Dongfeng Sci-Tech Group CO., LTD.

Independent Audit Report

D.H.S.Z. [2020]NO.006778

Da Hua Certified Public Accountants (Special General Partnership)

Dongfeng Sci-Tech Group CO., LTD.
Audit Report and Financial Statements

(1st January, 2019 to 31st December, 2019)

Content		Page

Independent Audit Report

D.H.S.Z.[2020]NO.006778

To the Shareholders of Dongfeng Sci-Tech Group CO., LTD.:

I. Audit Opinion

We have audited the accompanying financial statements of Dongfeng Sci-Tech Group CO., LTD. (hereinafter referred to as — "DFST") Which comprise the consolidated and company balance sheets as at 31st December 2019, the consolidated and company incomes statements, the consolidated and company change of shareholders' equity statement and the consolidated and company cash flow statements for the year 2019, and notes to the financial statements.

In our opinion, the accompanying financial statements present in all material respects accordance with the requirements of Accounting Standards for Business Enterprises, and fairly reflected DFST's financial position at 31st December 2019 and the financial performance and cash flows for the year 2019.

II. Basis of Forming Audit Opinion

We conducted our audit procedure in complying China CPA Audit Standards. ***'IV. Certified Public Accountant's Responsibility for the Financial Statements' audit'*** in this report describes our responsibility under these standards. Those standards require that we comply with ethical requirements, that we are independent from DFST and fulfilled all other ethical obligation. We believe that we have obtained Complete and Just audit evidence as basis of audit opinion.

III. Key audit matters

The key audit matters are those which we consider to be the most important for the audit of the current financial statements based on our professional judgment. These matters are dealt with in the context of an audit of the financial statements as a whole and an audit opinion is formed, and we do not express a separate opinion on these matters.

We identified the following as key audit issues that need to be communicated in the audit report:

1. Confirmation of fixed assets;

2. Confirmation of real estate sales income.

(I) Confirmation of fixed assets

1.Description of matter

Please refer to Note IV (16) and Note VI (11) of the consolidated financial statements. As of December 31, 2019, the balance of fixed assets in the consolidated financial statements of DFST was RMB 306,237,939.37, accounting for 44.83% of the total assets.

Due to the importance of fixed assets to the financial statements of DFST, and when the construction in progress reaches the expected usable state and it is transferred to fixed assets, it involves significant management judgment, so we have confirmed and measured the construction in progress as a key audit matter.

2. Audit response

Important audit procedures we implement for the disposal of intangible assets include:

(1) Understand and test the design and implementation of the internal control system related to DFST and construction in progress.

(2) Obtain or prepare a detailed list of fixed assets, accumulated depreciation and impairment provision, check whether the replenishment is correct, and whether it is consistent with the total account number and the detailed account balance check, and whether the accumulated depreciation and impairment provision are consistent with the financial statement..

(3) Check whether the confirmation time of fixed assets meets the requirements of accounting standards, whether the recorded value is consistent with the relevant records of the construction in progress, and check whether the fixed assets that have reached the expected usable status but have not yet completed the final settlement procedures are checked according to estimates. The value is accounted and depreciated according to regulations.

(4) Check whether the original certificate of the project under construction transferred into fixed assets is complete, such as acceptance report, project progress, etc.

(5) Implement monitoring procedures for fixed assets and observe whether there are sealed or idle assets.

Based on the audit work performed, we believe that the management of DFST is reasonable to confirm the construction in progress.

(II) Real estate sales revenue recognition

1.Description of matter

Please refer to Note IV (26) and Note VI (33) of the consolidated financial statements. In 2019, the sales revenue of DFST's consolidated financial statements amounted to RMB 44,121,179.41, of which real estate development project income was RMB 39,034,049.06. Accounted for 88.47% of operating income.

Due to the importance of real estate development project income to the financial statements of DFST, we recognize the revenue recognition of real estate development projects as a key audit matter.

2. Audit response

Important audit procedures that we implement for the recognition of real estate sales revenue include:

(1) Understand and test the design and implementation of the internal control system related to sales and collections.

(2) Select a sample of the real estate sales contract to evaluate whether the revenue recognition policy of the DFST real estate development project meets the requirements of relevant accounting standards.

(3) Select the sales sample of the real estate project, check the sales contract and supporting documents that can prove that the real estate has reached the delivery conditions, to evaluate whether the relevant property sales revenue has been in accordance with the DFST's revenue recognition policy.

(4) Obtain information such as sales progress control table, sales ledger, real estate management department filing information, sales receipt record and commercial housing handover procedures to determine the actual sales situation and whether it is consistent with the financial data.

(5) For the real estate sales income recognized in the real estate development project this year, select the sample and compare its unilateral average selling price with the single selling price obtained from the public information; analyze the rationality of the change in gross profit margin of each real estate.

(6) Conduct a cut-off test on the income of real estate development projects, and check the sales revenues confirmed before and after the balance sheet date with the supporting documents such as delivery procedures to assess whether the income is recognized in the correct period.

Based on the audit work performed, we believe that the management of DFST confirms that the sales revenue is in line with the accounting policies of DFST.

Ⅳ. Other information

DFST management is responsible for other information. Other information includes information covered in the 2019 annual report, but does not include the financial statements and our audit reports.

Our audit opinion on the financial statements does not cover other information and we do not issue any form of assurance findings on other information.

In connection with our audit of the financial statements, it is our responsibility to read other information and, in the process, to consider whether it is materially inconsistent with or appears to be materially misstatement of the financial statements or the information we have learned in the course of the audit.

Based on what we have done, we should report this fact if we determine that there are material misstatements of other information. In this regard, we have nothing to report on.

Ⅴ. Management and Governance's Responsibility for the Financial Statements

Management of DFST is responsible for the preparation and present these financial statements fairly in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Management of DFST is also responsible for evaluate DFST's corporate sustainability, disclose events related to its sustainability (if applicable), and complying going concern assumption, unless the management is arranging either liquidation, termination or no realistic option to comply.

Governance is responsible for supervise the produce of DFST'S financial reports.

Ⅵ. Certified Public Accountant's Responsibility for the Financial Statements' audit

Our objective is to reach a reasonable assurance of if risks of material misstatement of the financial statements exist, whether due to fraud or error, and issue an independent audit report content our audit opinion.

A reasonable assurance is a high standard assurance, however, it could not ensure an audit comply with audit standards could always detect an existed material misstatement. Misstatement could caused due to fraud or error, should a reasonable expectation on such a misstatement, or the combine of misstatements, is likely to influence the economical decision made by the user of the financial statement, such misstatement should normally be considered as material.

During our audit under audit standards, we would apply our professional judgement, and maintain professional skepticism, as well as performing following procedure:

1. Identify and evaluate the risk of financial statements caused due to fraud or error, design and perform audit procedures to countermeasure these risks and obtain reasonable evidence to fulfill such an objective as the basis of audit opinion. As fraud could involve collaboration, falsifying, intentional omission, false statement or override of control, the risk of unable to identify material misstatement due to fraud is higher than unable to identify material misstatement due to error.

2. Understanding the internal control related to the audit in order to design suitable audit procedures, however, the purpose was not to issue any opinion regarding to the effectiveness of such internal control.

3. Evaluate the appropriateness of accounting policy adopted and reasonableness of its disclosure by the management

4. Reach a conclusion of whether the management's going concern assumption is appropriate. Based on evidence obtained, reach a conclusion on events that may likely

to impair its sustainability or position that may bring uncertainty to the sustainability of DFST. Should the conclusion considered a significant uncertainty, audit standards required us to submit the related disclosures to the user of the financial statement; should the disclosure considered insufficient, we would not issue our opinion as non-qualified. Our conclusion is based on information available till the date of reporting date, however, future events or situations may still cause impairment of DTST's sustainability.

5. Evaluate the presentation in general, structure and content (including disclosure), and evaluate whether financial statements fairly reflected transactions and events.

6. Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in the DTST to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and executing group audits and assume full responsibility for audit opinions.

We communicate with governance on audit scope, time schedule and significant audit findings, including internal control flaws that worth attention.

We also provide the governance layer with a statement of compliance with ethical requirements relating to our independence and communicate with the governance layer all relationships and other matters that may reasonably be considered to affect our independence, as well as relevant precautions(if applicable) .

From the matters communicated with the governance layer, we determine which matters are most important to the audit of the current financial statements and therefore constitute key audit matters. We describe these matters in our audit reports unless laws and regulations prohibit public disclosure of these matters or, in rare cases, we determine that a matter should not be communicated in an audit report if it is reasonably expected that the adverse consequences of communicating the matter in the audit report outweigh the benefits in the public interest.

（There is no text on this page）

Da Hua Certified Public Accountants (Special General Partnership)

Beijing China

China CPA:

Hu Zhigang

China CPA:

Yan Lisheng

April 28.2020

Consolidated Income Statement

For the year ended 31 December 2019

Prepared by：Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Closing Balance	Opening Balance	Prior Closing Balance
Current assets：				
Cash and bank	1	27,759,127.05	36,306,825.10	36,306,825.10
Financial assets at fair value through profit and loss		-	-	-
Trading financial assets	2	8,300,000.00	26,800,000.00	-
Derivative assets		-	-	-
Notes receivable		-	-	-
Accounts receivable	3	150,330.00	11,171.25	11,171.25
Receivable financing		-	-	-
Advances to suppliers	4	9,117,061.66	61,099,009.67	61,099,009.67
Other receivables	5	17,921,552.05	8,588,597.44	8,588,597.44
Inventories	6	196,431,731.67	151,585,557.50	151,585,557.50
Held-for-sale assets		-	-	-
Current portion of non-current assets		-	-	-
Other current assets	7	45,828,612.47	10,986,874.66	37,786,874.66
Total current assets		305,508,414.90	295,378,035.62	295,378,035.62
Non-current assets：				
Available-for-sale financial assets	8	-	-	16,331,037.08
Held-to-maturity investments		-	-	-
Debt investment		-	-	-
Other debt investment		-	-	-
Long-term receivables		-	-	-
Long-term equity investments	9	-	-	-
Investment in other equity instruments	10	15,963,446.39	16,331,037.08	-
Other non-current financial assets		-	-	-
Investment property		-	-	-
Fixed assets	11	306,237,939.37	17,302,279.65	17,302,279.65
Construction in progress	12	-	101,650,833.16	101,650,833.16
Productive biological assets	13	5,536.23	121,437.50	121,437.50
Oil and gas assets		-	-	-
Intangible assets	14	54,633,364.35	56,686,960.59	56,686,960.59
Development disbursements	15	-	13,346,410.47	13,346,410.47
Goodwill	16	-	1,543,786.41	1,543,786.41
Long-term deferred expenses	17	246,496.00	266,884.56	266,884.56
Deferred tax assets	18	-	-	-
Other non-current assets	19	496,880.00	121,743,152.36	121,743,152.36
Total non-current assets		377,583,662.34	328,992,781.78	328,992,781.78
Total assets		683,092,077.24	624,370,817.40	624,370,817.40

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative： Finance Officer （CFO）： Financial Manager：

Consolidated Balance Sheet (Continue)

For the year ended 31 December 2019

Prepared by: Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Liability and Equity	Notes 6	Closing Balance	Opening Balance	Prior Closing Balance
Current liabilities:				
Short-term borrowings		-	-	-
Financial liabilities at fair value through profit and loss		-	-	-
Trading financial liabilities		-	-	-
Derivative liabilities		-	-	-
Notes payable		-	-	-
Accounts payable	20	8,461,096.51	6,668,789.67	6,668,789.67
Advances from customers	21	159,359,732.60	16,269,319.99	16,269,319.99
Employee benefits payable	22	1,767,654.79	981,089.59	981,089.59
Taxes and surcharges payable	23	67,933.78	921,967.58	921,967.58
Other payables	24	53,454,293.48	118,376,885.44	118,570,218.85
Held-for-sale liabilities		-	-	-
Current portion of non-current liabilities	25	373,696.88	193,333.41	-
Other current liabilities		-	-	-
Total current liabilities		223,484,408.04	143,411,385.68	143,411,385.68
Non-current liabilities:				
Long-term borrowings	26	175,210,000.00	101,710,000.00	101,710,000.00
Bonds payable		-	-	-
Include:Preferred stock		-	-	-
Include:Perpetual debt		-	-	-
Long-term payable		-	-	-
Long-term employee benefits payable		-	-	-
Provisions		-	-	-
Deferred income		-	-	-
Deferred tax liabilities		-	-	-
Other non-current liabilities		-	-	
Total non-current liabilities		175,210,000.00	101,710,000.00	101,710,000.00
Total liabilities		398,694,408.04	245,121,385.68	245,121,385.68
Shareholders' equity:				
Share capital	27	706,320,000.00	706,320,000.00	706,320,000.00
Other equity instruments		-	-	-
Include:Preferred stock		-	-	-
Include:Perpetual debt		-	-	-
Capital reserve	28	463,681,309.55	463,681,309.55	463,681,309.55
Less: treasury shares	29	28,826,485.70	19,718,613.55	19,718,613.55
Other comprehensive income	30	-367,590.69	-	-
Specialized reserve		-	-	-
Surplus reserve	31	76,791,550.17	76,791,550.17	76,791,550.17
Retained earnings	32	-948,013,965.63	-875,480,247.09	-875,480,247.09
Total shareholders' equity attributable to parent company		269,584,817.70	351,593,999.08	351,593,999.08
Minority shareholders' equity		14,812,851.50	27,655,432.64	27,655,432.64
Total shareholders' equity		284,397,669.20	379,249,431.72	379,249,431.72
Total liabilities and shareholders' equity		683,092,077.24	624,370,817.40	624,370,817.40

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative: Finance Officer （CFO）： Financial Manager：

