Dongfeng Intelligent	25%
Aolin New Materials	25%
Haizhuo Energy	25%

2. Tax preference

3. Other

Nanjiang Asia paying taxes in Hong Kong Special Administrative Region (HKSAR) with income tax rate of 16.5%

VII. Notes to the main items of consolidate financial statements

1. Monetary fund

In RMB

Item	Ending balance	Opening balance
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Cash in stock	181,507.39	368,614.69
Bank deposit	53,521,282.70	12,986,115.85
Other monetary fund	1,350,973.12	22,952,094.56
Total	55,053,763.21	36,306,825.10
Including: total amount deposit aboard	134,845.32	5,626,045.88

Other explanation

Monetary fund with restrictions:

Item	Ending balance	Opening balance
Margin of housing mortgage	1,350,973.12	2,793,908.11
Total	1,350,973.12	2,793,908.11

2. Account receivable

(1) By category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual ratio		Amount	Proportion	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on single basis	2,364,219.40	96.65%	2,364,219.40	100.00%		2,364,219.40	96.65%	2,364,219.40	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	82,138.85	3.36%	70,967.60	86.40%	11,171.25	82,138.85	3.36%	70,967.60	86.40%	11,171.25
Including:										
Total	2,446,358.25	100.00%	2,435,187.00	99.54%	11,171.25	2,446,358.25	100.00%	2,435,187.00	99.54%	11,171.25

Accrual of bad debt provision on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Reasons of accrual

Beijing Xiangeqing Industrial & Trade Co., Ltd.	2,320,047.40	2,320,047.40	100.00%	Unrecoverable
Total	2,320,047.40	2,320,047.40	--	--

Accrual of bad debt provision on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Reasons of accrual
Inner Mongolia Ajinnai Horse Culture Development Co., Ltd.	44,172.00	44,172.00	100.00%	Unrecoverable
Total	44,172.00	44,172.00	--	--

Accrual of bad debt provision on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Reasons of accrual

Accrual of bad debt provision on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Account age	82,138.85	70,967.60	86.40%
Total	82,138.85	70,967.60	--

Explanation on portfolio basis:

Accrual of bad debt provision on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

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

Applicable Not-applicable

By account age

In RMB

Account age	Ending balance
1-2 years	10,150.00
2-3 years	6,102.50

Over 3 years	65,886.35
3-4 years	65,886.35
Total	82,138.85

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

Accrual of bad debt provision in the period:

In RMB

Category	Opening balance	Current changes			Ending balance
		Accrual	Collected or reversal	Charge-off	

Including important amount of bad debt provision collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way
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(3) Account receivables actually charge-off during the reporting period

In RMB

Item	Amount charge-off
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Including major account receivables charge-off:

In RMB

Enterprise	Nature	Amount charge-off	Causes	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
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Explanation on account receivable charge-off

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

Enterprise	Ending balance	Ratio in total account receivable at period-end(%)	Bad debt provision accrual
Beijing Xiangeqing Industrial & Trade Co., Ltd.	2,320,047.40	94.84	2,320,047.40
Electricity Authority of Chengde County	82,138.85	3.36	70,967.60
Inner Mongolia Ajinnai Horse Culture Development Co., Ltd.	44,172.00	1.80	44,172.00
Total	2,446,358.25	100.00	2,435,187.00

(5)Account receivable de-recognition due to financial assets transfer**(6)Assets and liabilities resulted by account receivable transfer and continues involvement**

Other explanation:

3. Receivables financing

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

Change of receivables financing and fair value in the period

 Applicable Not-applicable

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

 Applicable Not-applicable

Other explanation:

4. Accounts paid in advance**(1)By account age**

In RMB

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	65,526,254.96	99.98%	61,088,678.72	99.98%
1-2 years	3,431.50	0.01%	3,431.50	0.01%
2-3 years	6,899.45	0.01%	6,899.45	0.01%
Total	65,536,585.91	--	61,099,009.67	--

Explanation on accounts paid in advance with over one year in age and reasons of un-settle:

(2)Top 5 account paid in advance collected by objects at ending balance

Enterprise	Ending amount	Ratio in total account paid in advance(%)	Time of repayment	Un-settle reasons
Chengde Wanxuan Construction Engineering Co., Ltd.	57,201,340.00	87.28%	Within one year	Not in settlement period
Chengde Wanrong Real Estate Development Co., Ltd.	4,232,226.00	6.46%	Within one year	Not in settlement period
Beijing Jianyan Lianhe Architectural	1,900,000.00	2.90%	Within one year	Not in settlement period

Design Consulting Co., Ltd.				
Elfa International Supply Chain Management Co., Ltd.	999,150.00	1.52%	Within one year	Not in settlement period
Beijing Tiangao Diaphragm Compressor Co., Ltd.	494,000.00	0.75%	Within one year	Not in settlement period
Total	64,826,716.00	98.92%	---	---

Other explanation:

5. Other account receivable

In RMB

Item	Ending balance	Opening balance
Other account receivable	12,868,921.61	8,588,597.44
Total	12,868,921.61	8,588,597.44

(1) Interest receivable

1) Category

In RMB

Item	Ending balance	Opening balance

2) Major overdue interest

In RMB

Borrower	Ending balance	Overdue time	Causes	Whether has impairment occurred and determination basis

Other explanation:

3) Accrual of bad debt provision

Applicable Not-applicable

(2) Dividend receivable

1) Category

In RMB

Item (or invested company)	Ending balance	Opening balance

2) Major dividend receivable with over one year aged

In RMB

Item (or invested company)	Ending balance	Account age	Causes of failure for collection	Whether has impairment occurred and

				determination basis
--	--	--	--	---------------------

3)Accrual of bad debt provision

Applicable Not-applicable

Other explanation:

(3)Other account receivable

1)By nature

In RMB

Nature	Ending book balance	Opening book balance
Debt auction	1,209,273.00	1,209,273.00
Margin	1,577,000.00	1,520,000.00
Petty cash	1,249,317.09	1,485,155.23
Refund of the VAT of land	4,942,346.42	4,942,346.42
Other	9,690,551.35	4,757,292.48
Total	18,668,487.86	13,914,067.13

2)Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2019	5,325,469.69			5,325,469.69
Balance of Jan. 1, 2019 in the period	—	—	—	—
Accrual in the period	474,939.83			474,939.83
Balance on Jun. 30, 2019	5,800,409.52			5,800,409.52

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

Applicable Not-applicable

By account age

In RMB

Account age	Ending balance
Within one year (one year included)	18,272,550.49
Within one year (one year included)	18,272,550.49
1-2 years	30,211.71
2-3 years	38,380.00
Over 3 years	327,345.66

4-5 years	327,345.66
Total	18,668,487.86

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

Accrual of bad debt provision in the period:

In RMB

Category	Opening balance	Current changes		Ending balance
		Accrual	Collected or reversal	
Bad debt provision	5,325,469.69	474,939.83		5,800,409.52
Total	5,325,469.69	474,939.83		5,800,409.52

Important amount of bad debt provision switch-back or collection in the period:

In RMB

Enterprise	Amount switch-back or collection	Collection way
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4)Other account receivables actually charge-off during the reporting period

In RMB

Item	Amount charge-off
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Including major other account receivables charge-off:

In RMB

Enterprise	Other Nature	Amount charge-off	Causes	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
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Other Explanation on account receivable charge-off

5)Top 5 other account receivable collected by arrears party at ending balance

In RMB

Enterprise	Nature	Ending balance	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
LIMITED	Other	5,387,150.65	Within one year	28.87%	
Tax Bureau of Chengde County	VAT for lands rebate	4,942,346.42	Within one year	26.49%	247,117.32
Non-Taxable Revenue Authority of Chengde County	Margin	1,500,000.00	Over 3 years	8.04%	1,500,000.00
Auction bonds	Debt auction	1,209,273.00	Over 5 years	6.48%	1,209,273.00
Zhou Haihong	Other	642,689.25	4-5 years	3.44%	642,689.25
Total	--	13,681,459.32	--	73.32%	3,599,079.57

6)Account receivables related to government grant

In RMB

Enterprise	Government grant	Ending balance	Account age at period-end	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:

6. Inventory

Whether implemented the new revenue standards

Yes No

(1) Category

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	45,246.59		45,246.59	53,653.93		53,653.93
Goods in process	2,281,965.20		2,281,965.20	1,442,179.44		1,442,179.44
Stock products	112,228.19		112,228.19	933,817.53		933,817.53
Revolving materials	16,213.23		16,213.23	118.83		118.83
Production costs	119,146,389.54		119,146,389.54	107,073,123.28		107,073,123.28
Development products	16,739,024.97		16,739,024.97	42,082,664.49		42,082,664.49
Total	138,341,067.72		138,341,067.72	151,585,557.50		151,585,557.50

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	Current increased		Current decreased		Ending balance
		Accrual	Other	Switch back or charge-off	Other	

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

(4)Assets completed without settle resulted by construction contract at period-end

In RMB

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

Other explanation:

7. Contract assets

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Book value of contract assets have major changes and causes:

In RMB

Item	Amount changes	Causes
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If the provision for bad debts of contract asset is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivable to disclose related information about bad-debt provisions:

Applicable Not-applicable

Accrual of impairment provision in the period

In RMB

Item	Accrual in the period	Switch-back in the period	Reversal/Charge-off in the period	Causes
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Other explanation:

8. Assets held for sale

In RMB

Item	Ending book balance	Impairment provision	Ending book value	Fair value	Expected disposal expenses	Expected disposal time
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Other explanation:

9. Non-current asset due within one year

In RMB

Item	Ending balance	Opening balance
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Important creditors' investment/Other creditors' investment

In RMB

Creditor's rights	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date

Other explanation:

10. Other current assets

Whether implemented the new revenue standards

Yes No

In RMB

Item	Ending balance	Opening balance
Taxes paid in advance	12,657,840.46	10,986,874.66
Financial products	4,600,000.00	26,800,000.00
Total	17,257,840.46	37,786,874.66

Other explanation:

11. Other creditors' investment

In RMB

Item	Opening balance	Accrued interest	Change of fair value in the period	Ending balance	Cost	Cumulative changes of fair value	Cumulative loss impairment recognized in other comprehensive income	Note
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Important other creditors' investment

In RMB

Other creditor's rights	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Due date	Face value	Coupon rate	Actual rate	Due date

Accrual of impairment provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2019 in the period	—	—	—	—

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

Applicable Not-applicable

Other explanation:

12. Long-term account receivable

(1) Long-term account receivable

In RMB

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

Impairment of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2019 in the period	—	—	—	—

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

Applicable Not-applicable

(2) Long-term account receivable derecognized due to financial assets transfer

(3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement

Other explanation

13. Long-term equity investments

In RMB

The invested entity	Opening balance(Book value)	Changes in the period (+,-)								Ending balance(Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual Impairment provision	Other		
I. Joint venture											
II. Associated enterprise											
Runhua	9,170,370									9,170,370	9,170,370
Rural	.00									.00	.00

Water (Tianjin) Internatio nal Trade Co., Ltd.											
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

14. Other equity instrument investment

In RMB

Item	Ending balance	Opening balance
Dongguan Dongfeng New Energy Technology Co., Ltd	16,331,037.08	16,331,037.08
Total	16,331,037.08	16,331,037.08

Itemized the non-tradable equity instrument investment in the period

In RMB

Item	Dividend income recognized	Cumulative gains	Cumulative losses	Retained earnings transfer from other comprehensive income	Causes of those that designated measured by fair value and with its variation reckoned into other comprehensive income	Cause of retained earnings transfer from other comprehensive income

Other explanation:

The items are listed for the investment of Dongguan Dongfeng New Energy Technology Co., Ltd, and the opening balance of 2019 are being adjusted according to the new financial instrument standards, found more in 44 of section V

15. Other non-current financial assets

In RMB

Item	Ending balance	Opening balance

Other explanation:

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

Applicable Not-applicable

(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 for failure to handle the property right certificate
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Other explanation

17. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	17,398,133.22	17,302,279.65
Total	17,398,133.22	17,302,279.65

(1) Fixed assets

In RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Other equipment	Total
I. Original book value:					
1. Opening balance	13,042,545.23	2,285,732.82	5,356,248.36	3,058,011.88	23,742,538.29
2. Current increased			87,000.00	2,492,468.30	2,579,468.30
(1) Purchase					
(2) Transferred from construction in process					
(3) Increased by enterprise combination					

3.Current decreased	1,049,963.56			42,255.00	1,092,218.56
(1)Disposal or scrap	1,049,963.56			42,255.00	1,092,218.56
4.Ending balance	11,992,581.67	2,285,732.82	5,443,248.36	5,508,225.18	25,229,788.03
II. Accumulated depreciation					
1.Opening balance	1,398,665.54	1,365,589.47	2,581,576.74	1,094,426.89	6,440,258.64
2.Current increased	663,590.91	51,644.34	362,112.60	447,898.41	1,525,246.26
(1)Accrual	663,590.91	51,644.34			
3.Current decreased	110,983.30			22,866.79	133,850.09
(1)Disposal or scrap	110,983.30			22,866.79	133,850.09
4.Ending balance	1,951,273.15	1,417,233.81	2,943,689.34	1,519,458.51	7,831,654.81
III. Impairment provision					
1.Opening balance					
2.Current increased					
(1)Accrual					
3.Current decreased					
(1)Disposal or scrap					
4.Ending balance					
IV. Book value					
1.Ending book value	10,041,308.52	868,499.01	2,499,559.02	3,988,766.67	17,398,133.22
2.Opening book	11,643,879.69	920,143.35	2,774,671.62	1,963,584.99	17,302,279.65

value					
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(2)Temporarily idle fixed assets

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
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(3)Fixed assets leasing-in by financing lease

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
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(4)Fixed assets leasing-out by operational lease

In RMB

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

In RMB

Item	Book value	Reasons for failure to handle the property right certificate
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Other explanation

(6)Disposal of fixed assets

In RMB

Item	Ending balance	Opening balance
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Other explanation

18. Construction in process

In RMB

Item	Ending balance	Opening balance
Construction in process	108,179,114.15	101,650,833.16
Total	108,179,114.15	101,650,833.16

(1)Construction in process

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Industrialization of equipment of the Dongfeng New Energy	108,179,114.15		108,179,114.15	101,650,833.16		101,650,833.16
Total	108,179,114.15		108,179,114.15	101,650,833.16		101,650,833.16

(2)Changes of major projects under construction

In RMB

Item	Budget	Opening balance	Current increased	Fixed assets transfer-in in the Period	Other decrease in Period	Ending balance	Proportion of project investment in budget	Progress	Cumulative amount of interest capitalized	Including: amount of interest capitalization in Period	Interest capitalization rate of the year (%)	Source of funds
Industrialization of equipment of the Dongfeng New Energy	380,000,000.00	101,650,833.16	6,528,280.99			108,179,114.15	97.00%	97.00	7,651,623.62	5,380,389.97	100.00%	Financial institutions loans
Total	380,000,000.00	101,650,833.16	6,528,280.99			108,179,114.15	--	--	7,651,623.62	5,380,389.97	100.00%	--

(3)provision for impairment of construction in process in the period

In RMB

Item	Accrual in the period	Accrual Causes
------	-----------------------	----------------

Other explanation

(4)Engineering material

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Other explanation:

19. Productive biological asset**(1)Productive biological asset measured by cost**

√ Applicable □ Not-applicable

In RMB

Item	Plantation	Livestock	Forestry	Aquaculture	Total
I. Original book value					
1. Opening balance		201,000.00			201,000.00
2. Current increased					
(1) Outsourcing					
(2) Self-cultivation					
3. Current decreased					
(1) Disposal					
(2) Other					
4. Ending balance		201,000.00			201,000.00
II. Accumulated depreciation					
1. Opening balance		79,562.50			79,562.50
2. Current increased		44,175.00			44,175.00
(1) Accrual		44,175.00			44,175.00