Consolidated Income Statement

For the year ended 31 December 2019

Prepared by：Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Current Period	Prior Period
1.Operating revenue	33	44,121,179.41	123,508,083.90
Less：operating cost	33	36,607,980.92	108,747,731.24
Taxes and surcharges	34	1,987,455.08	-247,832.89
Selling expenses	35	10,684,423.09	115,346.71
Administrative expenses	36	38,636,539.45	29,236,648.47
Research & development expenses	37	32,520,368.65	4,748,852.86
Finance expenses	38	-13,903.22	-385,552.98
Including : interest expense		-	-
interest income		192,163.03	175,090.92
Add：other income	39	12,451.79	2,896,903.64
Investment income	40	436,020.07	19,646,046.57
Including：investment income from associates and joint ventures		-	-
Derecognized earnings of financial assets measured at amortized cost		-	-
Net exposure hedge income		-	-
Gain from fair value change		-	-
Credit impairment loss	41	-2,664,077.06	-
Asset impairment losses	42	-3,081,861.98	-448,072.80
Gain from assets disposal	43	-197,590.25	4,526,245.58
2.Operating profits		-81,796,741.99	7,914,013.48
Add:non-operating income	44	865.35	3,125.00
Less:non-operating expenses	45	3,580,423.04	473,944.42
3.Profit before tax		-85,376,299.68	7,443,194.06
Less:income tax	46	-	885,955.09
4.Net profit		-85,376,299.68	6,557,238.97
Net profit contributed before the conbination under commen control			
I. Profit classified as continuity			
Continuous operating profit and loss		-85,376,299.68	10,617,300.84
Termination of the business profit and loss			-4,060,061.87
II. Profit classified as ownership			
Net profit attributable to parent company		-72,533,718.54	7,383,835.76
Profit/loss attributable to minority share-holders		-12,842,581.14	-826,596.79
5.Other comprehensive income after tax		-367,590.69	
Other comprehensive income after tax attributable to parent company		-367,590.69	-
I. Comprehensive income not to be reclassified as profit or loss		-	-
i. Changes in remeasured defined benefit obligations or net assets			
ii. Portion of comprehensive income not to be reclassified as profit or loss under equity method			
iii. ……			
II.Comprehensive income to be reclassified as profit or loss		-367,590.69	-
i. Portion of comprehensive income to be reclassified as profit or loss under equity method			
ii. Gain or loss from fair value changes of available-for-sale financial assets		-367,590.69	
iii. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
iv. Gain or loss on effective cash flow hedging			
v. Currency translation reserve			
vi. Gain from before a invested subsidiary that no longer has control			
vii. Real estate investment converted from a non-investmental real estate property			
viii. ……			
Other comprehensive income attributable to minority share-holders after tax			
6.Total comprehensive income		-85,743,890.37	6,557,238.97
Total comprehensive income attributable to parent company		-72,901,309.23	7,383,835.76
Total comprehensive income attributable to minority share-holders		-12,842,581.14	-826,596.79
7.Earnings per share：			
I. Basic earnings per share		-0.10	0.01
II.Diluted earnings per share		-0.10	0.01

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative： Finance Officer（CFO）： Financial Manager：

Consolidated Cash Flows Statement

For the year ended 31 December 2019

Prepared by: Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Current Period	Prior Period
1.Cash flows from operating activities			
Cash received from sales and services		175,602,548.28	84,460,974.01
Taxes and surcharges refunds		4,942,346.42	8,101,715.65
Other cash receipts related to operating activities	47	28,428,611.73	116,131,170.58
Total cash inflows from operating activities		208,973,506.43	208,693,860.24
Cash paid for goods and services		36,083,519.92	123,728,104.36
Cash paid to and for employees		27,752,640.08	16,697,226.16
Taxes and surcharges cash payments		18,257,946.77	32,848,901.70
Other cash payments related to operating activities	47	81,603,429.04	853,578.71
Total cash outflows from operating activities		163,697,535.81	174,127,810.93
Net cash flows from operating activities		45,275,970.62	34,566,049.31
2.Cash flows from investing activities			
Cash received from withdraw of investments		189,500,000.00	31,230,000.00
Cash received from investment income		436,020.07	680,926.85
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		980,067.35	28,160,000.00
Net cash received from disposal of subsidiaries and other business units		-	17,328,070.03
Other cash receipts related to investing activities		-	-
Total cash inflows from investing activities		190,916,087.42	77,398,996.88
Cash paid for fixed assets,intangible assets and other long-term assets		77,265,319.06	231,847,353.86
Cash payments for investments		171,000,000.00	1,500,000.00
Net cash paid for acquiring subsidiaries and other business units		-	-6,604,668.64
Other cash payments related to investing activities		-	-
Total cash outflows from investing activities		248,265,319.06	226,742,685.22
Net cash flows from investing activities		-57,349,231.64	-149,343,688.34
3.Cash flows from financing activities			
Cash received from investments by others		-	-
Cash received from borrowings		77,500,000.00	101,710,000.00
Other cash receipts related to other financing activities		64,291,005.41	-
Total cash inflows from financing activities		141,791,005.41	101,710,000.00
Cash repayments for debts		4,000,000.00	-
Cash payments for distribution of dividends, profit and interest expenses		13,520,613.99	2,077,900.24
Other cash payments related to financing activities	47	120,095,434.36	19,718,613.55
Total cash outflows from financing activities		137,616,048.35	21,796,513.79
Net cash flows from financing activities		4,174,957.06	79,913,486.21
4.Effect of foreign exchange rate changes on cash and cash equivalents		103,546.27	269,681.12
5.Net increase in cash and cash equivalents	48	-7,794,757.69	-34,594,471.70
Add:beginning balance of cash and cash equivalents		33,512,916.99	68,107,388.69
6.Ending balance of cash and cash equivalents		25,718,159.30	33,512,916.99

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative: Finance Officer （CFO）： Financial Manager:

Consolidated Statement on Changes of Shareholders' Equity

For the year ended 31 December 2019

Prepared by： Dongfeng Sci-Tech Group CO., LTD.

(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Current Period									
		Share capital	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Minority interests	Total shareholders' equity
1.Ending balance of last year		706,320,000.00	-	463,681,309.55	19,718,613.55	-	-	76,791,550.17	-875,480,247.09	27,655,432.64	379,249,431.72
Add:increase/decrease due to changes in accounting policies		-		-	-		-	-	-		-
Increase/decrease due to corrections of errors in Prior Period		-		-	-		-	-	-		-
Others		-		-	-		-	-	-		-
2.Beginning balance of current year		706,320,000.00	-	463,681,309.55	19,718,613.55	-	-	76,791,550.17	-875,480,247.09	27,655,432.64	379,249,431.72
3.Increase/decrease for current year		-	-	-	9,107,872.15	-367,590.69	-	-	-72,533,718.54	-12,842,581.14	-94,851,762.52
I.Total comprehens iveincome						-367,590.69			-72,533,718.54	-12,842,581.14	-85,743,890.37
II.Shareholders' contributions and withdrawals of captial		-	-	-	9,107,872.15	-	-	-	-	-	-
ⅰ. Common stock contributed by shareholders		-		-	-		-	-	-		-
ⅱ. Capital contributed by other equity instruments holders											-
ⅲ. Share-based payment recorded in owner's equity							-	-	-		-
ⅳ. Others		-		-	9,107,872.15		-	-	-	-	-9,107,872.15
III.Profits distribution		-	-	-	-	-	-	-	-	-	-
ⅰ. Appropriation of surplus reserve		-		-	-		-		-		-
ⅱ. Distribution to owner/shareholder		-		-	-		-	-	-		-
ⅲ. Others		-		-	-		-	-	-		-
IV.Transfer within shareholders' equity		-	-	-	-	-	-	-	-	-	-
ⅰ. Capital reserve transferred to paid-in capital		-		-	-		-	-	-		-
ⅱ. Surplus reserve transferred to paid-in capital		-		-	-		-	-	-		-
ⅲ. Recover of loss by surplus reserve		-		-	-		-	-	-		-
ⅳ. Changes in remeasurement of defined benefit net obligations/assets											-
ⅴ. Others		-		-	-		-	-	-		-
V.specialized reserve		-	-	-	-	-	-	-	-	-	-
ⅰ. Current year accrual		-		-	-		-	-	-		-
ⅱ. Current year utilization		-		-	-		-	-	-		-
VI.Others		-		-	-		-	-	-		-
4.Ending balance of current year		706,320,000.00	-	463,681,309.55	28,826,485.70	-367,590.69	-	76,791,550.17	-948,013,965.63	14,812,851.50	284,397,669.20

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative： Finance Officer （CFO）： Financial Manager：

onsolidated Statement on Changes of Shareholders' Equi

For the year ended 31 December 2019

Prepared by： Dongfeng Sci-Tech Group CO., LTD.

(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Prior Period									
		Share capital	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Minority interests	Total shareholders' equity
1.Ending balance of last year		706,320,000.00	-	463,681,309.55	-	-	-	76,791,550.17	-882,864,082.85	18,855,204.34	363,928,776.87
Add:increase/decrease due to changes in accounting policies							-	-	-		-
Increase/decrease due to corrections of errors in Prior Period							-	-	-		-
Others							-	-	-		-
2.Beginning balance of current year		706,320,000.00	-	463,681,309.55	-	-	-	76,791,550.17	-882,864,082.85	18,855,204.34	363,928,776.87
3.Increase/decrease for current year		-	-	-	19,718,613.55	-	-	-	7,383,835.76	8,800,228.30	7,383,835.76
I.Total comprehens iveincome						-			7,383,835.76	-826,596.79	6,557,238.97
II.Shareholders' contributions and withdrawals of captial		-	-	-	19,718,613.55	-	-	-	-	9,626,825.09	-
i. Common stock contributed by shareholders					-		-	-	-		-
ii. Capital contributed by other equity instruments holders											-
iii. Share-based payment recorded in owner's equity		-		-	-		-	-	-		-
iv. Others		-		-	19,718,613.55		-	-	-	9,626,825.09	-10,091,788.46
III.Profits distribution		-	-	-	-	-	-	-	-	-	-
i. Appropriation of surplus reserve		-		-	-		-		-		-
ii. Distribution to owner/shareholder		-		-	-		-	-			-
iii. Others		-		-	-		-	-	-		-
IV.Transfer within shareholders' equity		-	-	-	-	-	-	-	-	-	-
i. Capital reserve transferred to paid-in capital		-		-	-		-	-	-		-
ii. Surplus reserve transferred to paid-in capital		-		-	-		-	-	-		-
iii. Recover of loss by surplus reserve		-		-	-		-	-	-		-
iv. Changes in remeasurement of defined benefit net obligations/assets											-
v. Others		-		-	-		-	-	-		-
V.specialized reserve		-	-	-	-	-	-	-	-	-	-
i. Current year accrual		-		-	-		-	-	-		-
ii. Current year utilization		-		-	-		-	-	-		-
VI.Others		-		-	-		-	-	-		-
4.Ending balance of current year		706,320,000.00	-	463,681,309.55	19,718,613.55	-	-	76,791,550.17	-875,480,247.09	27,655,432.64	379,249,431.72

(Attached Notes to statements are part of the consolidated financia

Legal Representative：

Finance Officer （CFO）：

Financial Manager：

The parent company Balance Sheet

As of 31st December 2019

Prepared by: Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Assets	Notes 13	Closing Balance	Opening Balance	Prior Closing Balance
Current assets:				
Cash and bank		22,660,812.82	28,933,135.09	28,933,135.09
Financial assets at fair value through profit and loss		-	-	-
Trading financial assets		4,000,000.00	24,000,000.00	-
Derivative assets		-	-	-
Notes receivable		-	-	-
Accounts receivable		-	-	-
Receivable financing		-	-	-
Advances to suppliers		8,078,076.16	60,821,190.73	60,821,190.73
Other receivables	1	37,622,110.45	80,991,042.06	80,991,042.06
Inventories		196,392,942.76	150,581,753.98	150,581,753.98
Held-for-sale assets		-	-	-
Current portion of non-current assets		-	-	-
Other current assets		18,070,610.34	163,071.63	24,163,071.63
Total current assets		286,824,552.53	345,490,193.49	345,490,193.49
Non-current assets:				
Available-for-sale financial assets		-	-	16,331,037.08
Held-to-maturity investments		-	-	-
Debt investment		-	-	-
Other debt investment		-	-	-
Long-term receivables		-	-	-
Long-term equity investments	2	372,803,036.40	272,803,036.40	272,803,036.40
Investment in other equity instruments		15,963,446.39	16,331,037.08	-
Other non-current financial assets		-	-	-
Investment property		-	-	-
Fixed assets		1,411,240.77	1,551,517.36	1,551,517.36
Construction in progress		-	-	-
Productive biological assets		-	-	-
Oil and gas assets		-	-	-
Intangible assets		-	-	-
Development disbursements		-	-	-
Goodwill		-	-	-
Long-term deferred expenses		-	-	-
Deferred tax assets		-	-	-
Other non-current assets		-	-	-
Total non-current assets		390,177,723.56	290,685,590.84	290,685,590.84
Total assets		677,002,276.09	636,175,784.33	636,175,784.33

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative: Finance Officer（CFO）: Financial Manager:

The parent company Balance Sheet (Continue)

As of 31st December 2019

Prepared by：Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Liability and Equity	Notes 13	Closing Balance	Opening Balance	Prior Closing Balance
Current liabilities：				
Short-term borrowings		-	-	-
Financial liabilities at fair value through profit and loss		-	-	-
Trading financial liabilities		-	-	-
Derivative liabilities		-	-	-
Notes payable		-	-	-
Accounts payable		2,481,983.35	6,263,184.67	6,263,184.67
Advances from customers		157,356,171.77	14,427,450.03	14,427,450.03
Employee benefits payable		291,167.02	257,362.42	257,362.42
Taxes and surcharges payable		9,510.94	125,482.71	125,482.71
Other payables		380,623,541.78	432,985,336.27	432,985,336.27
Held-for-sale liabilities		-	-	-
Current portion of non-current liabilities		-	-	-
Other current liabilities		-	-	-
Total current liabilities		540,762,374.86	454,058,816.10	454,058,816.10
Non-current liabilities：				
Long-term borrowings		-	-	-
Bonds payable		-	-	-
Include:Preferred stock		-	-	-
Include:Perpetual debt		-	-	-
Long-term payable		-	-	-
Long-term employee benefits payable		-	-	-
Provisions		-	-	-
Deferred income		-	-	-
Deferred tax liabilities		-	-	-
Other non-current liabilities		-	-	-
Total non-current liabilities		-	-	-
Total liabilities		540,762,374.86	454,058,816.10	454,058,816.10
Shareholders' equity：				
Share capital		706,320,000.00	706,320,000.00	706,320,000.00
Other equity instruments		-	-	-
Include:Preferred stock		-	-	-
Include:Perpetual debt		-	-	-
Capital reserve		456,569,124.55	456,569,124.55	456,569,124.55
Less: treasury shares		28,826,485.70	19,718,613.55	19,718,613.55
Other comprehensive income		-367,590.69	-	-
Specialized reserve		-	-	-
Surplus reserve		76,791,550.17	76,791,550.17	76,791,550.17
Retained earnings		-1,074,246,697.10	-1,037,845,092.94	-1,037,845,092.94
Total shareholders' equity attributable to parent company		136,239,901.23	182,116,968.23	182,116,968.23
Total shareholders' equity		677,002,276.09	636,175,784.33	636,175,784.33

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative: Finance Officer（CFO）： Financial Manager:

The parent company Income Statement

For the year ended 31 December 2019

Prepared by：Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Current Period	Prior Period
1.Operating revenue	3	39,034,049.06	121,071,870.89
Less：operating cost	3	31,288,535.20	103,821,248.79
Taxes and surcharges		973,495.33	-1,521,613.57
Selling expenses		10,678,138.54	110,444.59
Administrative expenses		26,272,704.27	12,121,942.53
Research & development expenses		-	-
Finance expenses		-89,973.64	2,590.40
Including : interest expense		-	-
interest income		128,784.84	175,090.92
Add：other income		6,451.79	2,890,000.00
Investment income	4	273,093.26	53,773,285.06
Including：investment income from associates and joint ventures		-	-
Derecognized earnings of financial assets measured at amortized cost		-	-
Net exposure hedge income		-	-
Gain from fair value change		-	-
Credit impairment loss		-2,669,641.61	-
Asset impairment losses		-1,425,966.21	530,281.37
Gain from assets disposal		107,959.62	-
2.Operating profits		-33,796,953.79	63,730,824.58
Add:non-operating income		1.32	-
Less:non-operating expenses		2,604,651.69	124,650.33
3.Profit before tax		-36,401,604.16	63,606,174.25
Less:income tax		-	750.00
4.Net profit		-36,401,604.16	63,605,424.25
Continuous operating profit and loss		-36,401,604.16	63,605,424.25
Termination of the business profit and loss			
5.Other comprehensive income after tax		-367,590.69	-
I. Comprehensive income not to be reclassified as profit or loss		-	-
i. Changes in remeasured defined benefit obligations or net assets			
ii. Portion of comprehensive income not to be reclassified as profit or loss under equity method			
iii. ……			
II.Comprehensive income to be reclassified as profit or loss		-367,590.69	-
i. Portion of comprehensive income to be reclassified as profit or loss under equity method			
ii. Gain or loss from fair value changes of available-for-sale financial assets		-367,590.69	
iii. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
iv. Gain or loss on effective cash flow hedging			
v. Currency translation reserve			
vi. Gain from before a invested subsidiary that no longer has control			
vii. Real estate investment converted from a non-investmental real estate property			
viii. ……			
6.Total comprehensive income		-36,769,194.85	63,605,424.25

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative： Finance Officer（CFO）： Financial Manager：

The parent company Cash Flows Statement

For the year ended 31 December 2019

Prepared by: Dongfeng Sci-Tech Group CO., LTD. (The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Current Period	Prior Period
1.Cash flows from operating activities			
Cash received from sales and services		170,133,206.89	79,011,942.34
Taxes and surcharges refunds		4,942,346.42	86,715.65
Other cash receipts related to operating activities		134,572,211.96	124,344,882.32
Total cash inflows from operating activities		309,647,765.27	203,443,540.31
Cash paid for goods and services		22,062,518.85	106,587,804.23
Cash paid to and for employees		13,096,257.89	5,445,538.85
Taxes and surcharges cash payments		15,851,587.77	9,232,241.12
Other cash payments related to operating activities		121,979,037.51	65,454,115.32
Total cash outflows from operating activities		172,989,402.02	186,719,699.52
Net cash flows from operating activities		136,658,363.25	16,723,840.79
2.Cash flows from investing activities			
Cash received from withdraw of investments		154,300,000.00	-
Cash received from investment income		273,093.26	36,445,215.03
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		386,427.35	-
Net cash received from disposal of subsidiaries and other business units		-	17,328,070.03
Other cash receipts related to investing activities		-	-
Total cash inflows from investing activities		154,959,520.61	53,773,285.06
Cash paid for fixed assets,intangible assets and other long-term assets		4,970,781.75	33,304.61
Cash payments for investments		234,300,000.00	30,000,000.00
Net cash paid for acquiring subsidiaries and other business units		-	-
Other cash payments related to investing activities		-	-
Total cash outflows from investing activities		239,270,781.75	30,033,304.61
Net cash flows from investing activities		-84,311,261.14	23,739,980.45
3.Cash flows from financing activities			
Cash received from investments by others		-	
Cash received from borrowings		-	
Other cash receipts related to other financing activities		64,291,005.41	
Total cash inflows from financing activities		64,291,005.41	-
Cash repayments for debts		-	
Cash payments for distribution of dividends, profit and interest expenses		1,911,422.82	
Other cash payments related to financing activities		120,095,434.36	19,718,613.55
Total cash outflows from financing activities		122,006,857.18	19,718,613.55
Net cash flows from financing activities		-57,715,851.77	-19,718,613.55
4.Effect of foreign exchange rate changes on cash and cash equivalents		-	
5.Net increase in cash and cash equivalents		-5,368,749.66	20,745,207.69
Add:beginning balance of cash and cash equivalents		26,139,226.98	5,394,019.29
6.Ending balance of cash and cash equivalents		20,770,477.32	26,139,226.98

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative: Finance Officer （CFO）: Financial Manager:

The parent company Statement on Changes of Shareholders' Equity

For the year ended 31 December 2019

Prepared by： Dongfeng Sci-Tech Group CO., LTD.

(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Current Period								
		Share capital	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Total shareholders' equity
1.Ending balance of 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:increase/decrease due to changes in accounting policies		-		-	-		-	-	-	-
Increase/decrease due to corrections of errors in Prior Period		-		-	-		-	-	-	-
Others		-		-	-		-	-	-	-
2.Beginning balance of current 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
3.Increase/decrease for current year		-		-	9,107,872.15	-367,590.69	-	-	-36,401,604.16	-45,877,067.00
I.Total comprehens iveincome						-367,590.69			-36,401,604.16	-36,769,194.85
II.Shareholders' contributions and withdrawals of captial		-		-	9,107,872.15		-	-	-	-9,107,872.15
ⅰ. Common stock contributed by shareholders					-		-	-	-	-
ⅱ. Capital contributed by other equity instruments holders										-
ⅲ. Share-based payment recorded in owner's equity							-	-	-	-
ⅳ. Others		-		-	9,107,872.15		-	-	-	-9,107,872.15
III.Profits distribution		-		-	-		-	-	-	-
ⅰ. Appropriation of surplus reserve		-			-		-	-	-	-
ⅱ. Distribution to owner/shareholder		-			-		-	-	-	-
ⅲ. Others		-		-	-		-	-	-	-
IV.Transfer within shareholders' equity		-		-	-		-	-	-	-
ⅰ. Capital reserve transferred to paid-in capital		-		-	-		-	-	-	-
ⅱ. Surplus reserve transferred to paid-in capital		-		-	-		-	-	-	-
ⅲ. Recover of loss by surplus reserve		-		-	-		-	-	-	-
ⅳ. Changes in remeasurement of defined benefit net obligations/assets										
ⅴ. Others		-		-	-		-	-	-	-
V.specialized reserve		-		-	-		-	-	-	-
ⅰ. Current year accrual		-		-	-		-	-	-	-
ⅱ. Current year utilization		-		-	-		-	-	-	-
VI.Others		-		-	-		-	-	-	-
4.Ending balance of current year		706,320,000.00		456,569,124.55	28,826,485.70	-367,590.69	-	76,791,550.17	-1,074,246,697.10	136,239,901.23

(Attached Notes to statements are part of the consolidated financial statments)

Legal Representative： Finance Officer （CFO）： Financial Manager：

The parent company Statement on Changes of Shareholders' Equity

For the year ended 31 December 2019

Prepared by： Dongfeng Sci-Tech Group CO., LTD.

(The currency of the statements are Chinese Yuan, 'CNY', unless otherwise indicated)

Items	Notes 6	Prior Period								
		Share capital	Other equity instruments	Capital reserve	Less: treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Retained earnings	Total shareholders' equity
1.Ending balance of last year		706,320,000.00	-	456,569,124.55	-	-	-	76,791,550.17	-1,101,450,517.19	138,230,157.53
Add:increase/decrease due to changes in accounting policies							-	-	-	-
Increase/decrease due to corrections of errors in Prior Period							-	-	-	-
Others							-	-	-	-
2.Beginning balance of current year		706,320,000.00		456,569,124.55	-		-	76,791,550.17	-1,101,450,517.19	138,230,157.53
3.Increase/decrease for current year		-		-	19,718,613.55		-	-	63,605,424.25	43,886,810.70
I.Total comprehens iveincome									63,605,424.25	63,605,424.25
II.Shareholders' contributions and withdrawals of captial		-		-	19,718,613.55		-	-	-	-19,718,613.55
i．Common stock contributed by shareholders					-		-	-	-	-
ii．Capital contributed by other equity instruments holders										-
iii．Share-based payment recorded in owner's equity		-		-	-		-	-	-	-
iv．Others		-		-	19,718,613.55		-	-	-	-19,718,613.55
III.Profits distribution		-		-	-		-	-	-	-
i．Appropriation of surplus reserve		-		-	-		-		-	-
ii．Distribution to owner/shareholder		-		-	-		-	-	-	-
iii．Others		-		-	-		-	-	-	-
IV.Transfer within shareholders' equity		-		-	-		-	-	-	-
i．Capital reserve transferred to paid-in capital		-		-	-		-	-	-	-
ii．Surplus reserve transferred to paid-in capital		-		-	-		-	-	-	-
iii．Recover of loss by surplus reserve		-		-	-		-	-	-	-
iv．Changes in remeasurement of defined benefit net obligations/assets										
v．Others		-		-	-		-	-	-	-
V.specialized reserve		-		-	-		-	-	-	-
i．Current year accrual		-		-	-		-	-	-	-
ii．Current year utilization		-		-	-		-	-	-	-
VI.Others		-		-	-		-	-	-	-
4.Ending balance of current 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

(Attached Notes to statements are part of the consolidated financia

Legal Representative： Finance Officer（CFO）： Financial Manager：

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

CURRENCY UNIT: RMB

I. Company Profile

1. Background

The predecessor of Dongfeng Sci-Tech Group CO., LTD. ("the Company") was ChengDe DiXian Textile Corporation, Ltd ("DiXian"). According to the approval of JiGuBan(1999) No.36 issued by the People's Government of HeBei Province, DiXian was established in the People's Republic of China (the "PRC") and obtained the Corporate Business License from HeBei Administration for Industry and Commerce ("CSRC"). The initial registered capital of DiXian was RMB 100,000,000 (divided into 100,000,000 shares, one Yuan per share): ShuXian Wang contributed RMB 85,100,000, accounting for 85.1% of the total; HeBei province ChengDe County North Industrial Company contributed RMB 7,564,400, accounting for 7.56% of the total; ZhengSong Wang contributed RMB 5,444,400, accounting for 5.44% of the total; ChengDe LongFeng Cosmetic Co., Ltd. contributed RMB 945,600, accounting for 0.95% of the total; Chengde County Board Town of Red Star plastic products factory contributed RMB 945,600, accounting for 0.95% of the total.

According to the issue [2000] 121 by the China Securities Regulatory Commission on August 29, 2000, the company issued 100,000,000 foreign capital stocks listed in China (hereinafter referred to as the " B ") on September 19, 2000 on Shenzhen stock exchange; and excised the overallotment option to increase issuing 15,000,000 B shares from September 29 to October 29, 2000. The registered capital of the company after the issuance of B shares was RMB 215,000,000, and was divided into 215,000,000 shares with one Yuan of face value per share.

According to the resolution of the shareholder's 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 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 to Foreign-Funded Joint Stock Companies Limited.

On 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 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 ShuXian Wang was compensated to Rong Chen for RMB 45,491,544 Yuan, and on August 15, 2008, 96,000,000 sponsor shares held by ShuXian Wang was compensated to Rong Chen for RMB 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 foreign shares listed in China in 2004 and allotted 2 bonus shares free for every 10 shares in 2006; and it agreed that 208324800 shares of DiXian stock held by ShuXian Wang. DiXian was changed to Rong Chen; as well as the name of the company changed to Chengde DaLu Co., Ltd. The total share capital was 706,320,000 shares and the registered capital of the company was RMB 706,320,000 Yuan after the company increased and allotted, which has been validated by ZhongLei CPA Co., Ltd, who provided the capital verification report with [2010] No. 10009.

On August 23 ,2011, the company renewed its Corporate Business License that was issued by HeBei Administration for Industry and Commerce. The new registration number was 130000400001225. Both registered capital and paid-in capital are RMB 706,320,000. The company type was a foreign joint stock limited company.

On April 6, 2012, an equity transfer agreement was signed between corporate shareholder Rong Chen and Dong Wang. According to the agreement, Rong Chen transferred 208,324,800 shares, which occupied 29.49% of the total share capital, to Dong Wang. After the transfer of equity, Shareholders proportion of capital contribution was: Dong Wang (RMB 208,324,800, accounted for 29.49%); HeBei province ChengDe County North Industrial Company (RMB 18,517,651, accounted for 2.62%); Zhengsong Wang(RMB 13,327,891, accounted for 1.89%); ChengDe City LongFeng Cosmetic company (RMB 2,314,829, accounted for 0.33%); Chengde County Board Town of Red Star plastic products factory (RMB 2,314,829, accounted for 0.33%), shareholders of domestically listed foreign shares (RMB 461,520,000, accounted for 65.34%).

On September 19, 2012, with the authorization of HeBei Administration for Industry and Commerce, the company name was changed from ChengDe DaLu Corporation, Ltd. to ChengDe NanJiang Corporation, Ltd.

On May 5, 2017, with the authorization of HeBei Administration for Industry and Commerce, the company name was changed from ChengDe NanJiang Corporation, Ltd. to DongFeng Sci-Tech Group Corporation, Ltd.

After the distribution of bonus shares, placement of new shares and conversion of share capital over the years, as of December 31, 2019, the company has issued a total of 706.32 million shares with a registered capital of 706.32 million yuan. Registered address: Xiaban Town, Chengde County, Chengde City, Hebei Province , Headquarters address: Xiaban Town, Chengde County, Chengde City, Hebei Province. The company has no parent company and the controller is Mr. Wang Dong, the largest shareholder of the company.

2. Business scope

New energy , research and development of new material product、sales and technology promotion、technology service ; research and development of modern agricultural production, technology promotion service, wholesale of ecological agricultural products; international trading of products and technology; the development and construction of common residence and supporting commercial facilities based on two land、sales and operation; property management.

3. Nature of Business

The company belongs to the real estate development and operation, subsidiary for new energy, new materials, property management and agricultural breeding.

4. Approval of Financial Statement

This financial statement was approved by all directors of the company for reporting on April 28, 2020.

II. Scope of consolidated financial statements

A total of 16 entities included in the scope of the consolidated financial statements in the current period, except for the company：

Subsidiary name	Subsidiary type	level	Shareholding ratio（%）	Proportion of voting rights（%）
Chengde Kefeng Engineering Project Management Co., Ltd. (hereinafter referred to as “Science 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")	Holding subsidiary	1	100.00	100.00
Kefeng Chengde Logistics Co., Ltd. (hereinafter referred to as "Kefeng Logistics")	Wholly-owned subsidiary	1	100.00	100.00
Dongguan Dongfeng Power Technology Co., Ltd. (hereinafter referred to as "Dongfeng Power")	Holding subsidiary	1	100.00	100.00
Fengning Manchu Autonomous County Dongfeng Real Estate Development Co., Ltd. (hereinafter referred to as "Fengning Dongfeng")	Holding subsidiary	1	100.00	100.00
Chengde Dongfeng Ecological Agriculture Co., Ltd. (hereinafter referred to as “ecological agriculture”)	Wholly-owned subsidiary	2	100.00	100.00
Chengde Nanjiang Technology Co., Ltd. (hereinafter referred to as "Nanjiang Technology")	Wholly-owned subsidiary	2	100.00	100.00
Chengde Huijing Property Services Co., Ltd. (hereinafter referred to as “Huijing Property”)	Wholly-owned subsidiary	2	100.00	100.00
Dongguan Zhongchuang New Energy Technology Co., Ltd. (hereinafter referred	Holding company	2	60.98	60.98

Subsidiary name	Subsidiary type	level	Shareholding ratio（%）	Proportion of voting rights （%）
to as “Zhongchuang New Energy”)				
Dongguan Dongfeng Intelligent Technology Co., Ltd. (hereinafter referred to as "Dongguan Dongfeng Intelligent")	Wholly-owned subsidiary	2	100.00	100.00
Dongguan Aolin New Materials Co., Ltd. (hereinafter referred to as "Aolin New Materials")	Holding company	2	62.00	62.00
Dongguan Haizhuo Energy Technology Co., Ltd. (hereinafter referred to as “Haizuo Energy”)	Holding company	2	62.00	62.00

Notes:

(1)The original Chengde Kefeng Aerospace Technology Development Co., Ltd. was renamed Kefeng Chengde Logistics Co., Ltd. on October 25, 2019.