3.Current decreased					
(1) Disposal					
(2)Other					
4.Ending balance		123,737.50			123,737.50
III. Impairment provision					
1.Opening balance					
2.Current increased					
(1)Accrual					
3.Current decreased					
(1) Disposal					
(2)Other					
4.Ending balance					
IV. Book value					
1.Ending book value		77,262.50			77,262.50
2.Opening book value		121,437.50			121,437.50

(2)Productive biological asset measured by fair value

Applicable Not-applicable

20. Oil and gas asset

Applicable Not-applicable

21. Right-of-use asset

In RMB

Item		Total
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Other explanation:

22. Intangible assets

(1) Intangible assets

In RMB

Item	Land Use Right	Patent right	Non-patent technology		Total
I. Original book value					
1. Opening balance	59,358,148.89				59,358,148.89
2. Current increased					
(1) Purchase					
(2) Internal R&D					
(3) Increased by enterprise combination					
3. Current decreased					
(1) Disposal					
4. Ending balance	59,358,148.89				59,358,148.89
II. Accumulated amortization					
1. Opening balance	2,671,188.30				2,671,188.30
2. Current increased	1,026,798.12				1,026,798.12
(1) Accrual					
3. Current decreased					
(1) Disposal					

4.Ending balance	3,697,986.42				3,697,986.42
III. Impairment provision					
1.Opening balance					
2.Current increased					
(1)Accrual					
3.Current decreased					
(1) Disposal					
4.Ending balance					
IV. Book value					
1.Ending book value	55,660,162.47				55,660,162.47
2.Opening book value	56,686,960.59				56,686,960.59

Ratio of the intangible assets resulted by internal R&D in balance of the intangible assets at period

(2) Failure to handle the property right certificate

In RMB

Item	Book value	Reasons for failure to handle the property right certificate

Other explanation:

23. Expense on Research and Development

In RMB

Item	Opening balance	Current increased			Current decreased			Ending balance
Air-cooled hydrogen fuel cell power system for	3,096,125.13	3,143,275.24						6,239,400.37

vehicle used								
ZS01 alumina fiber	4,839,555.82	3,161,053.46						8,000,609.28
Real-time hydrogen production equipment	5,410,729.52	1,979,623.63						7,390,353.15
Total	13,346,410.47	8,283,952.33						21,630,362.80

Other explanation

The capitalization start point of air-cooled hydrogen fuel cell power system for vehicle used was September 26, 2017, the project has a total of four stages, by the end of the period, the research and development phase has been completed to the third stage; the capitalization start point of real-time hydrogenation equipment was September 26, 2017, the project has a total of four stages, as of the end of the period, the research and development phase has been completed to the third stage; the capitalization start point of ZS01 alumina fiber was September 26, 2017, the project has a total of three stages, as of the end of the period, the research and development phase has been completed to the third stage, and the specific basis for its capitalization include: 1. The intangible assets have been completed to enable them to be used or sold and technically possess feasibility; 2. The intangible assets have been completed to enable them to be used or sold and technically possess feasibility; 3. The way in which intangible assets generate economic benefits, including the proof that the products produced by using the intangible assets have markets or the intangible assets have markets themselves; if intangible assets are to be used internally, it should prove its usefulness; 4. There are enough technical and financial resources and other resources to support to complete the development of the intangible assets, and have ability to use or sell the intangible assets; 5. The expenditure attributable to the development phase of the intangible assets can be reliably measured.

24. Goodwill

(1) Original book value of goodwill

In RMB

Name of invested company or items formed goodwill	Opening balance	Current increased		Current decreased		Ending balance
Aolin New Materials	1,294,711.56					1,294,711.56
Haizhuo Energy	249,074.85					249,074.85
Total	1,543,786.41					1,543,786.41

(2) Impairment provision of goodwill

In RMB

Name of invested company or items	Opening balance	Current increased	Current decreased	Ending balance

formed goodwill				
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Assets group with the goodwill involved or portfolio information

Aolin New Materials, the subsidiary operates as an independent economic entity after the merger, and the cash inflow generated by it is basically independent of other assets or asset groups, so it is regarded as an asset group during the impairment test, and the carrying amount (including goodwill) is 21,840,175.96 Yuan and the asset group or asset group combination is consistent with the asset group or asset group combination determined on the date of purchase.

Haizhuo Energy, the subsidiary operates as an independent economic entity after the merger, and the cash inflow generated by it is basically independent of other assets or asset groups, so it is regarded as an asset group during the impairment test, and the carrying amount (including goodwill) is 24,387,755.86 Yuan and the asset group or asset group combination is consistent with the asset group or asset group combination determined on the date of purchase.

Instructions for goodwill impairments test process and key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, and forecast period when estimating the present value of the future cash flow), and the method of confirming the impairment loss of goodwill:

The company conducted impairment test for the asset group related to goodwill at the end of the period, when conducting the impairment test, the book value of goodwill was apportioned to the asset group or asset group combination expected to benefit from the synergy of business combination, and then compared the book value of the asset group with the recoverable amount so as to determine whether the asset group (including goodwill) had been impaired. The test results showed that the recoverable amount of the asset group including the apportioned goodwill was lower than the book value, and the corresponding impairment loss was confirmed. The specific test process was as follows:

The recoverable amount of the asset group was a five-year forecast prepared by the company's management based on the future development trend and business plan, which was calculated by using the future cash flow to convert into the present value. After testing, the recoverable amount of Aolin New Materials was 35,341,494.01 Yuan, which was greater than the book value (including goodwill) of 21,840,175.96 Yuan, and the recoverable amount of Haizhuo Energy was 34,721,467.79 Yuan, which was greater than the book value (including goodwill) of 24,387,755.86 Yuan. Asset groups including goodwill predicted by the management were not impaired and no impairment provision was required.

Impact of goodwill impairment test

Other explanation

25. Long-term prepaid expenses

In RMB

Item	Opening balance	Current increased	Amortized in current period	Other decrease	Ending balance
Office remodeling costs	20,555.48		20,555.48		
Fire protection engineering	10,000.00		10,000.00		

Plant decoration	141,061.31		25,807.98		115,253.33
Floor pain engineering of the plant in Eco-Park	95,267.77	56,660.00	22,878.36		129,049.41
Total	266,884.56	56,660.00	79,241.82		244,302.74

Other explanation

26. Deferred income tax asset /Deferred income tax liabilities

(1)Deferred income tax assets without offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax asset	Deductible temporary difference	Deferred income tax asset

(2)Deferred income tax liabilities without 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

(4)Details of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Deductible temporary difference		25,599,989.61
Deductible losses	170,596,238.50	144,594,924.49
Total	170,596,238.50	170,194,914.10

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

In RMB

Year	Ending amount	Period-begin	Note
2019	30,576,125.82	30,576,125.82	2014
2020	33,429,382.84	33,429,382.84	2015
2021	19,481,015.78	19,481,015.78	2016
2022	52,327,940.32	52,327,940.32	2017
2023	8,780,459.73	8,780,459.73	2018
2024	26,001,314.01		2019
Total	170,596,238.50	144,594,924.49	--

Other explanation:

27. Other non-current asset

Whether implemented the new revenue standards

Yes No

In RMB

Item	Ending balance	Opening balance
Engineering amount paid in advance	184,910,000.00	120,392,369.00
Equipment amount paid in advance	1,943,053.40	1,350,783.36
Total	186,853,053.40	121,743,152.36

Other explanation:

28. Short-term loans**(1) Category**

In RMB

Item	Ending balance	Opening balance
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Explanation on category of short-term loans:

(2) Short-term loans un-paid by expired

Total short-term loans un-paid by expired at end of the Period was 0 Yuan, including important short-term loans are as:

In RMB

Borrower	Ending balance	Loans rate	Overdue time	Overdue interest rate
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Other explanation:

29. Trading financial liability

In RMB

Item	Ending balance	Opening balance
Including:		
Including:		

Other explanation:

30. Derivative financial liability

In RMB

Item	Ending balance	Opening balance

Other explanation:

31. Notes payable

In RMB

Category	Ending balance	Opening balance

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

32. Accounts payable

(1)Accounts payable

In RMB

Item	Ending balance	Opening balance
Account payable for engineering	3,513,799.08	6,596,413.67
Account payable for materials	31,596.00	33,996.00
Account payable for equipment	60,909.00	20,200.00
Other	19,752.77	18,180.00
Total	3,626,056.85	6,668,789.67