1. Subsidiaries newly included in the consolidation scope in this issue

Name	Reason for change
Fengning Dongfeng	Newly established

2. In the current period, there are no special purpose entities that are newly included in the scope of consolidation, and business entities that form control rights through trusteeship or lease.

3. In the current period, there are no special-purpose entities that are no longer included in the scope of consolidation, and those that lose control by entrusted operations or leases.

4. For details of the subject of the scope change, see “Note VII. Changes in the scope of consolidation”.。

III. Basis for preparation of financial statements

1. Preparation basis

The financial statements were prepared on the basis of transactions and other events that actually occurred, in accordance with <The Accounting Standards for Business Enterprises—Basic Standard> issued by the Ministry of Finance and revised with the specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations (hereinafter jointly referred to as “the Accounting Standards for Business Enterprises”), as well as the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

2. Continuation

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

IV. Significant Accounting Policies and Accounting Estimates

1. Statement for Compliance with Enterprise Accounting System

The financial statements prepared by the Company fully comply with Accounting Standards for Business Enterprise and demonstrate truly and completely the financial status of the Company and the Group, operating performance and cash flow.

2. Accounting period

The fiscal year of the Group runs from January 1 to December 31 of each calendar year.

3. Reporting Currency

RMB is adopted as the functional currency of the Group.

4. Accounting methods for corporate merger under the same control and not under the same control

(1)The terms, conditions and economic impact of the various transactions in the process of enterprise merger are in accordance with one or more of the following conditions, we will deal with multiple transactions as a package deal when making accounting treatment：

a. These transactions are made at the same time or considering the effects of each other

b. These transactions only in entirety can achieve a complete business results only when

c. The occurrence of a transaction depends on the happening of at least one other transaction

d. A single transaction is not economical, but it is economical when being considered together with other transactions

(2)Business combinations involving entities under common control

For a business combination involving enterprises under common control, assets and liabilities that are obtained in a business combination is measured at the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date, except for the adjustments of different accounting policies. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total par value of shares issued) is adjusted to capital reserve, if the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings. Business combinations involving entities under common control achieved in stages that involves multiple transactions.

In the separate financial statements, the initial investment cost is the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between initial investment cost and original investment carrying amount prior combination plus newly paid consideration at the combination date is adjusted to capital reserve (share/capital premium), if the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

In the consolidated financial statements, assets and liabilities that are obtained in a business combination are measured at their carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date, except for the adjustments of different accounting policies. The difference between the original investment carrying amount prior combination plus newly paid consideration at the combination date and the carrying amount of the net assets obtained is adjusted to capital reserve (share/capital premium), if the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings. The long-term equity investment of the absorbing party prior to combination, profit or loss, other comprehensive income and changes of other owners' equity recognized between the later of combination date and the date that the absorbing party and the absorbed party are under common ultimate control are offset the opening retained earnings or profit or loss for the current period in the comparative statement.

(3)Business combination involving entities not under common control

For business combinations involving entities not under common control, the consideration for each combination is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquire. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquire are measured at their fair value.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and measured on the basis of its costs minus the accumulative impairment provisions. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree 's identifiable net assets, the difference is recognized in profit or loss for the current period after reassessment.

Business combinations involving entities not under common control achieved in stages that involves multiple transactions .In the separate financial statements, the initial investment cost is the sum of the carrying amount of equity investment of the acquire held prior to the acquisition date and the additional investment cost at the acquisition date. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized is not changed on the combination date and is accounted for on the same basis as would have been required if the investor had directly disposed of the related assets or liabilities. The owners' equity recognized as the changes of the investee's other owners' equity except for net profit or loss, other comprehensive income and profit distribution are transferred to profit or loss for the current period when disposing the investment. For the previously-held equity investment which was accounted for using fair value, the accumulated changes in fair value included in other comprehensive income is transferred to profit or loss for the current period upon commencement of the cost method.

In the consolidated financial statements, the cost of business combination is the sum of the consideration paid at the acquisition date plus the fair value of equity investment of the acquiree held prior to the acquisition date. The cost of equity investment of the acquiree held prior to the acquisition date is re-measured at the fair value at the acquisition date, the difference between the fair value and carrying value is recognized as profit or loss for the current period. Other comprehensive income and changes of other owners' equity from the equity interest held in the acquire prior to the acquisition date are transferred to profit or loss for the current period except for other comprehensive income due to the movement of net liabilities or assets in the investee's re-measurement defined benefit plan.

(4)Transaction costs for business combination

The intermediary and other relevant administrative expenses such as audit, legal and valuation advisory for business combinations are recognized in profit or loss for the current year when incurred. Transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amounts.

The assets and debts acquired by the Group (as the merging party) through merging with other enterprises under common control shall be measured as per the book value of the merged party in the consolidated financial statements of the ultimate controller on the day of merger. The difference between the book value of net assets acquired and the book value of the combination paid is used to adjust the capital reserves, and the retained earnings are adjusted in case of insufficient capital reserves.

Regarding combination not under common control, the recognizable assets, liabilities and contingent liabilities of the seller are measured upon fair value on the purchase day. The merger cost is the sum of cash or the fair value of non-cash assets, issued or borne debts and issued equity securities paid by the Group for acquiring the control over the acquired on the purchase day and all of the expenses incurred to the Group directly relevant to the merging. In case of merging by step, the merger cost is the sum of the cost of every single transaction. Where the merger cost is more than acquired definable net assets fair proportion of the acquired, the balance is recognized as goodwill. Where the merger cost is less than acquired definable net assets fair proportion of the acquired, the definable assets, debts, fair value of contingent liabilities and the fair value of the non-cash assets or issued equity securities as merger consideration are rechecked first, and in case the merger cost is less than acquired definable net assets fair proportion of the acquired after recheck, the balance is included in current nonrevenue receipt.

5. Preparation method of consolidated financial statements

The consolidation scope for financial statements is determined on the basis of control. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. A subsidiary is an enterprise or entity controlled by the Group.

The Group incorporates all of the subsidiaries and structured entities under its control into the consolidated financial statements.

For any difference occurring in accounting policies and accounting periods between the Company and its subsidiaries when preparing consolidated financial statements, necessary adjustments shall be made based on accounting policies and periods of the Company.

The company prepare consolidated financial statements based on its own and the subsidiaries' financial statements as well as other relevant information. In the preparation of the consolidated financial statements, the group are identified as an accounting entity to reflect the overall financial position, operating results and cash flow, according to the requirements of the related accounting standards for business enterprises recognition, measurement and presentation, in accordance with the unified accounting policy.

All the subsidiaries in the consolidation scope are as consistent in subsidiary accounting policies, accounting period with the company. If those above are inconsistent, when preparing the consolidated financial statements, it need make necessary adjustments according to the company's accounting policies and accounting period .

In the process of consolidation, it is necessary to offset the impact on consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity which are caused by occurrence of insider trading between the company and subsidiary and also between each subsidiary. If there is different opinion on the identity of the same transaction when standing on the point of the consolidation statement on the enterprise group or which the company and subsidiary are the main body of accounts , it need make adjust from the perspective of the enterprise group.

The balance which are formed because that the loss minority shareholders bear in the current period are more than the share of the owner's equity minority shareholders have in the early period, offset the interests minority shareholders have. For the subsidiary acquired in a business consolidation under the same control , adjustment is made based on its book value in the financial statements with ultimate control. For the subsidiary acquired in a business consolidation not under the same control, adjustment is made based on the fair value of the identifiable net assets on purchasing day.

The acquired in a business combination under the same control subsidiary, with its assets and liabilities (including the ultimate controlling party acquisition of the subsidiaries and the formation of goodwill) adjustment is based on its financial statements on financial statements in the book value of ultimate control.

For the subsidiary companies under the control of non-identical control, the fair value of the identifiable net assets of the company is adjusted on the basis of the fair value of the net assets.

Where the Group disposed part of long-term equity investment in the subsidiaries without losing control over of such subsidiaries, in the financial statements, the balance between the income from disposal and the net assets proportion of the subsidiaries entitled by the disposed long-term equity investment and continually calculated from the purchase day or day of merger is adjusted as the capital stock premium of the capital public reserve and retained earnings is adjusted in case of the capital public reserve not enough for deduction.

Where the Group lost the control over the invested party for such reason as disposing partial equity investment, the remaining equity was re-measured as per the fair value of such equity on the day of losing controlling right when preparing the consolidated financial statements. The balance between the sum of the consideration from the disposal of equity and the fair value of the remaining equity and the net assets proportion of the subsidiaries entitled by the disposed long-term equity investment and continually calculated from the purchase day or day of merger is included in the investment income for the period and the goodwill is deducted. Other consolidated income related to the equity investment of the original subsidiary shall be transferred into current investment profit and loss upon losing control.

Where the Group lost control over a subsidiary through multiple transactions and step-by-step disposal of the equity of the subsidiary, and such multiple transactions to a package deal, the multiple transactions shall be deemed one transaction in which the control in the subsidiary was lost; however, the balance between the disposal price and the net assets proportion of the subsidiaries entitled by the disposed long-term equity investment prior losing control over the subsidiary was recognized as other comprehensive income and was transferred to the profits and losses of current period at the time of losing control.

6. Classification of joint arrangement and accounting methods for joint operation

The joint arrangement of the Group includes joint operation and joint venture. For jointly operated projects, the Group as a partner recognizes the assets and debts it holds independently and proportionally as well as recognizes the income and expenses as agreed. Where purchase and sale of an asset during joint operation does not constitute a business, only the part in the profits and losses from the transaction belonging to other partners is recognized.

(1) Category of the joint arrangement

A joint arrangement refers to an arrangement jointly controlled by two participants or above. The Group classifies joint arrangements into joint operations and joint ventures according to its rights and duties in the joint arrangements. A joint operation refers to a joint arrangement where the Group enjoys assets and has to bear liabilities related to the arrangement. A joint venture refers to a joint arrangement where the Group is only entitled to the net assets of the arrangement.

The joint arrangement achieves not through the individual main body should be divided as joint operation. Individual main body refers to the entity owns individual distinguishable financial structure, including the individual legal entities and the entities without legal entity qualification but gains the legal permits. The joint arrangement achieves through individual main body is usually divided into the joint venture, but for the joint arrangement with definite evidence vindicates that meet with any condition of the followings and meet with the regulations of the relevant laws and regulations should be divided into joint operation; the legal form of other joint arrangement indicates that, the jointly owned party respectively enjoys the rights and burdens the obligations of the relevant assets and liabilities among the arrangement; the clauses of the contacts of the joint arrangement agrees that, the jointly owned party respectively enjoys the rights and burdens the obligations of the relevant assets and liabilities among the arrangement; other relevant facts and situation indicates that, the jointly owned party respectively enjoys the rights and burdens the obligations of the relevant assets and liabilities among the arrangement, for example, the jointly owned party enjoys almost all of the output related to the joint arrangement and the liquidation of the liabilities of the arrangement constantly depends on the support of the jointly owned party. It's forbidden to regard the jointly owned party which provides the liabilities for the joint arrangement as it has the responsibility to bear the relevant liabilities. For the jointly owned party takes the responsibility to pay the attributive obligations for the joint arrangement, not be considered to undertake the relevant liabilities related to the arrangement. For the relevant facts and the changes of the situation leads the rights enjoyed and the liabilities undertook amount the joint arrangement change, the Group should re-assess the category of the joint arrangement. For the structure agreement setting various joint arrangements for achieving different activities, the Group respectively recognizes each category of the joint arrangement.

For the details of the basis of recognizing the joint control and the accounting policies of the measurement of the joint venture, please refer to Notes (IV) 13.

(2) Accounting treatment of joint operations

The following projects related to the interests portion among the joint operation recognized by the Group and be executed according to the regulations of the relevant ASBE: recognizes the assets held alone and the assets joint held by recognizing according to the portion; recognizes the jointly-held assets and jointly-borne liabilities according to the Group's stake in the joint operation; recognizes the income from sale of the Group's share in the output of the joint operation; recognizes the income from sale of the joint operation's outputs according to the Group's stake in it; and recognizes the expense solely incurred to the Group and the expense incurred to the joint operation according to the Group's stake in it.

When the Group, as a joint operator, transfers or sells assets (except for the assets constituting business) to the joint operation, before the assets are sold to a third party, the Group only recognizes the share of the other joint operators in the gains and losses arising from the sale. Where impairment occurs to the assets as prescribed in <The Accounting Standard No. 8 for Business Enterprises—Asset Impairment>, the Group shall fully recognizes the loss. When the Group, purchases assets from the joint operation (except for the assets constituting business) to the joint operation, before the assets are sold to a third party, the Group only recognizes the share of the other joint operators in the gains and losses arising from the sale. Where impairment occurs to the assets as prescribed in <The Accounting Standard No. 8 for Business Enterprises—Asset Impairment>, the Group shall fully recognizes the loss according to its stake in the joint operation for a purchase of assets from the joint operation.

If the Group attributes to the participate party without joint control on the joint operation, if enjoys the relevant assets and undertakes the relevant liabilities of the joint operation, should execute accounting treatment according to the above principles; otherwise, should execute the accounting treatment according to the accounting policies of the measurement of the financial instruments or the long-term equity investment formulated by the Group.

7. Recognition standard for cash and cash equivalents

Cash in the Cash Flow Statement refers to cash in hold and deposits which can be used for payment at any time. Cash equivalents in the Cash Flow Statements refer to short-lived (generally not more than 3 months) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

8. Foreign currency businesses and translation of foreign currency financial statements

(1) Accounting treatments for translation of foreign currency transactions

The transactions denominated in foreign currency of the Group are converted in the initial recognition at the rate which is approximate to the spot exchange rate on the transaction day, which shall be the spot exchange rate of the beginning of the month when the transaction occurs.

On the balance sheet date, the monetary items denominated in foreign currency are translated to RMB at the spot exchange rate at the balance sheet date, and the balance between the spot exchange rate at the balance sheet date and the rate in the initial recognition or on the last balance sheet date is included in current profits and losses except for 1) the balance from exchange of specific borrowings that is capitalized and included as part of the cost qualifying asset; 2) the balance from exchange of hedge instrument adopted for evading the exchange risks that is treated according to hedge accounting; 3) the balance from exchange arising from the foreign currency non-monetary items available for sale (e.g. the stock) and that arising from the change in the book value of the monetary items available for sale except for amortized cost is recognized as other comprehensive income.Non-monetary items of foreign currency measured by historical cost still adopt spot exchange rate of transaction date for conversion with functional currency amount unchanged. As for the foreign currency non-monetary items measured by fair value, the spot exchange rate on the date when the fair value is confirmed is adopted for conversion. The amount differences between functional currency amount after conversion and the original functional currency amount, processed as fair value changes (including change in exchange rate), are recognized into current profits and losses or recognized into other comprehensive incomes.

(2) Translation of foreign currency financial statements

The asset and liability items in the balance sheets shall be translated at a spot exchange rate ruling at the balance sheet date. Among the owner's equity items, except the ones as “retained earnings”, others shall be translated at the spot exchange rate ruling at the time when they occurred.The income and expense items in the income statements shall be translated at an exchange rate which is determined in a systematic and reasonable way and is approximate to the spot exchange rate (calculated by the average of starting rate and closing rate on the reporting period) ruling at the transaction date. The foreign exchange difference arisen from the translation of foreign currency financial statements shall be presented separately under the owner's equity in the balance sheet.

Disposal in overseas business, the balance sheet items of other comprehensive income is presented, and the overseas business translation of foreign currency financial statements related to difference from other comprehensive income items into the disposal of profits and losses of the current period; in the disposal of equity investment or other reasons lead to hold environment operating outside the ratio of equity to reduce but not a loss of overseas business control, and the offshore disposal operations in part related to the translation of foreign currency statements difference will belong to minority interests. Do not turn into the profits and losses of the current period. When dealing with overseas operations as an affiliated enterprise or part of the equity of the joint venture, the foreign currency statement translation difference with the overseas operation shall be transferred to the current profit and loss.

9. Financial tools

A financial asset or financial liability is recognized when the company becomes a party to a financial instrument contract.

The actual interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and amortizing interest income or interest expenses into each accounting period.

The actual interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability over the expected lifetime to the book balance of the financial asset or the amortized cost of the financial liability. When determining the actual interest rate, the expected cash flow is estimated on the basis of considering all contractual terms of financial assets or financial liabilities (such as early repayment, rollovers, call options or other similar options, etc.), but the expected credit losses are not considered.

The amortized cost of a financial asset or financial liability is the initial recognition amount of the financial asset or financial liability minus the principal repaid, plus or minus the actual interest rate method between the initial recognition amount and the amount due The accumulated amortization amount formed by the difference is amortized, and then the accumulated loss provision is deducted (only applicable to financial assets).

1. Classification and measurement of financial Tools

The company divides financial assets into the following three categories based on the business model of financial assets under management and the contractual cash flow characteristics of financial assets:

(1) Financial assets measured at amortized cost.

(2) Financial assets measured at fair value and whose changes are included in other comprehensive income.

(3) Financial assets measured at fair value and whose changes are included in the current profit and loss.

Financial assets are measured at fair value at initial recognition, but if the accounts receivable or bills receivable due to the sale of goods or the provision of services do not contain a significant financing component or do not consider financing components not exceeding one year, the transaction price Initial measurement.

For financial assets that are measured at fair value and whose changes are included in the current profit or loss, the related transaction costs are directly included in the current profit and loss, and other types of financial assets related transaction costs are included in their initial confirmation.

Subsequent measurement of financial assets depends on their classification, and only if the company changes the business model for managing financial assets, all affected related financial assets will be reclassified.

(1) Classified as financial assets measured at amortized cost

The contractual provisions of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount, and the business model for managing the financial asset is to collect contractual cash flow as the goal. The company classifies the financial assets as financial assets measured at amortized cost. The company classifies financial assets measured at amortized cost including monetary funds, accounts receivable, other receivables, long-term receivables, and debt investments.

The company uses the effective interest rate method to recognize interest income for such financial assets, and then performs subsequent measurement based on amortized cost. The gains or losses arising from the impairment or termination of recognition and modification are included in the current profit and loss. Except for the following circumstances, the company calculates and determines interest income based on the financial asset book balance multiplied by the actual interest rate:

1) For financial assets purchased or originated that have suffered credit impairment, the company has calculated and determined its interest income based on the amortized cost of the financial asset and the credit-adjusted actual interest rate since initial recognition.

2) Financial assets purchased or originated without credit impairment, but become credit impairment in the subsequent period, the company will calculate and determine the interest according to the amortized cost of the financial asset and the actual interest rate in the subsequent period income. If the financial instrument has no credit impairment due to the improvement of its credit risk in the subsequent period, the company will use the actual interest rate multiplied by the financial asset book balance to calculate and determine interest income.

(2) Financial assets measured at fair value and their changes included in other comprehensive income

The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of the outstanding principal, and the business model for managing the financial asset is to both target the contractual cash flow and sell it. If the financial asset is the target, the company classifies the financial asset as a financial asset that is measured at fair value and its changes are included in other comprehensive income.

The company uses the effective interest rate method to recognize interest income for such financial assets. Except for interest income, impairment losses and exchange differences recognized as current gains and losses, the remaining changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

Bills receivable and accounts receivable that are measured at fair value and whose changes are included in other comprehensive income are reported as receivable financing, and other such financial assets are reported as other debt investments, of which: from the balance sheet date Other debt investments due within the year are reported as non-current assets due within one year, and other debt investments with original maturity within one year are reported as other current assets.

(3) Financial asset measured at fair value and its changes included in other comprehensive income

At initial recognition, the company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value and their changes included in other comprehensive income based on individual financial assets.

Changes in the fair value of such financial assets are included in other comprehensive income, and no impairment provision is required. When the financial asset is derecognized, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings. During the period when the company holds the equity instrument investment, the company's right to receive dividends has been established, and the economic benefits related to the dividends are likely to flow into the company, and the amount of dividends can be reliably measured, the dividend income is recognized and included in the current profit and loss. The company reports the following investment items of such financial assets in other equity instruments.

Equity instrument investment that meets one of the following conditions is a financial asset measured at fair value and its changes are included in the current profit and loss: the purpose of acquiring the financial asset is mainly for a recent sale; identifiable financial asset instruments that are centralized management at initial recognition Part of the portfolio, and there is objective evidence that there is a short-term profit model in the near future; it is a derivative instrument (except for derivatives that meet the definition of financial guarantee contracts and are designated as effective hedging instruments).

(4) Financial assets classified as fair value through profit or loss

Financial assets that do not meet the requirements for classification as a financial asset measured at amortized cost or measured at fair value and whose changes are included in other comprehensive income, and are not designated as financial assets measured at fair value and whose changes are included in other comprehensive income are classified as Financial assets measured at fair value and their changes are included in the current profit and loss.

The company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value, as well as dividends and interest income related to such financial assets, are included in the current profit and loss.

The company reports such financial assets in transactional financial assets and other non-current financial assets based on their liquidity.

(5) Financial asset that is measured at fair value and its changes are included in the current profit and loss

At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company may irrevocably designate financial assets as financial assets measured at fair value and their changes included in the current profit or loss based on individual financial assets.

If the hybrid contract contains one or more embedded derivatives, and the main contract does not belong to the above financial assets, the company may designate the whole as a financial instrument measured at fair value and its changes included in the current profit and loss. Except for the following situations:

1) Embedded derivatives will not significantly change the cash flow of hybrid contracts.

2) When it is first determined whether a similar hybrid contract needs to be split, almost no analysis is needed to make sure that the embedded derivatives it contains should not be split. If the prepayment right of the embedded loan allows the holder to repay the loan in advance at an amount close to the amortized cost, the prepayment right does not need to be split.

The company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value, as well as dividends and interest income related to such financial assets, are included in the current profit and loss.

The company reports such financial assets in transactional financial assets and other non-current financial assets based on their liquidity.

2. Classification and measurement of financial liabilities

The company classifies the financial instrument or its component parts as financial liabilities or Equity instruments. Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value and whose changes are included in current profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value at initial recognition. For financial liabilities that are measured at fair value and whose changes are included in the current profit or loss, the related transaction costs are directly included in the current profit and loss; for other types of financial liabilities, the related transaction costs are included in the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities measured at fair value and whose changes are included in the current profit and loss

Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value at initial recognition and whose changes are included in the current profit or loss.

Meeting one of the following conditions is a transactional financial liability: the purpose of assuming related financial liabilities is mainly to sell or repurchase in the near future; it is part of a centrally managed portfolio of identifiable financial instruments, and there is objective evidence that the company has recently adopted Short-term profit model; belongs to derivatives, except for derivatives designated as effective hedging instruments and derivatives that comply with financial guarantee contracts. Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. Except for hedge accounting, all changes in fair value are included in the current profit and loss.

At initial recognition, in order to provide more relevant accounting information, the company irrevocably designates financial liabilities that meet one of the following conditions as financial liabilities measured at fair value and whose changes are included in the current profit and loss:

1) Ability to eliminate or significantly reduce accounting mismatches.

2) According to the corporate risk management or investment strategy stated in the formal written documents, the management and performance evaluation of the financial liability portfolio or financial asset and financial liability portfolio based on fair value, and to the key management personnel within the enterprise report.

The company uses fair value for subsequent measurement of such financial liabilities. Except for changes in fair value caused by changes in the company's own credit risk, other changes in fair value are included in the current profit and loss. Unless the fair value changes caused by the company's own credit risk changes are included in other comprehensive income and will cause or expand the accounting mismatch in profit or loss, the company will include all fair value changes (including the amount of the impact of its own credit risk changes) into the current profit and loss.

(2) Other financial liabilities

Except for the following items, the company classifies financial liabilities as financial liabilities measured at amortized cost, adopts the effective interest rate method for such financial liabilities, performs subsequent measurement based on amortized cost, and terminates the recognition or amortization of gains or losses. Into the current profit and loss:

1) Financial liabilities measured at fair value and whose changes are included in the current profit and loss.

2) The transfer of financial assets does not meet the conditions for derecognition or continues to be involved in the financial liabilities formed by the transferred financial assets.

3) Financial guarantee contracts that do not fall into the first two categories of this article, and loan

commitments that fall below market interest rates and do not fall into the first category of this article.

Financial guarantee contract refers to a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when the specific debtor fails to pay the debt in accordance with the original or modified debt instrument terms. Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss are carried out based on the higher the balance of the loss allowance and the initial recognition amount after the accumulated amortization amount during the guarantee period Measurement.

3. Derecognition of financial assets and financial liabilities

(1) If a financial asset meets one of the following conditions, the financial asset is derecognized, that is, written off from its account and balance sheet:

1) The contract right to receive the cash flow of the financial asset is terminated.

2) The financial asset has been transferred, and the transfer meets the provisions for the derecognition of financial assets.

(2) Termination confirmation conditions of financial liabilities

If the current obligation of the financial liability (or part of it) has been discharged, the recognition of the financial liability (or part of the financial liability) shall be terminated.

The company and the lender sign an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability and the original financial liability are substantially different, or the contract for the original financial liability (or part of it) If the terms are substantially modified, the original financial liabilities will be derecognized and a new financial liability will be recognized. The difference between the book value and the consideration paid (including the non-cash assets transferred out or liabilities assumed) shall be included in the current period profit and loss.

If the company repurchases part of its financial liabilities, the book value of the financial liabilities as a whole will be allocated according to the proportion of their respective fair values at the repurchase date and the total fair value at the repurchase date. The difference between the book value allocated to the derecognized portion and the consideration paid (including non-cash assets transferred out or liabilities assumed) shall be included in the current profit and loss.

4.Confirmation basis and measurement method of financial asset transfer

When the company transfers financial assets, it assesses the degree of risk and reward of retaining the ownership of financial assets, and handles the following situations:

(1) If almost all risks and rewards in the ownership of a financial asset are transferred, the financial asset is derecognized, and the rights and obligations generated or retained during the transfer are separately recognized as assets or liabilities.

(2) If almost all risks and rewards in the ownership of financial assets are retained, the financial assets will continue to be recognized.

(3) Neither transfer nor retain almost all risks and rewards in the ownership of financial assets (ie other than (1), (2) of this article), according to whether they retain control of financial assets, respectively Deal with the following situations:

1) If the control of the financial asset is not retained, the confirmation of the financial asset shall be terminated, and the rights and obligations generated or retained during the transfer shall be separately recognized as assets or liabilities.

2) If the control of the financial asset is retained, the relevant financial assets will be recognized

and the relevant liabilities will be recognized accordingly according to the extent to which they continue to be involved in the transferred financial assets. The degree of continued involvement in the transferred financial assets refers to the degree of risk or reward for the value change of the transferred financial assets undertaken by the company.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is adopted. The company distinguishes the transfer of financial assets into overall transfer and partial transfer of financial assets.

(1) If the overall transfer of financial assets meets the conditions for termination confirmation, the difference between the following two amounts shall be included in the current profit and loss:

1) The book value of the transferred financial assets on the termination confirmation date.

2) The consideration received for the transfer of financial assets corresponds to the amount of the part of the cumulative amount of fair value changes that were originally directly included in other comprehensive income (the financial assets involved in the transfer are measured at fair value and their changes are included in other The total income of financial assets).

(2) If the financial asset is partially transferred and the transferred part as a whole meets the conditions for termination confirmation, the book value of the entire financial asset before the transfer shall be included in the termination confirmation part and the continued confirmation part (in this case, the retained service assets shall As part of the continued recognition of financial assets), the allocation is based on the relative fair value of the transfer date, and the difference between the following two amounts is included in the current profit and loss:

1) The book value of the termination confirmation part on the termination confirmation day.

2) The consideration received in the termination confirmation part corresponds to the amount of the termination confirmation part in the accumulated amount of fair value changes originally included in other comprehensive income (the financial assets involved in the transfer are measured at fair value and their changes are included in other comprehensive income Financial assets).

If the transfer of financial assets does not satisfy the conditions for termination of confirmation, continue to confirm the financial asset, and the received consideration is recognized as a financial liability.

5. Method for determining the fair value of financial assets and financial liabilities

For financial assets or financial liabilities that exist in an active market, the fair value is determined based on the quoted price in the active market, unless the financial asset has a limited sales period for the asset itself. For financial assets that are restricted to the asset itself, the amount of compensation required by market participants due to the risk of not being able to sell the financial asset on the open market within a specified period is determined based on the quoted price in the active market. Quotes in active markets include easy and regular quotes for relevant assets or liabilities from exchanges, traders, brokers, industry groups, pricing agencies or regulators, etc., and can represent actual and frequently occurring markets on the basis of fair trading transaction.

Financial assets initially acquired or derived or financial liabilities assumed are based on market transaction prices as the basis for determining their fair value.

For financial assets or financial liabilities that do not have an active market, valuation techniques are used to determine their fair value. In the valuation, the company adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information to support, and choose to be consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities Input value, and use the relevant observable input value as much as possible. When the relevant observable input value cannot be obtained or is not practicable, the unobservable input value is used.

6. Impairment of financial instruments

On the basis of expected credit losses, the company performs impairment accounting treatment and recognition of financial assets classified as amortized cost, financial assets classified as fair value and changes included in other comprehensive income, and financial guarantee contracts Loss preparation.

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all expected cash flows discounted by the company at the original effective interest rate, that is, the present value of all cash shortages. Among them, the financial assets purchased or originated by the company that have suffered credit impairment should be discounted at the credit-adjusted actual interest rate of the financial asset.