(2)Important account payable with over one year account age

In RMB

Item	Ending balance	Reasons for non-repayment or carry-over
Chengde Great Wall Construction Group Co., Ltd.	1,153,100.46	Engineering amount
Chengde Licheng Construction &	546,900.24	Engineering amount

Installation Engineering Co., Ltd.		
Chengde Yongwang Construction Engineering Co., Ltd.	417,887.22	Engineering amount
Handan Hanyi Construction Engineering Co., Ltd.	400,000.00	Engineering amount
Chengde County Xingcheng Construction & Installation Company	274,499.03	Engineering amount
Total	2,792,386.95	--

Other explanation:

33. Accounts received in advance

Whether implemented the new revenue standards

Yes No

(1)Accounts received in advance

In RMB

Item	Ending balance	Opening balance
Account received in advance for property	59,853,495.75	14,427,450.03
Account received in advance for goods	75,050.00	64,400.00
Resident heating fees received in advance	14,790.89	1,561,464.19
Other	211,930.77	216,005.77
Total	60,155,267.41	16,269,319.99

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

In RMB

Item	Ending balance	Reasons for non-repayment or carry-over

(3)Project closed for account without complete in construction from construction contract at period-end

In RMB

Item	Amount

Other explanation:

34. Contract liability

In RMB

Item	Ending balance	Opening balance

Book value has major changes in the period and causes

In RMB

Item	Amount changes	Causes
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35. Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term employee benefits	951,151.59	11,444,982.88	11,332,729.75	1,063,404.72
II. Post-employment benefits-defined contribution plans	29,938.00	767,926.57	782,520.47	15,344.10
Total	981,089.59	12,212,909.45	12,115,250.22	1,078,748.82

(2) Short-term employee benefits

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Salary, bonus, allowance and subsidy	924,301.59	10,387,187.60	10,264,905.59	1,046,583.60
2. Employee welfare		204,620.56	204,620.56	0.00
3. Social insurance	17,470.00	450,191.85	457,748.95	9,912.90
Including: medical insurance expenses	15,475.00	384,799.10	391,439.10	8,835.00
Work injury insurance expenses	437.00	26,056.37	26,345.47	147.90
Maternity insurance	1,558.00	39,336.38	39,964.38	930.00
4. Housing provident funds	9,380.00	399,391.15	402,261.15	6,510.00
5. Labor union expenditures and employee education		3,591.72	3,193.50	398.22

expenses				
Total	951,151.59	11,444,982.88	11,332,729.75	1,063,404.72

(3)defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1.Basic endowment insurance expenses	29,120.00	751,010.44	765,251.34	14,879.10
2.Unemployment insurance expenses	818.00	16,916.13	17,269.13	465.00
Total	29,938.00	767,926.57	782,520.47	15,344.10

Other explanation:

36. Taxes payable

In RMB

Item	Ending balance	Opening balance
VAT	111,090.89	364,882.08
Individual income tax	15,759.93	12,830.10
Urban maintenance and construction tax	3,293.69	20,216.47
Land VAT		468,597.56
Educational surtax	1,976.21	12,129.88
Local educational surtax	1,317.47	8,086.59
Stamp tax	29,221.50	35,224.90
Urban land use tax	155,828.28	
Total	318,487.97	921,967.58

Other explanation:

37. Other accounts payable

In RMB

Item	Ending balance	Opening balance
Interest payable		193,333.41
Other accounts payable	114,627,139.72	118,376,885.44
Total	114,627,139.72	118,570,218.85

(1)Interest payable

In RMB

Item	Ending balance	Opening balance
Interest of the long-term loans repayment of principal due in installments		193,333.41
Total		193,333.41

Important interest overdue without paid:

In RMB

Borrower	Amount overdue	Causes

Other explanation:

(2)Dividend payable

In RMB

Item	Ending balance	Opening balance

Other explanation, including dividends payable with over one year age and disclosure un-payment reasons:

(3)Other accounts payable

1)By nature

In RMB

Item	Ending balance	Opening balance
Non-financial corporate borrowing	64,030,000.00	79,143,616.44
Quality guarantee deposit	18,000,000.00	18,000,000.00
Intercourse fund	26,516,666.66	16,327,166.66
Deposit and margin	509,600.00	971,041.20
Agency fee	400,000.00	309,178.00
Tax withholding	5,634.15	10,679.28
Other	5,165,238.91	3,615,203.86
Total	114,627,139.72	118,376,885.44

2)Significant other payable with over one year age

In RMB

Item	Ending balance	Reasons for non-repayment or carry-over
Dongguan Dongfeng New Energy Technology Co., Ltd	15,500,000.00	Intercourse fund 项
Total	15,500,000.00	--

Other explanation

38. Liability held for sale

In RMB

Item	Ending balance	Opening balance
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Other explanation:

39. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
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Other explanation:

40. Other current liabilities

Whether implemented the new revenue standards

Yes No

In RMB

Item	Ending balance	Opening balance
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Changes of short-term bond payable:

In RMB

Bond	Face value	Release date	Bond period	Issuing amount	Opening balance	Issued in the Period	Accrual interest by face value	Premium/discount amortization	Paid in the Period		Balance at period-end
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Other explanation:

41. Long-term loans**(1)Category**

In RMB

Item	Ending balance	Opening balance
Mortgage loans	172,210,000.00	101,710,000.00
Total	172,210,000.00	101,710,000.00

Explanation on category of long-term loans:

Other explanation, including interest rate section:

Dongguan Dongfeng Intelligent Technology Co., Ltd. signed a contract Dongyin (3900) 2018 NGDZ No. 016477 with Dongguan Bank Songshan Lake Technology Sub-branch, the total contract loan amount was RMB 200 million. Dongfeng Technology Group Co., Ltd., Dongguan Dongfeng Technology Development Co., Ltd., Dongguan Zhongchuang New Energy Technology Co., Ltd., Dongguan Aolin New Materials Co., Ltd., and Dongguan Haizhuo Energy Technology Co., Ltd. guaranteed with the joint liability

warranty; and the collaterals were the land use rights and above-ground buildings of Yue (2017) Dongguan Real Property No. 0121786; the pledge was 100% equity of Dongguan Dongfeng Intelligent Technology Co., Ltd. held by Dongguan Dongfeng Technology Development Co., Ltd. As of June 30, 2019, the company obtained the long-term loan balance of RMB 172.21 million from Bank of Dongguan Co., Ltd. Songshan Lake Technology Sub-branch, and the borrowing was limited to the follow-up construction of the equipment industrialization project of Dongfeng New Energy

42. Bonds payable

(1) Bonds payable

In RMB

Item	Ending balance	Opening balance
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(2) Changes of bonds payable (not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

In RMB

(3) Convertible conditions and time for shares transfer for the convertible bonds

(4) Other financial instruments classify as financial liability

Basic information of the outstanding preferred stock and perpetual capital securities at period-end

Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-begin		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Basis for financial liability classification for other financial instrument

Other explanation

43. Lease liability

In RMB

Item	Ending balance	Opening balance
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Other explanation

44. Long-term account payable

In RMB

Item	Ending balance	Opening balance
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(1) By nature

In RMB

Item	Ending balance	Opening balance
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Other explanation:

(2)Special payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes of formation
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Other explanation:

45. Long-term wages payable

(1)Long-term wages payable

In RMB

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

Present value of the defined benefit plans:

In RMB

Item	Current period	Last period
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Scheme assets:

In RMB

Item	Current period	Last period
------	----------------	-------------

Net liability (assets) of the defined benefit plans

In RMB

Item	Current period	Last period
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Content of defined benefit plans and relevant risks, impact on future cash flow of the Company as well as times and uncertainty:

Major actuarial assumption and sensitivity analysis:

Other explanation:

46. Accrual liability

Whether implemented the new revenue standards

Yes No

In RMB

Item	Ending balance	Opening balance	Causes of formation
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Other explanation, including relevant important assumptions and estimation:

47. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes of formation
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Item with government grants involved:

In RMB

Liability	Balance at period-begin	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Balance at period-end	Assets-related/income related
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Other explanation:

48. Other non-current liabilities

Whether implemented the new revenue standards

Yes No

In RMB

Item	Ending balance	Opening balance
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Other explanation:

49. Share capital

In RMB

	Opening balance	Changes in the period (+,-)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	706,320,000.00						706,320,000.00

Other explanation:

50. Other equity instrument

(1) Basic information of the outstanding preferred stock and perpetual capital securities at period-end

(2) Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding	Period-begin	Current increased	Current decreased	Period-end
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financial instrument	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
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Changes of other equity instrument, change reasons and relevant accounting treatment basis:

Other explanation:

51. Capital reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (share premium)	397,808,090.32			397,808,090.32
Other capital reserve	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:

52. Treasury stock

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Implement the equity incentive buyback	19,718,613.55	9,107,872.15		28,826,485.70
Total	19,718,613.55	9,107,872.15		28,826,485.70

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

53. Other comprehensive income

In RMB

Item	Opening balance	Current period						Ending balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

				period				
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Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial recognition adjustment for the arbitrated items:

54. Reasonable reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
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Other explanation, including changed in Period as well as reasons for changes:

55. Surplus reserve

In RMB

Item	Opening balance	Current increased	Current decreased	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:

56. Retained profit

In RMB

Item	Current period	Last period
Retained profits at the end of last period before adjustment	-875,480,247.09	-882,864,082.85
Retained profits at the beginning of the period after adjustment	-875,480,247.09	-882,864,082.85
Add: The net profits belong to owners of patent company of this period	-25,095,405.50	-5,210,758.22
Retained profits at the end of the period	-899,898,115.99	-888,074,841.07

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 Yuan.
- 2) The changes in accounting policies affect the undistributed profits at the beginning of the year amounting to Yuan.
- 3) The major accounting error correction affects the undistributed profits at the beginning of the year amounting to Yuan.
- 4) Merge scope changes caused by the same control affect the undistributed profits at the beginning of the year amounting to Yuan.
- 5) Other adjustments affect the undistributed profits at the beginning of the year amounting to Yuan.

57. Operating income and operating cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	33,371,413.48	28,218,727.77	79,815,868.78	71,967,495.21
Total	33,371,413.48	28,218,727.77	79,815,868.78	71,967,495.21

Whether implemented the new revenue standards

Yes No

Other explanation

58. Tax and extras

In RMB

Item	Current period	Last period
Urban maintenance and construction tax	47,977.16	156,332.31
Educational surtax	47,977.11	156,332.33
Property tax	62,834.78	41,701.98
Land use tax	273,878.99	455,907.91
Vehicle and vessel use tax	2,280.00	3,880.00
Stamp tax	72,115.00	68,045.30
Lands VAT	574,464.51	1,339,218.78
Business tax		547,830.45
Total	1,081,527.55	2,769,249.06

Other explanation:

59. Sales expense

In RMB

Item	Current period	Last period
Agency fee	9,682,562.68	
Salary	112,940.00	
Production costs	96,084.93	
Social insurance premium	41,477.64	
Advertising fees	25,471.70	
Other	20,465.05	4,902.12
Total	9,979,002.00	4,902.12

Other explanation:

60. Management expense

In RMB

Item	Current period	Last period
Remuneration	6,053,677.92	5,401,164.10
Business entertainment	3,882,091.74	2,027,808.43
Agency fee	2,639,780.12	101,587.29
Depreciation and amortization	2,128,930.63	2,649,290.58
Rental fee	2,091,244.78	5,700.00
Business-travel expense	676,087.98	658,480.06
Office allowance	385,719.63	177,410.63
Repair charge	303,831.99	318,588.09
Travelling expenses	258,951.87	25,676.47
Welfare charges	194,601.54	572,380.68
Material consumption	101,772.31	149,022.03
Electricity and water fees	83,104.17	46,009.05
Premium	67,986.49	55,866.08
Long-term deferred expenses	25,807.98	6,075.00
Union due	3,591.72	2,112.98
Amortization of low value consumables	1,941.26	107,303.84
Other	448,997.38	2,182,579.42
Total	19,348,119.51	14,487,054.73

Other explanation:

61. R&D expense

In RMB

Item	Current period	Last period

Other explanation:

62. Financial expense

In RMB

Item	Current period	Last period
Interest expense		

Less: Interest income	26,346.24	903,639.76
Profit/loss on exchange	63,282.68	-266,016.60
Bank handling charges	43,302.51	25,184.74
Total	80,238.95	-1,144,471.62

Other explanation:

63. Other income

In RMB

Sources of other income	Current period	Last period
Renewable energy subsidy		2,890,000.00

64. Investment income

In RMB

Item	Current period	Last period
Investment income from financial products of the Bank	198,770.44	133,320.88
Total	198,770.44	133,320.88

Other explanation:

65. Net exposure hedge gains

In RMB

Item	Current period	Last period

Other explanation:

66. Income of fair value changes

In RMB

Source	Current period	Last period

Other explanation:

67. Credit impairment loss

In RMB

Item	Current period	Last period

Other explanation:

68. Asset impairment loss

Whether implemented the new revenue standards

Yes No

In RMB

Item	Current period	Last period
I. Bad debt losses	-474,939.83	
Total	-474,939.83	

Other explanation:

69. Income from assets disposal

In RMB

Income from assets disposal	Current period	Last period
Gains/losses from fixed assets disposal	831,663.08	
Gains/losses from biological assets disposal		-18,684.68

70. Non-operating revenue

In RMB

Item	Current period	Last period	Amount reckoned into current non-recurring gains/losses
Other	864.03	3,121.00	
Total	864.03	3,121.00	

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:

71. Non-operating expenditure

In RMB

Item	Current period	Last period	Amount reckoned into current non-recurring gains/losses
Donating	230,605.00		

Other	160,245.83	2,607.78	
Total	390,850.83	2,607.78	

Other explanation:

72. Income tax expense

(1)Income tax expense

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	-25,170,695.41
Income tax measured by statutory/applicable tax rate	-6,462,058.00
Impact on different tax rate for subsidiary	8,874.05
The deductible temporary differences or deductible losses of the un-recognized deferred income tax assets in the Period	6,453,183.95

Other explanation

73. Other comprehensive income

Found more in Note

74. Notes to statement of cash flow

(1)Other cash received in relation to operation activities

In RMB

Item	Current period	Last period
Intercourse fund	38,250,000.00	41,000,000.00
Subsidy income	0.00	2,890,000.00
Interest income	26,346.24	894,404.17
Other	373,847.20	695,736.71
Total	38,650,193.44	45,480,140.88

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	15,459,821.08	7,500,856.76
Intercourse fund	40,720,000.00	2,260,000.00
Other	1,103,215.00	703,296.65
Total	57,283,036.08	10,464,153.41

Explanation on other cash paid in relation to operation activities:

(3) Cash received from other investment activities

In RMB

Item	Current period	Last period

Explanation on cash received from other investment activities:

(4) Cash paid related with other investment activities

In RMB

Item	Current period	Last period

Explanation on cash paid related with other investment activities:

(5) Cash received from other financing activities

In RMB

Item	Current period	Last period
Housing mortgage loans refund	1,468,200.00	2,558,600.00
Total	1,468,200.00	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
Housing mortgage loans paid	22,200.00	534,800.00
Share buyback funds	9,107,872.15	

Total	9,130,072.15	534,800.00
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Explanation on cash paid related with other financing activities:

75. 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	-25,170,695.41	-5,373,520.98
Add: Preparations of assets depreciation	474,939.83	
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	1,102,132.51	830,843.55
Amortization of intangible assets	1,026,798.12	1,926,524.57
Amortization of long-term deferred expenses	25,807.98	97,741.68
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	-831,663.08	18,684.68
Decrease of inventory (gain is listed with “-”)	13,244,489.78	64,800,311.47
Decrease of operating receivable accounts (gain is listed with “-”)	-12,018,093.71	27,243,279.39
Increase of operating payable accounts (loss is listed with “-”)	36,394,315.09	-55,618,571.34
Net cash flow arising from operating activities	14,248,031.11	33,925,293.02
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	53,702,790.09	30,835,918.20
Less: Balance of cash equivalent at year-begin	33,512,916.99	68,107,388.69
Net increase of cash and cash equivalents	20,189,873.10	-37,271,470.49