For the receivables formed by transactions regulated by the income standard, the company uses a simplified measurement method to measure the loss provision according to the amount equivalent to the expected credit loss throughout the lifetime.

For financial assets purchased or originated that have suffered credit impairment, on the balance sheet date, only the cumulative changes in expected credit losses for the entire duration of the period since initial recognition are recognized as loss provisions. On each balance sheet date, the amount of change in expected credit losses throughout the lifetime is included in the current profit and loss as an impairment loss or gain. Even if the expected credit loss for the entire duration determined on the balance sheet date is less than the amount of expected credit loss reflected in the estimated cash flow at initial recognition, the favorable change in expected credit loss is recognized as an impairment gain.

In addition to the above-mentioned simplified measurement methods and other financial assets that have been purchased or originated from credit impairment, the company assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and according to The following circumstances measure their loss reserves, confirm expected credit losses and their changes:

(1) If the credit risk of the financial instrument has not increased significantly since the initial confirmation and is in the first stage, then the financial instrument shall be measured for its loss allowance at an amount equivalent to the expected credit loss of the financial instrument within the next 12 months, and shall be based on the book balance And the actual interest rate to calculate interest income.

(2) If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and its loss reserve is measured by the amount equivalent to the expected credit loss of the financial instrument throughout its lifetime , And calculate the interest income according to the book balance and the actual interest rate.

(3) If the financial instrument has undergone credit impairment since initial recognition, it is in the third stage. The company measures its loss reserve at an amount equivalent to the expected credit loss for the entire lifetime of the financial instrument, and at amortized cost And the actual interest rate to calculate interest income.

The increase or reversal of the credit loss provision for financial instruments is included in the current profit and loss as an impairment loss or gain. Except for financial assets that are classified as fair value and whose changes are included in other comprehensive income, credit losses are provided to offset the book balance of financial assets. For financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the company recognizes its credit loss provisions in other comprehensive income and does not reduce the book value of the financial asset listed in the balance sheet.

In the previous accounting period, the company has measured the loss provision according to the amount of expected credit losses for the entire duration of the financial instrument, but on the balance sheet date of the current period, the financial instrument is no longer a significant increase in credit risk since initial recognition In the case of the current situation, the company measures the loss reserve of the financial instrument at the current balance sheet date according to the amount of expected credit losses in the next 12 months, and the resulting amount of the loss reserve is included in the current period as an impairment gain. profit and loss.

(1) Credit risk increased significantly

The company uses the available reasonable and evidence-based forward-looking information to determine whether the credit risk of financial instruments defaults on the balance sheet date and the default risk on the initial confirmation date to determine whether the credit risk of the financial instrument has been since the initial confirmation Has increased significantly. For financial guarantee contracts, when the company applies the financial instrument impairment provisions, the day when the company becomes the party making the irrevocable commitment is used as the initial confirmation date.

The company will consider the following factors when assessing whether the credit risk has increased significantly:

1) Whether the actual or expected changes in the debtor's operating results have changed significantly;

2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;

3) Whether there has been a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement, and these changes are expected to reduce the economic motivation of the debtor to repay the loan within the time limit specified in the contract or affect the probability of default;

4) Whether the debtor's expected performance and repayment behavior have changed significantly;

5) Whether the company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges that a financial instrument has only a low credit risk, the company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of financial instruments is low, the borrower's ability to fulfill its contractual cash flow obligations in the short term is strong, and even if there are adverse changes in the economic situation and operating environment in a longer period of time, it may not necessarily reduce the borrower's performance of its contractual cash The capacity of the flow obligation, the financial instrument is considered to have lower credit risk.

(2) Financial assets that have suffered credit impairment

When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

1) The issuer or debtor has major financial difficulties;

2) The debtor violates the contract, such as default or overdue payment of interest or principal;

3) Creditors give concessions that the debtor will not make under any other circumstances out of

economic or contractual considerations related to the debtor 's financial difficulties;

4) The debtor is likely to go bankrupt or other financial restructuring;

5) The financial difficulties of the issuer or the debtor cause the active market of the financial asset to disappear;

6) Purchase or source a financial asset at a substantial discount, the discount reflects the fact that credit losses have occurred.

Credit impairment of financial assets may be caused by the joint action of multiple events, not necessarily by individually identifiable events.

(3) Determination of expected credit losses

The company assesses the expected credit losses of financial instruments based on individual items and portfolios. When evaluating expected credit losses, it considers reasonable and well-founded information about past events, current conditions, and future economic conditions.

The company divides financial instruments into different combinations based on common credit risk characteristics. The common credit risk characteristics adopted by the company include: types of financial instruments, credit risk ratings, aging portfolios, overdue aging portfolios, contract settlement cycles, and the debtor 's industry. For the individual evaluation criteria of the relevant financial instruments and the characteristics of the combined credit risk, please refer to the accounting policies of the relevant financial instruments.

The company determines the expected credit losses of related financial instruments according to the following methods:

1) For financial assets, the credit loss is the present value of the difference between the contractual cash flow that the company should charge and the expected cash flow.

2) For a financial guarantee contract, the credit loss is the company 's estimated payment to the contract holder for the credit loss, minus the company 's expected payment to the contract holder, debtor or any other party The present value of the difference between the amounts.

3) For financial assets that have suffered credit impairment on the balance sheet date but are not purchased or originated from credit impairment, the credit loss is the present value of the financial asset book balance and the estimated future cash flow discounted at the original effective interest rate The difference between.

The company 's method of measuring the expected credit loss of financial instruments reflects the following factors: the unbiased probability weighted average amount determined by evaluating a series of possible results; the time value of money; no unnecessary additional costs or efforts on the balance sheet date You can obtain reasonable and evidence-based information about past events, current conditions, and future economic conditions.

(4) Write-down of financial assets

When the company no longer reasonably expects that the contractual cash flow of financial assets can be fully or partially recovered, the book balance of the financial asset is directly written down. Such write-downs constitute the derecognition of related financial assets.

7. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are listed separately in the balance sheet, without offsetting each other. However, if the following conditions are met at the same time, the net amount after mutual offset is listed in the balance sheet:

(1) The company has the legal right to offset the confirmed amount, and such legal right is currently enforceable;

(2) The company plans to settle with net amount, or realize the financial assets and liquidate the financial liabilities at the same time.

10.Accounts receivable

For the determination method and accounting treatment method of the expected credit loss of the company's accounts receivable, please refer to Note 4 / (IX) 6. Impairment of financial instruments.

The company separately determines its credit losses for accounts receivable that can be evaluated with sufficient evidence of expected credit losses at a reasonable cost at the individual tool level.

When it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single tool, the company refers to historical credit loss experience, combines the current situation and the judgment of the future economic situation, and divides the receivables into several combinations based on the characteristics of credit risk , Calculate expected credit losses on a combined basis. The basis for determining the combination is as follows:

Portfolio name	provisioning approach	The basis for determining the portfolio
Other portfolio	All accounts receivable except for single provision for bad debts	Refer to the historical credit loss experience, combine the current situation and the prediction of the future economic situation, compile the aging of accounts receivable and the expected credit loss rate of the entire duration, calculate the expected credit loss

11. Other receivables

For the determination method and accounting treatment method of the expected credit losses of other receivables of the company, please refer to Note 4 / (9) 6. Impairment of financial instruments.

The company separately determines its credit losses for other receivables that can be assessed with sufficient evidence of expected credit losses at a reasonable cost at the individual instrument level.

When sufficient evidence of expected credit losses cannot be evaluated at a reasonable cost at the level of a single tool, the company refers to historical credit loss experience, combines current conditions and judgments on future economic conditions, and divides other receivables into several combinations based on credit risk characteristics , Calculate expected credit losses on a combined basis. The basis for determining the combination is as follows:

Portfolio name	provisioning approach	The basis for determining the portfolio
Internal business portfolio	Portfolio of related parties included in the scope of consolidation	Calculate the expected credit loss based on the historical credit loss experience, combined with the current situation and the prediction of the future economic situation, based on the expected credit loss rate for the entire duration
Other portfolio	Including receivables other than the above combination, the company makes the best estimate of the proportion of receivables based on historical credit loss experience, and refers to the aging of receivables for classification of credit risk portfolio	Refer to the historical credit loss experience, combine the current situation and the prediction of the future economic situation, compile the aging of accounts receivable and the expected credit loss rate of the entire duration, calculate the expected credit loss

12. Inventory

1. Classification of inventory

Inventories are classified as: development cost, product development, revolving house, animal and plant breeding products, polyethylene finished products and low-value consumables, etc.

2. The valuation method of inventory

The purchase and warehousing of various types of inventory are priced at actual cost, and development projects are accounted for using individual valuation methods.

For specific pricing methods of expendable biological assets, please refer to Note IV (XIX) Biological Assets.

3. The basis for determining the net realizable value of inventories and the method of withdrawing the inventory decline price provision

At the end of the period, inventory is measured at the lower of cost and net realizable value. Provision for falling prices of inventories is accrued as the difference between the cost of individual inventories and its net realizable value. The net realizable value is determined according to the amount of the estimated selling price of the inventory minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and related taxes in daily activities.

If the influencing factors of the write-down inventory value have disappeared before, the amount of the write-down shall be restored, and it shall be reversed within the amount of the inventory depreciation reserve originally accrued, and the reversed amount shall be included in the current profit and loss.

4. Inventory inventory system

Use perpetual inventory system.

5. Amortization method of low-value consumables and packaging

(1) Low-value consumables adopt the one-off resale method.

6. Turnover houses are houses used for resettlement of demolished residents and will be amortized evenly over 50 years.

7. Accounting method for development land

For pure land development projects, the expenditures alone constitute the land development costs; together with the overall development of the property, if the expenses can be distinguished from the burden, they are generally allocated to the cost of commercial housing according to the actual area.

8. Accounting method of public supporting facility cost

Public supporting facilities that cannot be transferred for compensation: The standard allocation based on the benefit ratio is included in the cost of commercial housing;

Public supporting facilities that can be transferred for a fee: take each supporting facility project as the cost accounting object and collect the costs incurred.

9. Accounting method of maintenance fund

According to the relevant regulations of the location of the development project, when the maintenance fund sells the product (pre-sale), it will charge the purchaser or accrued by the company to calculate the development cost of the relevant development product, and hand it over to the maintenance fund management department.

10. Accounting method for quality guarantee

The quality guarantee deposit shall be reserved from the construction unit's project funds in accordance with the provisions of the construction contract. The maintenance fee incurred during the warranty period of the developed product is offset against the quality guarantee deposit; after the agreed warranty period of the developed product expires, the balance of the quality guarantee deposit will be refunded to the construction unit.

13. Assets held for sale

(1)Recognition criteria of the assets held for sale

The Group recognizes the enterprise compose part (or the non-current assets, similarly hereinafter) that simultaneously meets with the following conditions as assets held for sale:

a. The compose part must be immediately sold only according to the usual terms of selling the compose part of this kind under the current conditions;

b. The relevant power institutions of the Group had made agreement on disposing the compose part, if receive the approval from the shareholders according to the rules, which equals to had received the approved of the Annual General Meeting or the corresponding power institution;

c. The Group has signed the irrevocable transfer agreement with the assignee;

d. The sale transaction is highly probable to be completed within one year.

(2) Accounting treatments of the assets held for sale

Non-current assets held for sale include single-item assets and disposal groups. Where a disposal group is an asset group and the goodwill obtained in the business combination is apportioned to the asset group according to the "Accounting Standard No. 8 for Business Enterprises—Asset Impairment", or a disposal group is an operation in such an asset group, the disposal group shall include the goodwill in the business combination.

As for the non-current assets and disposal group which be classified held for sale by the Group, shall be measured at the lower one of the net amounts of the book value and the fair value after deducting the disposal expense. If the net amount the fair value minuses the disposal expenses is lower than the original book value, the difference should be included in the current gains and losses as the assets impairment losses; if the held for sale is the disposal group, the assets impairment losses should be firstly distributed to the goodwill and then included in the current gains and losses by amortized according to the proportion and attributed to the other non-current assets within the held for sale assets scope. The deferred income tax assets, the financial assets standardized by No.22 of ASBE-Recognition and Measurement of Financial Instruments, investment property and biological assets measured by fair value, contacts rights occurred from the insurance contacts and the assets occurred from the employee benefits are not suit for the held.

14. Long-term equity investments

1. Determination of initial investment cost

(1) For the long-term equity investment formed by business combination, please refer to Note 4 / (4) of the accounting treatment method for business combination under the same control and not under the same control for the specific accounting policies.

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

For the long-term equity investment obtained by cash payment, the actual investment cost shall be the purchase price actually paid. The initial investment cost includes expenses, taxes, and other necessary expenses directly related to the acquisition of long-term equity investment.

The long-term equity investment obtained by issuing equity securities is based on the fair value of equity securities issued as the initial investment cost; the transaction costs incurred when issuing or acquiring its own equity instruments can be directly deducted from equity for equity transactions.

Under the premise that the non-monetary asset exchange has commercial substance and the fair value of the assets swapped in or swapped out can be reliably measured, the long-term equity investment swapped in the non-monetary assets swap is determined based on the fair value of the swapped assets. Investment cost, unless there is solid evidence that the fair value of the swapped assets is more reliable;

for non-monetary asset exchanges that do not meet the above premises, the book value of the swapped assets and related taxes payable are used as the initial exchange of long-term equity investment cost of investment.

For long-term equity investments acquired through debt restructuring, the initial investment cost is determined on the basis of fair value.

2. Subsequent measurement and profit and loss confirmation

(1) Cost method

The company is able to use the cost method to account for long-term equity investments that are controlled by the investee, and is priced according to the initial investment cost, adding or recovering investment to adjust the cost of long-term equity investment.

In addition to the cash dividends or profits declared but not yet included in the actual payment or consideration included in the consideration, the company recognizes the cash dividends or profits declared to be distributed by the investee as current investment income.

(2) Equity method

The company uses the equity method to account for long-term equity investments in associates and joint ventures; for a portion of the equity of associates held indirectly through venture capital institutions, mutual funds, trust companies, or similar entities including investment-linked insurance funds Investment is measured at fair value and its changes are included in profit or loss.

The initial investment cost of a long-term equity investment is greater than the difference in the fair value share of the identifiable net assets of the investee when investing, and the initial investment cost of the long-term equity investment is not adjusted; the initial investment cost is less than the identifiable net assets of the investee when investing The difference in the fair value share is included in the current profit and loss.

After the company obtains a long-term equity investment, the investment income and other comprehensive income are recognized according to the share of net profit and loss and other comprehensive income realized by the invested unit that should be enjoyed or shared, and the book value of the long-term equity investment is adjusted; The investment unit declares the portion of the profit or cash dividend calculation that should be enjoyed, and accordingly reduces the book value of the long-term equity investment; for other changes in the owner's equity other than the net profit and loss, other comprehensive income and profit distribution of the invested unit, the long-term equity investment The book value of and included in the owner's equity.

When confirming the share of the investee's net profit or loss, the company shall adjust and confirm the net profit of the investee based on the fair value of the identifiable assets of the investee when acquiring the investment. The unrealized internal transaction gains and losses that occur between the company and associates and joint ventures are calculated based on the proportions that should be enjoyed and offset by the company, and investment gains and losses are recognized on this basis.

When the company confirms that it shall share the losses incurred by the investee, it shall deal with them in the following order: First, offset the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment is not enough to offset, continue to confirm the investment loss to the limit of the book value of the long-term equity that substantially constitutes a net investment in the invested unit, and offset the book value of the long-term receivable items. Finally, after the above-mentioned treatment, if the enterprise still bears additional obligations in accordance with the investment contract or agreement, the estimated liabilities shall be confirmed according to the obligations assumed and included in the current investment losses.

If the invested unit realizes profit in the future period, after deducting the unrecognized loss sharing amount, the company will process in the reverse order to write down the book balance of the confirmed estimated liabilities, and resume the other substantially constituting After the book value of long-term equity and long-term equity investment, the investment income will be confirmed again.

3. Conversion of long-term equity investment accounting methods

(1) Transfer from fair value measurement to equity method

The equity investment originally held by the company that does not have control, joint control or significant influence on the investee unit, which is accounted for according to the financial instrument recognition and measurement standards, can exert significant influence or implementation on the investee unit due to additional investment and other reasons If they are jointly controlled but do not constitute control, the sum of the fair value of the original equity investment held in accordance with the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments plus the additional investment costs shall be accounted for by the equity method Initial investment cost.

If the originally held equity investment is classified as an available-for-sale financial asset, the difference between its fair value and book value, as well as the cumulative fair value changes originally included in other comprehensive income, are transferred to the current profit and loss accounted for using the equity method.

The initial investment cost calculated by the equity method is less than the difference between the fair value share of the identifiable net assets of the investee on the date of the additional investment determined by the new shareholding ratio after the additional investment, and the book value of the long-term equity investment is adjusted. And included in the current non-operating income.

(2) Fair value measurement or equity method accounting to cost method accounting

The company's originally held equity investment that does not have control, joint control or significant influence on the investee unit and is accounted for in accordance with the financial instrument recognition and measurement standards, or the long-term equity investment originally held in associates and joint ventures, If it is possible to exercise control over the invested entity not under the same control due to additional investment and other reasons, when preparing individual financial statements, the book value of the original equity investment held plus the additional investment cost shall be used as the cost method for accounting. Initial investment cost.

Other comprehensive income recognized by the equity method of equity investment held before the purchase date is accounted for on the same basis as the investee directly disposes of related assets or liabilities when disposing of the investment.

If the equity investment held before the purchase date is accounted for in accordance with the relevant provisions of the "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", the cumulative fair value change originally included in other comprehensive income is changed to cost Transfer to current profit and loss.

(3) Equity method accounting converted to fair value measurement

If the company loses joint control or significant influence on the invested unit due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for in accordance with Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments. The difference between the fair value and the book value on the date of common control or significant influence is included in the current profit and loss.

Other comprehensive income recognized by the original equity investment due to the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method of accounting is terminated.

(4) Cost method to equity method

If the company loses control of the invested unit due to the disposal of some equity investments, etc., when preparing individual financial statements, if the remaining equity after the disposal can exercise joint control or exert significant influence on the invested unit, the equity method is used instead. Accounting, and the remaining equity is deemed to be adjusted by equity method when it is acquired.

(5) Cost method conversion to fair value measurement

If the company loses control of the invested entity due to the disposal of some equity investments, etc., when preparing individual financial statements, if the remaining equity after disposal cannot exercise joint control or exert significant influence on the invested entity, it shall be changed to "Enterprise The relevant provisions of Accounting Standard No. 22-Recognition and Measurement of Financial Instruments are accounted for, and the difference between the fair value and the book value on the date of loss of control is included in the current profit and loss.

4. Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between the book value and the actual purchase price shall be included in the current profit and loss. Long-term equity investments accounted for using the equity method will use the same basis as the investee to directly dispose of related assets or liabilities when disposing of the investment, and account for the portion originally included in other comprehensive income at a corresponding rate.

The terms, conditions and economic impact of the disposal of various transactions on the subsidiary ’ s equity investment are in accordance with one or more of the following conditions, and multiple transactions are accounted for as a package transaction:

(1) These transactions were concluded at the same time or in consideration of mutual influence;

(2) These transactions as a whole can achieve a complete business result;

(3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

(4) A transaction is uneconomical alone, but it is economical when considered together with other transactions.

If the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, it is not a package transaction, and the individual financial statements and the consolidated financial statements are distinguished for related accounting treatment:

(1) In individual financial statements, the difference between the book value of the disposed equity and the actual purchase price is included in the current profit and loss. If the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted for using the equity method, and the remaining equity shall be treated as if it had been adjusted by the equity method upon acquisition; the remaining equity after disposal shall not be If the invested entity exercises joint control or exerts significant influence, it shall be accounted for in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments". The difference between the fair value and the book value on the date of loss of

control The difference is included in the current profit and loss.

(2) In the consolidated financial statements, for each transaction before the loss of control of the subsidiary, the disposal price and the corresponding disposal of long-term equity investment shall be between the share of the subsidiary ’ s net assets continuously calculated from the purchase date or the merger date Adjust the capital reserve (equity premium), if the capital reserve is insufficient to offset, adjust the retained earnings; when the control of the subsidiary is lost, the remaining equity is re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary ’ s net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control Investment income also offsets goodwill. Other comprehensive income related to the equity investment of the original subsidiary is converted into current investment income when control is lost.

Disposal of the equity investment of the subsidiary until the loss of control rights is a package transaction, the transactions are treated as a transaction of disposal of the equity investment of the subsidiary and the loss of control rights, and the individual financial statements and consolidated financial statements are distinguished. Related accounting treatment:

(1) In individual financial statements, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity before the loss of control is recognized as other comprehensive income, and is transferred to the loss of control when the control is lost Rights and losses in the current period.

(2) In the consolidated financial statements, before the loss of control, the difference between the price of each disposal and the share of the subsidiary ’ s net assets corresponding to the disposal of investment is recognized as other comprehensive income, and it is transferred to the loss of control when the control is lost Current profit and loss.

5. Judgment criteria for joint control and significant influence

If the company collectively controls an arrangement with other participants in accordance with the relevant agreement, and an activity decision that has a significant impact on the return of the arrangement only needs to be agreed upon by the parties sharing control, then the company is deemed to be involved with the other participants The parties jointly control an arrangement, which is a joint arrangement.

When the joint venture arrangement is reached by a separate entity, when the company is judged to have rights to the net assets of the separate entity according to the relevant agreement, the separate entity is regarded as a joint venture and the equity method is adopted for accounting. If it is judged according to the relevant agreement that the company does not have rights to the net assets of the separate entity, the separate entity is regarded as a joint operation, and the company confirms the items related to the share of the joint operation interest and performs accounting treatment in accordance with the relevant enterprise accounting standards.

Significant influence means that the investor has the right to participate in the decision-making of the financial and operating policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties. The company passes one or more of the following situations, and after comprehensively considering all the facts and circumstances, judges that it has a significant impact on the invested unit. (1) Represented on the board of directors or similar authority of the invested unit; (2) Participated in the process of formulating financial and operating policies of the invested unit; (3) Important transactions with the invested unit; (4) Xiang The investment unit sends management personnel; (5) Provide key technical information to the invested unit.

15. Investment property

The investment property of the Group includes the leased land use right, the land use right it is entitled to for assignment after appreciation, the leased properties and the properties it holds for sale. Cost model is applied for measurement.

The investment property of the company is based on its cost as the book value. The cost of outsourcing investment property includes the purchase price, related taxes and other expenses directly attributable to the asset; the cost of self-built investment property is determined by the construction of the the necessary expenditure composition incurred before the assets reach the expected usable state.

The company uses the cost model for subsequent measurement of investment property, and depreciates or amortizes buildings and land use rights based on their estimated useful life and net residual value rate. The estimated useful life, net residual value rate and annual depreciation (amortization) rate of investment real estate are listed as follows:

Items	Useful Lives	Residual Rates (%)	Annual Depreciation Rates (%)
land usage rights	50 years	0.00-10.00	1.80-2.00
House and Building	20-28 years	0.00-10.00	3.56-4.50

After initial recognition, the Company adopts the cost model to measure its investment properties. The Company amortizes or depreciates its investment properties measured using cost model in the same way as fixed assets and intangible assets If the Group had definite evidence indicated the usage of the property had changed, when transferring the self-used real estate or the inventories as the investment real estate or transferring the investment real estate as the self-used real estate, the book value before the transfer should be regarded as the entry value after transfer.

The Group values the investment property measured using cost model at the lower of its cost and its recoverable amount at the end of the period. Where the cost exceeds the recoverable amount, the difference shall be recognized as impairment loss. Once a provision for impairment loss is made, it cannot be reversed.

An investment real estate is derecognized on disposal or when the investment real estate is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment real estate less its carrying amount and related taxes and expenses is recognized in profit or loss in the period in which it is incurred.

16. Fixed assets

1. Conditions for confirmation of fixed assets

Fixed assets refer to tangible assets that are held for the purpose of producing goods, providing labor services, leasing or operating management, and whose service life exceeds one fiscal year. Fixed assets are recognized when they meet the following conditions at the same time:

(1) The economic benefits related to the fixed assets are likely to flow into the enterprise;

(2) The cost of the fixed asset can be measured reliably.

2. Initial measurement of fixed assets

The company's fixed assets are initially measured at cost.

(1) The cost of outsourcing fixed assets includes the purchase price, import duties and other related taxes and fees, as well as other expenses that can be directly attributed to the asset before the fixed asset reaches its intended usable state.

(2) The cost of self-built fixed assets consists of the necessary expenses incurred before the construction of the asset reaches the intended usable state.

(3) For fixed assets invested by investors, the value agreed in the investment contract or agreement is regarded as the book value, but the value agreed in the contract or agreement is not accounted for at fair value.

(4) If the payment for the purchase of fixed assets is delayed beyond the normal credit conditions, and is of a financing nature in essence, the cost of fixed assets is determined on the basis of the present value of the purchase price. The difference between the actual payment and the present value of the purchase price, except for those that should be capitalized, is included in the current profit and loss during the credit period.

3. Subsequent measurement and disposal of fixed assets

(1) Depreciation of fixed assets

Depreciation of fixed assets is accrued within the estimated useful life after deducting the estimated net residual value from its booked value. For fixed assets with provision for impairment, the depreciation amount is determined in the future based on the book value after deduction of the impairment provision and the basis of the useful life.

The fixed assets formed from the special reserve expenditures are used to offset the special reserves according to the cost of forming the fixed assets, and to confirm the accumulated depreciation of the same amount. No depreciation is accrued.

The company determines the service life and estimated net residual value of fixed assets based on the nature and use of fixed assets. At the end of the year, the service life of the fixed assets, the estimated net residual value and the depreciation method are reviewed. If there is a difference from the original estimate, corresponding adjustments are made.

The depreciation methods, depreciation period and annual depreciation rate of various fixed assets are as follows:

Items	Useful Lives	Residual Rates (%)	Annual Depreciation Rates (%)
House and Building	20-40 years	5.00	2.38-4.75
Machinery equipment	4-5 years	5.00	19.00-23.75
Transportation equipment	5-20 years	5.00	4.75-19.00
Other equipment	3-5 years	5.00	19.00-31.67

(2) Subsequent expenditure on fixed assets

Subsequent expenditures related to fixed assets that meet the conditions for confirmation of fixed assets are included in the cost of fixed assets; those that do not meet the conditions for confirmation of fixed assets are included in the current profit and loss when incurred.

(3) Disposal of fixed assets

When a fixed asset is disposed of, or no economic benefit is expected to result from use or disposal, the recognition of the fixed asset is terminated. The amount of income from disposal of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related taxes is included in the current profit and loss.

4. Identification basis, valuation and depreciation methods of fixed assets leased by financing

When the fixed assets leased by the company meet one or more of the following standards, it is recognized as fixed assets leased by financing:

(1) At the end of the lease period, the ownership of the leased assets is transferred to the company.

(2) The company has the option to purchase leased assets, and the purchase price concluded is expected to be much lower than the fair value of the leased assets when the option is exercised, so it can be reasonably determined that the company will exercise this option on the lease start date .

(3) Even if the ownership of the asset is not transferred, the lease period accounts for most of the service life of the leased asset.

(4) The present value of the company's minimum lease payment on the lease start date is almost equivalent to the fair value of the leased asset on the lease start date.

(5) The leased assets are of a special nature, and only the company can use them without major transformation.

The fixed assets leased under financial leases shall be the booked value at the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment. The minimum lease payment is taken as the book value of long-term payables, and the difference is taken as unrecognized financing expenses. The initial direct costs such as handling fees, attorney 's fees, travel expenses, and stamp taxes that occurred during the lease negotiation and signing of the lease contract are included in the value of the leased asset. Unrecognized financing expenses are allocated using the effective interest rate method in each period of the lease period.

The company adopts the depreciation policy consistent with its own fixed assets to accrue the depreciation of fixed assets leased from financing. If it can be reasonably determined that the ownership of the leased asset is obtained when the lease term expires, depreciation shall be accrued within the useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease period, depreciation shall be accrued in the shorter of the lease period and the service life of the leased asset.

17. Construction in progress

1. Types of construction in progress

The construction in progress that the company builds by itself is priced at actual cost. The actual cost consists of the necessary expenses incurred before the construction of the asset reaches the intended usable state, including [cost of engineering materials, labor costs, relevant taxes and fees Borrowing costs to be capitalized and indirect costs to be apportioned, etc.

2. Criteria and timing of carrying forward construction in progress to fixed assets

The construction in progress project is based on all the expenditures incurred before the construction of the asset reaches the expected usable state as the value of fixed assets. If the fixed assets under construction have reached the expected usable state but have not yet completed the final accounts for completion, they shall be transferred at the estimated value according to the project budget, construction cost or actual project cost, etc., from the date when the intended usable state is reached For fixed assets, the depreciation of fixed assets is accrued in accordance with the company 's fixed asset depreciation policy. After the completion of final accounts, the original provisional valuation is adjusted according to actual costs, but the original depreciation amount is not adjusted.

3. Impairment test method and impairment provision method for construction in progress

At the end of each period, the company judges whether there is any sign of possible impairment of the project under construction.

If there are signs of impairment of the construction in progress, the recoverable amount is estimated. The recoverable amount is determined based on the higher of the net value of the fair value of the construction in progress minus the disposal costs and the present value of the projected future cash flow of the construction in progress.

When the recoverable amount of the construction in progress is lower than its book value, the book value of the construction in progress is written down to the recoverable amount, and the reduced amount is recognized as an impairment loss of the construction in progress and included in the current profit and loss, and is withdrawn Corresponding impairment provision for construction in progress.

Once the impairment loss of the construction in progress is confirmed, it will not be reversed in future accounting periods.

If there are signs that a construction in progress may be impaired, the enterprise estimates its recoverable amount based on the individual construction in progress. If it is difficult for an enterprise to estimate the recoverable amount of a single project under construction, the recoverable amount of the asset group is determined based on the asset group to which the project under construction belongs.