(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	53,702,790.09	33,512,916.99
Including: Cash in stock	181,507.39	368,614.69
Bank deposit available for payment at any time	53,521,282.70	33,144,302.30
III. Balance of cash and cash equivalent at period-end	53,702,790.09	33,512,916.99

Other explanation:

Balance of cash and cash equivalent dated 30th June 2019 amounted as 53,702,790.09 Yuan, monetary fund has 55,053,763.21 Yuan at end of the period, which has 1,350,973.12 Yuan in difference, mainly because among the ending balance of monetary fund, there is a margin of housing mortgage that can not be free in three months, and same as the opening balance amount

76. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" at end of last period:

77. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Restriction reasons
Monetary fund	1,350,973.12	Margin of housing mortgage
Total	1,350,973.12	--

Other explanation:

78. Foreign currency monetary items**(1) Foreign currency monetary items**

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary fund	--	--	
Including: USD	19,614.72	6.8747	134,845.32
EURO			
HKD			
Account receivable	--	--	
Including: USD			
EURO			
HKD			
Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

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

Applicable Not-applicable

79. Hedging

Disclosed hedging items and relevant hedging instrument based on hedging's category, disclosed qualitative and quantitative information for the arbitrage risks:

80. Government grants

(1)Government grants

In RMB

Category	Amount	Item	Amount reckoned into current gains/losses

(2)Government grants rebate

Applicable Not-applicable

Other explanation:

81. Other

VIII. Changes of consolidation range

1. Enterprise combined not under the same control

(1)Enterprise combined under different control in the Period

In RMB

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end

Other explanation:

(2)Combination cost and goodwill

In RMB

Combination cost

Determination method for fair value of the combination cost and contingent consideration and changes:

Main reasons for large goodwill resulted:

Other explanation:

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

In RMB

	Fair value on purchasing date	Book value on purchasing date

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

Contingent liability of the acquiree bear during combination:

Other explanation:

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

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

Yes No

(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are un-able to confirm rationally

(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 obtained in combination	Basis of combined under the same control	Combination date	Standard to determine the combination date	Income of the combined party from period-begin of combination to the combination date	Net profit of the combined party from period-begin of combination to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other explanation:

(2) Combination cost

In RMB

Combination cost	
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Explanation on contingent consideration and its changes:

Other explanation:

(3) Assets and liability of the combined party on combination date

In RMB

	Combination date	At end of last period

Contingent liability of the combined party bear during combination:

Other explanation:

3. Counter purchase

Basic transaction information, basis of counter purchase, whether making up business due to the assets and liability reserved by listed company and basis, determination of combination cost, amount and calculation on adjusted equity by equity transaction

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**

Subsidiaries	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Kefeng Engineering	Chengde	Chengde	Management and consultant of engineering project	100.00%		Establishment
Dongfeng Investment	Chengde	Chengde	Industrial investment	100.00%		Establishment
Nanjiang Asia	Chengde	Chengde	International	100.00%		Establishment

			investment			
Kefeng Trading	Chengde	Chengde	Commercial trade	100.00%		Establishment
Hangzhou Dongfeng	Hangzhou	Hangzhou	High-tech development	100.00%		Establishment
Dongguan Dongfeng Technology	Dongguan	Dongguan	Technology Development of new materials	100.00%		Establishment
Kefeng Aerospace	Chengde	Chengde	Technology Development of aerospace products	100.00%		Establishment
Dongfeng Power	Dongguan	Dongguan	Technology Development of clean energy	100.00%		Enterprise combined under the same control
Ecological Agriculture	Chengde	Chengde	Animal husbandry		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
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
Aolin New Materials	Dongguan	Dongguan	Nano metric technology material		62.00%	Enterprise combined not under the same control
Haizhuo Energy	Dongguan	Dongguan	Technology Development of new materials		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 Dongfeng 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 Sci-Tech Group holds total equity of the Dongfeng Investment; on 6 January 2013, Dongfeng Sci-Tech Group increase capital 40 million Yuan to Nanjiang Investment, and registered capital comes to 90 million Yuan after capital increased. On 25 October 2017, the enterprise name of Dongfeng Investment changed to Chengde Dongfeng Investment Co., Ltd instead of Chengde Nanjiang Investment Co., Ltd

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

*3 Nanjiang Asia was founded by Dongfeng Sci-Tech Group on 14th Nov. 2013, located in Hong Kong, with register capital of US\$ 20 million, the paid-up was US\$ 797, 538.34.

*4 Nanjiang Technology was founded jointly by Dongfeng Investment and Ningbo Morsh Technology on 24th Jan. 2013 with register capital of 50 million Yuan, including Dongfeng Investment invested 45 million Yuan taking up 90% of the total investment; Ningbo Morsh Technology invested 5 million Yuan taking up 10%. On 4th July 2016, the Dongfeng Technology entered into an equity transfer agreement with Ningbo Morsh Technology, the 10% shares held by Ningbo Morsh Technology are transferred to Dongfeng Investment, after equity transfer, 100% equity of Nanjiang Technology are held by Dongfeng Investment.

*5 Huijing Property was founded by Dongfeng Investment on 18th Nov. 2013 with register capital of 500,000 Yuan. Shareholder Dongfeng Investment invested 500, 000 Yuan wholly owning it.

*6 Dongfeng Power was established by Tibet Dongfeng Investment Co., Ltd. on April 7, 2016 with a registered capital of RMB 70 million and an actual capital contribution of RMB 0. On August 28, 2018, it signed an equity transfer agreement with Dongguan Dongfeng Technology to transfer the 100% equity to Dongguan Dongfeng Technology at 0 yuan. On December 25, 2018, Dongguan Dongfeng Technology transferred its 100% equity to the Company at 0.00 yuan. As of 30th June 2019, it has not actually invested.

*7 Hangzhou Dongfeng established on 21 September 2016 by Dongfeng Sci-Tech Group, registered capital was 50 million Yuan; actually paid-in capital was 30 million Yuan. On 5 June 2017, the enterprise name of Hangzhou Dongfeng changed to Hangzhou Dongfeng Technology Co. Ltd instead of Hangzou Hangfeng Technology Co., Ltd

*8 Kefeng Aerospace established on 12 December 2016 by Dongfeng Sci-Tech Group, registered capital was 30 million Yuan, no funds actually paid-up ended as 30th June 2019.

*9 Kefeng Engineering and Kefeng Trading are the new enterprise derivative split from Dongfen 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 capital are

taken by Dongfeng Sci-Tech Group.

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

*11 Zhongchuang New Energy established on 4 July 2017 with registered capital of 24.6 million Yuan. On 5 September 2017, the Dongguang Dongfeng Technology Development entered into a capital increase agreement with Dongguang Hangda Venture Investment, registered capital goes to 24.6 million Yuan from one million Yuan. Among them, Dongguang Dongfeng Technology Development contributes 15 million Yuan in monetary, a 60.98% in total shares. Dongguang 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 are paid on 27 December 2017 with totally 100% holds in shares

*13 Aolin New Material established on 23 October 2015 with registered capital of 25 million Yuan. On 4 December 2017, Aolin entered into a capital increase agreement with Dongguang Dongfeng Technology, registered capital comes to 25 million Yuan from 9.5 million Yuan. In line with the agreement between Dongguang 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 902,500 Yuan will reckoned into the capital reserves of Aolin New Material. On 29 December 2017, Dongguang Dongfeng Technology invested 15.5 million Yuan, a 62% in total registered capital.

*14 Haizhuo Energy established on 15 September 2015 with registered capital of 25 million Yuan. On 28 December 2017, 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 Haizhuo Energy, among which, 15.5 million Yuan will increased for registered capital, the 456,000 Yuan will reckoned into the capital reserves of Haizhuo Energy. On 6 March 2018, Dongguan Dongfeng Technology invested 15.5 million Yuan, a 62% in total registered capital.

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiaries	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
Zhongchuang New Energy	39.02%	-138,465.33	0.00	9,335,992.04
Aolin New Materials	38.00%	-431,783.72	0.00	8,299,266.86
Haizhuo Energy	38.00%	-182,577.46	0.00	9,267,347.23

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

Subsidiaries	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongchuang New Energy	16,779,584.24	7,415,327.05	24,194,911.29	271,431.67		271,431.67	21,246,051.26	3,327,169.17	24,573,220.43	294,923.40	0.00	294,923.40
Aolin New Materials	11,681,363.95	10,544,907.96	22,226,271.91	386,095.95		386,095.95	16,870,173.43	6,351,547.29	23,221,720.72	245,271.82	0.00	245,271.82
Haizhuo Energy	16,371,043.76	8,184,522.44	24,555,566.20	167,810.34		167,810.34	18,877,669.29	6,154,488.91	25,032,158.20	163,935.34	0.00	163,935.34

In RMB

Subsidiaries	Current period				Last period			
	Operation revenue	Net profit	Total comprehensive income	Cash flow from operation activity	Operation revenue	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongchuang New Energy	0.00	-354,817.41		-354,817.41	0.00	1,560.94	1,560.94	-23,861,349.77
Aolin New Materials	0.00	-1,136,272.94		-1,136,272.94	0.00	-360,674.69	-360,674.69	-19,670,168.15
Haizhuo Energy	0.00	-480,467.00		-480,467.00	0.00	-69,251.22	-69,251.22	-8,698,314.81

Other explanation:

(4)Major restriction on using corporate assets and liquidate corporate debts

(5)Financial or other supporting provided to structuring entity that included in consolidated financial statement

Other explanation:

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

(1) Owners equity shares changed in subsidiary

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

In RMB

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Other explanation

3. Equity in joint venture and associated enterprise

(1) Important joint venture and associated enterprise

Joint venture and associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	
Runhua Rural Water (Tianjin) International Trade Co., Ltd.	Tianjin	Tianjin	International Trading	30.00%		Equity method

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 associated business

In RMB

	Ending balance/Current period	Opening balance/Last period

Other explanation

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

In RMB

	Ending balance/Current period	Opening balance/Last period
Joint venture:	--	--
Total on below item by shareholding ratio	--	--
Associated 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 associated

In RMB

Associated enterprise and joint venture	Accumulated previous losses determined	Losses un-determined in the Period(net profit share in the Period)	Accumulated 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 place	Registered place	Business nature	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. Disclosure of fair value****1. Ending fair value of the assets and liabilities measured by fair value**

In RMB

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

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

3. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on second-order

4. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on third-order

5. Adjustment information and sensitivity analysis of unobservable parameters for the fair value measure sustaining and non-persistent on third-order

6. Sustaining items measured by fair value, as for the conversion between at all levels, reasons for conversion and policy for conversion time point

7. Changes of valuation technique in the Period

8. Financial assets and liability not measured by fair value

9. Other

XII. 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

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 is Mr. Wang Dong

Other explanation:

2. Subsidiary of the Enterprise

Found more in Note for subsidiary .

3. Associated enterprise and joint venture

Found more in Note

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

Associated enterprise and joint venture	Relationship with the Enterprise
Runhua Rural Water (Tianjin) International Trade Co., Ltd.	Associated enterprise

Other explanation

4. Other related party

Other related party	Relationship with the Enterprise
Runhua RW Industrial Development Company	Controller of the associated enterprise of the Company
Shanxi Products Minfeng Chemical Co., Ltd.	Controller of the associated enterprise of the Company
Dongguan Hangda Venture Investment Co., Ltd.	Non-controlling shareholder of the subsidiary 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	Current 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

Entrusting party/outsourcing party	Trustee/ Contractor	Type of trusteeship/contracted assets	Starting date of trusteeship/contract	Termination date of trusteeship/contract	Pricing basis of trusteeship/contracting income	Trusteeship/contracting income recognized in the period

Explanation on related entrust/contract

Entrust management/ outsourcing:

In RMB

Entrusting party/outsourcing party	Trustee/ Contractor	Type of entrusted/outsourcing	Starting date of entrusted/outsourcing	Termination date of entrusted/outsourcing	Pricing basis of entrusted/outsourcing	Entrusted/outsourcing expenses recognized in the

party		cing assets	cing	cing	cing expenses	period
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Explanation on related management/outsourcing

(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
Dongguan Hangda Venture Investment Co., Ltd.	Warehouse and dormitory	1,540,108.02	0.00

Explanation on related lease

Leasing factory: The factory that Dongguan Hangda Venture Capital Co., Ltd. rented out to Dongguan Aolin New Materials Co., Ltd., Dongguan Haizhuo Energy Technology Co., Ltd., and Dongguan Zhongchuang New Energy Technology Co., Ltd. is located at Room 101—102, Building No. 6, Modern Enterprise Accelerator No. 24, Gongye East Road, Songshan Lake High-tech Industrial Development Zone, Dongguan with total building area of 6,399.60 square meters, of which Dongguan Aolin New Materials Co., Ltd. leased building area of 3,226.95 square meters, Dongguan Haizhuo Energy Technology Co., Ltd. leased building area of 2,008.20 square meters, and Dongguan Zhongchuang New Energy Technology Co., Ltd. leased building area of 1,164.45 square meters; of which the factory rent standard (including property management fee) was 36.00 yuan / m²/ month (including tax). and the rent standard for factory adjusted to 39.5 yuan / m²/ month (including tax) since March 2019.

Leasing dormitory: The dormitory that Dongguan Hangda Venture Capital Co., Ltd. rented out to Dongguan Aolin New Materials Co., Ltd., Dongguan Haizhuo Energy Technology Co., Ltd., and Dongguan Zhongchuang New Energy Technology Co., Ltd. is located at the 7th Floor, Dormitory No. 8, Modern Enterprise Accelerator No. 24, Gongye East Road, Songshan Lake High-tech Industrial Development Zone, Dongguan, a total of 19 suites of single suite. Among them, Dongguan Aolin New Materials Co., Ltd. leased 8 suites of dormitory including Room 706, 707, 708, 709, 710, 711, 712, 713; Dongguan Haizhuo Energy Technology Co., Ltd. leased 8 suites of dormitory, including Room 714, 715, 717, 718, 719, 720, Dongguan Zhongchuang New Energy Technology Co., Ltd. leased 5 suites of dormitory, including Room 701, 702, 703, 704, 705, the dormitory rental standard (including property management fees) for a single suite was 620 yuan / suite / month (including tax).

(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
Dongguan Dongfeng	20,000.00	2018-07-02	2023-07-02	N

Intelligent Technology Co., Ltd				
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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

In order to meet the operation and development needs of Dongguan Dongfeng Intelligent Technology Co., Ltd. (hereinafter referred to as “Dongfeng Intelligent”), which is the holding sub-subcompany of Dongfeng Technology Group, Dongfeng Intelligent intended to apply for a comprehensive credit of the amount of not more than 200 million Yuan from Dongguan Bank Songshan Lake Technology Sub-branch, with a credit period of two years and a single-use period of no more than five years, the special project was dedicated to the construction of the equipment industrialization project of Dongfeng New Energy located at the east side of Fuxing Road, Dongguan Ecological Park, which took the 100% equity of Dongfeng Intelligent held by Dongguan Dongfeng Technology Development Co., Ltd. (hereinafter referred to as “Technology Development”), a holding subsidiary of the company, as the pledge guarantee, and Dongfeng Intelligent used its own land and above-ground buildings as collateral guarantee, Dongfeng Technology Group, Technology Development, Dongguan Zhongchuang New Energy Technology Co., Ltd., Dongguan Haizhuo Energy Technology Co., Ltd., and Dongguan Aolin New Materials Co., Ltd. guaranteed with the joint liability warranty; and the guarantee period was 5 years

As of 30th June 2019, Dongfeng Intelligent obtained the long-term loan balance from Bank of Dongguan Co., Ltd. Songshan Lake Technology Sub-branch of 172.21 million Yuan, the borrowing was limited to the follow-up construction of the equipment industrialization project of Dongfeng New Energy. Dongfeng Technology Group Co., Ltd., Dongguan Dongfeng Technology Development Co., Ltd., Dongguan Zhongchuang New Energy Technology Co., Ltd., Dongguan Aolin New Materials Co., Ltd., and Dongguan Haizhuo Energy Technology Co., Ltd. guaranteed with the joint liability warranty; and the collaterals were the land use rights and above-ground buildings of Yue (2017) Dongguan Real Property No. 0121786; the pledge was 100% equity of Dongguan Dongfeng Intelligent Technology Co., Ltd. held by Dongguan Dongfeng Technology Development Co., Ltd.

(5) Borrowed funds from related party

In RMB

Related party	Borrowing amount	Start date	Expiry date	Note
Borrowing funds				
Funds lent				

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

In RMB

Related party	Content	Current period	Last period
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(7) Remuneration of key management personnel

In RMB

Item	Current period	Last period
Remuneration of key management personnel	996,015.00	797,313.00

(8) Other related transaction**6. Account receivable/payable from/to related party****(1) Receivable item**

In RMB

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

(2) Payable item

In RMB

Item	Related party	Ending book balance	Opening book balance
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7. Commitment of related party**8. Other****XIII. 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****XIV. Commitment and contingency****1. Important commitment**

Important commitment on balance sheet date

2. Contingency**(1) Important contingency on balance sheet date**

As of 30th June 2019, as for the mortgage loans from the owner of commercial property, balance for guarantee providing amounted as 39.43 million Yuan.

(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**XV. 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****XVI. 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
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2. Debt restructuring**3. Assets exchange****(1) Exchange of non-monetary assets****(2) Other assets exchange****4. Pension plan****5. Discontinuing operation**

In RMB

Item	Revenue	Expenses	Total profit	Income tax expenses	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 between 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. Other major transaction and events makes influence on investor's decision

8. Other

XVII. Principle notes of financial statements of parent company

1. Account receivable

(1) Category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Including:										

Accrual of bad debt provision on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Reasons of accrual

Accrual of bad debt provision on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio basis:

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

Applicable Not-applicable

By account age

In RMB

Account age	Ending balance
Total	0.00

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

Accrual of bad debt provision in the period:

In RMB

Category	Opening balance	Current changes			Ending balance
		Accrual	Collected or reversal	Charge-off	

Including important amount of bad debt provision collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way
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(3) Account receivables actually charge-off during the reporting period

In RMB

Item	Amount charge-off
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Including major account receivables charge-off:

In RMB

Enterprise	Nature	Amount charge-off	Causes	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
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Explanation on account receivable charge-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 receivable

In RMB

Item	Ending balance	Opening balance
Other account receivable	18,975,344.61	80,991,042.06
Total	18,975,344.61	80,991,042.06

(1)Interest receivable

1)Category

In RMB

Item	Ending balance	Opening balance
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2)Major overdue interest

Borrower	Ending balance	Overdue time	Causes	Whether has impairment occurred and determination basis
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Other explanation:

3)Accrual of bad debt provision

Applicable Not-applicable

(2)Dividend receivable

1)Category

In RMB

Item (or invested company)	Ending balance	Opening balance
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2)Major dividend receivable with over one year aged

In RMB

Item (or invested company)	Ending balance	Account age	Causes of failure for collection	Whether has impairment occurred and determination basis
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3)Accrual of bad debt provision

Applicable Not-applicable

Other explanation:

(3)Other account receivable

1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Intercourse fund	28,192,271.14	89,225,891.04
Petty cash	1,279,800.89	1,399,398.05
VAT for lands rebate	4,942,346.42	4,942,346.42

Other	2,096,712.03	2,601,289.04
Total	36,511,130.48	98,168,924.55

2)Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2019	17,177,882.49			17,177,882.49
Balance of Jan. 1, 2019 in the period	—	—	—	—
Accrual in the period	357,903.38			357,903.38
Balance on Jun. 30, 2019	17,535,785.87			17,535,785.87

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

Applicable Not-applicable

By account age

In RMB

Account age	Ending balance
Within one year (one year included)	36,375,062.05
Within one year (one year included)	36,375,062.05
1-2 years	17,447.43
2-3 years	28,200.00
Over 3 years	90,421.00
3-4 years	90,421.00
Total	36,511,130.48

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

Accrual of bad debt provision in the period:

In RMB

Category	Opening balance	Current changes		Ending balance
		Accrual	Collected or reversal	
Bad debt provision	17,177,882.49	357,903.38		17,535,785.87
Total	17,177,882.49	357,903.38		17,535,785.87

Important amount of bad debt provision switch-back or collection in the period:

In RMB

Enterprise	Amount switch-back or collection	Collection way

4)Other account receivables actually charge-off during the reporting period

In RMB

Item	Amount charge-off
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Including major other account receivables charge-off:

In RMB

Enterprise	Other Nature	Amount charge-off	Causes	Procedure for charge-off	Amount cause by related transactions or not (Y/N)
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Other Explanation on account receivable charge-off

5)Top 5 other account receivable collected by arrears party at ending balance

In RMB

Enterprise	Nature	Ending balance	Account age	Proportion in total other account receivables at period-end	Ending balance of bad debt provision
Nanjiang Ecological Agriculture	Intercourse fund	16,818,186.90	Within one year, 1-2 years and 2-3 years	46.06%	16,818,186.90
Huijing Property	Intercourse fund	9,146,732.92	Within one year, 1-2 years and 2-3 years	25.05%	
Tax Bureau of Chengde County	Intercourse fund	4,942,346.42	Within one year	13.54%	247,117.32
Dongguan Dongfeng Technology	Intercourse fund	2,000,000.00	Within one year	5.48%	
Zhang Dongjun	Petty cash	359,378.76	Within one year	0.98%	
Total	--	33,266,645.00	--	91.11%	17,065,304.22

6)Account receivables related to government grant

In RMB

Enterprise	Government grant	Ending balance	Account age at period-end	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 investments

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Investment for subsidiary	372,803,036.40	0.00	372,803,036.40	272,803,036.40	0.00	272,803,036.40
Investment for joint venture and associated enterprises	9,170,370.00	9,170,370.00	0.00	9,170,370.00	9,170,370.00	0.00
Total	381,973,406.40	9,170,370.00	372,803,036.40	281,973,406.40	9,170,370.00	272,803,036.40

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance(Book value)	Changes in the period (+,-)				Ending balance(Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Accrual Impairment provision	Other		
Dongfeng 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	100,000,000.00	100,000,000.00				200,000,000.00	
Dongfeng Power							
Total	272,803,036.40	100,000,000.00				372,803,036.40	0.00

(2) Investment for joint venture and associated enterprise

In RMB

Invested company	Opening balance(Book value)	Changes in the period (+,-)								Ending balance(Book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to	Accrual Impairment provision	Other		

					t		issued				
I. Joint venture											
II. Associated enterprise											
Tianjin Runhua RW											9,170,370.00
Subtotal											9,170,370.00
Total	0.00									0.00	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	30,461,034.34	25,343,639.52	76,981,775.06	68,854,852.81
Total	30,461,034.34	25,343,639.52	76,981,775.06	68,854,852.81

Whether implemented the new revenue standards

Yes No

Other explanation:

5. Investment income

In RMB

Item	Current period	Last period
Long-term equity investment measured by cost		36,240,654.50
Other	148,717.94	47,503.07
Total	148,717.94	36,288,157.57

6. Other

XVIII. Supplementary information

1. Details of current non-recurring profits/gains and losses

Applicable Not-applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	831,663.08	
Except for the effective hedging business relevant with normal operations of the Company, the gains/losses of the fair value by holding the trading financial assets, derivative financial assets, trading financial liability and derivative financial liability, as well as the investment income from disposal of the trading financial assets, derivative financial assets, trading financial liability, derivative financial liability and other creditors' investment	198,770.44	Financial products income
Other non-operating income and expense other than the above mentioned ones	-389,986.80	
Total	640,446.72	--

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

Applicable Not-applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/share)	Diluted EPS (Yuan/share)
Net profits belong to common stock stockholders of the Company	-7.36%	-0.035	-0.035
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-7.38%	-0.035	-0.035

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.