18. Borrowing costs

(1) Recognition principles for capitalization of borrowing costs and capitalization period

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. When the borrowing costs can be directly attributable to the construction or production of assets eligible for capitalization, and the asset disbursements or the borrowing costs have already incurred, and the construction or production activities which are necessary to prepare the asset for its intended use or sale have already started, the capitalization of borrowing costs begins. When the asset eligible for capitalization under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recognized as expenses when incurred.

The assets which can fulfill the principles for capitalization refers to fixed assets, investment property and inventories which need a long time to be in use or for sale .Capitalization of borrowing costs starts when:

a. The assets expenditures have incurred. Asset expenditures include the payment of cash, transfer of non-cash assets or the occurrence of interest bearing debt in the form of assets that are in line with the conditions of capitalization for the purchase and construction or production;

b. The borrowing costs have incurred;

c. The acquisition and construction activities that are necessary to bring the asset to its expected usable condition have commenced.

(2) Capitalization of borrowing costs

The period of capitalization refers to the period from the start point of capitalization to the stop point of capitalization, the suspension period is not included.

When the assets in construction or production which can meet the capitalization conditions were in use or sale status, the cost of borrowing need stop the capitalization.

When the assets in construction or production which can meet the capitalization conditions were partly completed and can be used separately, the cost of borrowing need stop the capitalization.

Each part of the assets in construction or production are respectively completed, and it can only be used or sold after the completion of the whole, at the time when the asset wholly completed need the cost of borrowing stop the capitalization.

(3) Suspended during the period of capitalization

Capitalization of borrowing costs should be suspended during periods in which the acquisition or construction is interrupted abnormally, and the interruption period is three months or longer. These borrowing costs should be recognized directly in profit or loss during the current period. However, capitalization of borrowing costs during the suspended periods should continue when the interruption is a necessary part of the process of bringing the asset to working condition for its intended use.

(4)Calculation method of capitalized amount of borrowing costs

To the extent that funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowing.

To the extent that funds are borrowed generally and used for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the weighted average of excess of accumulated expenditures on qualifying asset over that on specific purpose borrowing. The capitalization rate is the weighted average rate of the general borrowings.

During the period of capitalization, the exchange balance on foreign currency special borrowings shall be capitalized; the exchange balance on foreign currency general borrowings shall be recorded into current profits and losses.

19. Biological Assets

1. Classification of biological assets

The company's biological assets are expendable biological assets and productive biological assets. Consumable biological assets include young animals and fattening animals, and productive biological assets include scorpions.

Biological assets that meet the following conditions at the same time are recognized:

(1) The enterprise owns or controls the biological asset due to past transactions or events;

(2) The economic benefits or service potential related to the biological assets are likely to flow into the enterprise;

(3) The cost of the biological asset can be measured reliably.

2. Initial measurement of biological assets

The biological assets acquired by the company are initially measured at the cost of acquisition. The cost of outsourcing biological assets includes the purchase price, related taxes, transportation, insurance, and other expenses that can be directly attributed to the purchase of the asset. For biological assets invested by investors, the value agreed in the investment contract or agreement plus the relevant taxes payable shall be regarded as the book value of the biological asset, but if the value agreed in the contract or agreement is not fair, the actual cost shall be determined based on the fair value.

3. Subsequent measurement of biological assets

(1) Follow-up expenditure

The cost of self-propagating or breeding consumable biological assets is determined according to the necessary expenditures such as feed fees, labor costs and apportioned indirect costs incurred before sale; The necessary expenses such as feed fees, labor costs and indirect expenses that should be shared before the business purpose are determined. Subsequent expenditures such as management and maintenance and breeding expenses incurred after the biological assets have achieved their intended production and operation objectives are included in the current profit and loss.

(2) Depreciation of productive biological assets

The company uses the average life method to depreciate productive biological assets that achieve the intended production and operation objectives on a regular basis. The company determines the service life and estimated net residual value of the productive biological assets based on the nature, use and expected realization of relevant economic benefits; and at the end of the year, the company 's service life, estimated net residual value and The depreciation method is reviewed, and if there is a difference from the original estimate, the corresponding adjustment is made.

The estimated useful life, estimated net residual value rate and annual depreciation rate of the company's productive biological assets are as follows:

Items	Useful Lives	Residual Rates (%)	Annual Depreciation Rates (%)
Chicken and Eggs	1 years	5.00	95
Boar 、 sheep for breeding	3 years	5.00	31.67

(3) Disposal of biological assets

When harvesting or selling consumable biological assets, the weighted average method is used to carry forward the cost; the cost after the biological asset is converted to use is determined according to the book value when the use is changed; when the biological asset is sold, damaged, or in deficit, the disposal income is deducted from the book value The balance after related taxes and fees is included in the current profit and loss.

4. Impairment of biological assets

The company inspects consumable biological assets and productive biological assets at least at the end of each year. There is solid evidence that the net realizable value of consumable biological assets due to natural disasters, plant diseases and insect pests, animal disease or market demand changes If the recoverable amount of a productive biological asset is lower than its book value, the net realizable value or recoverable amount

If the difference is lower than the book value, the biological assets depreciation reserve or impairment reserve shall be accrued and included in the current profit and loss.

If the influencing factors of the impairment of expendable biological assets have disappeared, the amount of the write-down will be restored, and it will be reversed within the amount of the price impairment provision that has been accrued. Once the provision for impairment of productive biological assets is accrued, it shall not be transferred back.

5. Subsequent measurement of biological assets

The company adopts the fair value model for subsequent measurement of biological assets, no longer depreciates and accrues depreciation reserves or impairment reserves for biological assets, and measures in accordance with the fair value of biological assets minus selling expenses Included in the current profit and loss.

The basis for the subsequent measurement of biological assets using the fair value model is: ① There is an active trading market for biological assets; ② The market price and other relevant information of similar or similar biological assets can be obtained from the trading market, so that the fair value of biological assets is made Reasonable estimate.

When the company determines the fair value of biological assets, it refers to the market price of similar or similar biological assets in the active market; if the market price of similar or similar biological assets cannot be obtained, it refers to the latest transaction price of similar or similar biological assets in the active market, and Considering factors such as variety, quality grade, growth time, climate and geographical environment, industry benchmarks, etc., to make a reasonable estimate of the fair value of biological assets; or use the expected net cash flow of the biological asset at a discount rate determined by the current market The present value determines the fair value.

20. Intangible assets and development expenditure

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the company, including land use rights and non-patented technologies.

1. Initial measurement of intangible assets

The cost of outsourcing intangible assets includes the purchase price, related taxes and other expenses directly attributable to the asset 's intended use. If the payment for the purchase of intangible assets is delayed beyond the normal credit conditions and is essentially of a financing nature, the cost of the intangible assets is determined on the basis of the present value of the purchase price.

Debt restructuring acquires the intangible assets used by the debtor to pay off debts, the book value is determined based on the fair value of the intangible assets, and the difference between the book value of the debt restructuring and the fair value of the intangible assets used for debt recovery is included in the current period profit and loss.

Under the premise that the exchange of non-monetary assets has commercial substance and the fair value of the assets swapped in or out can be reliably measured, the intangible assets swapped in the exchange of non-monetary assets are determined based on the fair value of the assets swapped out. , Unless there is solid evidence that the fair value of the swapped assets is more reliable; for non-monetary asset exchanges that do not meet the above premises, the book value of the swapped assets and related taxes payable are used as the cost of swapping intangible assets, not recognized profit and loss.

The intangible assets acquired by the merger of enterprises under the same control are determined by the book value of the merged party; the intangible assets acquired by the merger of enterprises under the same control are determined by the fair value.

The costs of internally developed intangible assets include: materials used in the development of the intangible assets, labor costs, registration fees, amortization of other patent rights and concessions used in the development process, and interest expenses that meet capitalization conditions , And other direct costs incurred before the intangible asset reaches its intended use.

2. Subsequent measurement of intangible assets

The company analyzes and judges its service life when acquiring intangible assets, and divides them into intangible assets with limited service life and uncertain service life.

(1) Intangible assets with limited service life

For intangible assets with a limited service life, amortization is carried out by the straight-line method within the period of bringing economic benefits to the enterprise. The estimated life and basis of intangible assets with limited service life are as follows:

Item	Amortisation periods	Basis
Land use rights	50 years	Less than the period stated at contracts or included in other legal rights

Item	Amortisation periods	Basis
Patent, brand, software and technology	5 years	Less than the period stated at contracts or included in other legal rights

At the end of each period, the service life and amortization method of intangible assets with a limited service life are reviewed. If there is a difference from the original estimate, corresponding adjustments are made.

After review, the service life and amortization method of intangible assets at the end of the current period are not different from the previous estimates.

(2) Judgment basis of intangible assets with uncertain service life:

If it is impossible to foresee the period in which intangible assets bring economic benefits to the enterprise, it shall be regarded as intangible assets with uncertain service life.

For intangible assets with uncertain service life, they are not amortized during the holding period, and the life of intangible assets is reviewed at the end of each period. If it is still uncertain after the re-examination at the end of the period, the impairment test shall be continued in each accounting period.

At the end of each year, review the service life of intangible assets with uncertain service life.

After review, there are no intangible assets with uncertain service life.

3. The specific standards for dividing the research phase and development phase of the company's internal research and development projects

Research stage: The stage of original planned investigation and research activities to acquire and understand new scientific or technical knowledge.

Development stage: The stage of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use.

Expenditures on the research stage of internal research and development projects are included in the current profit and loss when incurred.

4. Expenditure at the development stage meets specific capitalization standards

Expenditure of internal research and development projects during the development phase is recognized as intangible assets when the following conditions are met:

(1) It is technically feasible to complete the intangible asset so that it can be used or sold;

(2) Have the intention to complete the intangible asset and use or sell it;

(3) The ways in which intangible assets generate economic benefits include the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally to prove their usefulness;

(4) There are sufficient technical, financial and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset;

(5) The expenditure attributable to the development stage of this intangible asset can be measured reliably.

Expenditure at the development stage that does not meet the above conditions is included in the current profit and loss when incurred. Development expenditures that have been included in profit or loss in previous periods are not re-recognized as assets in subsequent periods. The capitalized development expenditures are listed as development expenditures on the balance sheet, and will be converted into intangible assets from the date when the project reaches its intended use.

21. Impairment of long-term assets

For non-current financial Assets of fixed Assets, projects under construction, intangible Assets with limited service life, investing real estate with cost model, long-term equity investment of subsidiaries, cooperative enterprises and joint ventures, the Group should judge whether decrease in value exists on the date of balance sheet. Recoverable amounts should be tested for decrease in value if it exists. Other intangible Assets of reputation and uncertain service life and other non-accessible intangible assets should be tested for decrease in value no matter whether it exists.

If the recoverable amount is less than book value in impairment test results, the provision for impairment of differences should include in impairment loss. Recoverable amounts would be the higher of net value of asset fair value deducting disposal charges or present value of predicted cash flow. Asset fair value should be determined according to negotiated sales price of fair trade. If no sales agreement exists but with asset active market, fair value should be determined according to the Buyer's price of the asset. If no sales agreement or asset active market exists, asset fair value could be acquired on the basis of best information available. Disposal expenses include legal fees, taxes, cartage or other direct expenses of merchantable Assets related to asset disposal. Present value of predicted asset cash flow should be determined by the proper discount rate according to Assets in service and predicted cash flow of final disposal. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single Assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the minimum asset combination producing cash flow independently.

In impairment test, book value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the book value of business reputation of asset group or asset group combination, then deduct book value of all assets according to proportions of other book value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

22. Long-term deferred expenses

The Company recognizes all expenses which have occurred during the period but shall be amortized beyond one year, such as improvement expenditures of operating leased fixed assets, as long-term deferred expenses. The Company amortizes long-term deferred expenses using straight-line method according to relevant beneficial periods.

Long term deferred expenses which have a clear benefit period are made according to the average amortization period, in other situation , amortization need be made according to the average amortization period of 5 years.

23. Employee remuneration

Employee remuneration refers to various forms of remuneration or remuneration given by the company to obtain services provided by employees or to terminate labor relations. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Accounting treatment of short-term remuneration

The short-term remuneration actually happened during the accounting period when the active staff offering the service for the Group should be recognized as liabilities and is included in the current gains and losses or relevant assets cost except for those be required or permitted to included in the assets cost by other ASBE.

(2) Accounting treatment of the welfare after demission

The Group divides the departure benefits plan into defined contribution plans and defined benefit plans. Benefits plan of after demission refer to the agreement between the Group and employees on the departure benefits, or the regulations or methods formulated by the Group for providing welfare after demission for the employees. Of which, defined contribution plans refers to the departure benefits plan that the Group no more undertake the further payment obligations after the payment and deposit of the fixed expenses for the independent funds; defined benefit plans refers to the departure benefits plan except for the defined contribution plans.

a. Defined contribution plans

During the accounting period when providing the service for the employees, the Group will recognize the deposited amount as the liabilities which measured by defined contribution plans and include in the current gains and losses or the relevant assets cost.

b. Defined benefit plans

Other long-term employee benefits the Group had not executed the defined contribution plans or met with the conditions of defined benefit plans.

(3) Accounting treatment of the demission welfare

When the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, or when recognizing the costs or expenses (the earlier one between the two) related to the reorganization of paying the demission welfare, should recognize the payroll liabilities from the demission welfare and include in the current gains and losses.

24. Estimated liabilities

When the businesses related to contingencies like external guarantee and pending actions or arbitration conform to the following conditions at the same time, they will be recognized as the debt by the Group: the obligation is the current obligation undertaken by the Group; the implementation of such obligation may probably cause the outflow of economic interests from the Group; and the amount of that obligation can be measured reliably.

(1) Recognition criteria of estimated liabilities

The company should recognize the related obligation as a provision for liability when the obligation meets the following conditions:That obligation is a present obligation of the enterprise;It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation;A reliable estimate can be made of the amount of the obligation.

(2)Measurement of estimated liabilities

To fulfill the present obligations, which initially measured by the best estimate of the expenditure required to settle the liability. Where there is a continuous range of possible amounts of the expenditure required to settle the liability, as all kinds of possibilities are at same level, the best estimate should be determined according to the average of the lower and upper limit of the range. In other cases, the best estimate should be determined in accordance with the following methods:

Where the contingency involves a single item, the best estimate involves a singe item, the best estimate should be determined according to the most likely outcome;

Where the contingency involves several items; The best estimate should be determined by weighting all possible outcomes by their associated probabilities of occurrence.

To determine the best estimate, it should be considered with factors such as: related contingency risks, uncertain matters and time value of currency. If time value of currency has a significant impact, the best estimate should be measured at its converted present value through the relevant future cash outflows.

Where some or all of the expenditures are expected to be reimbursed by a third party, the reimbursement should be separately recognized as an asset only when it is virtually received. The amount of the reimbursement should not exceed the carrying amount of the liability recognized.

25. Share payment and equity instruments

1. Types of share-based payment

The company's share-based payment is divided into equity-settled share-based payment and cash-settled share-based payment.

2. How to determine the fair value of equity instruments

For equity instruments and other equity instruments granted in an active market, the fair value is determined according to the quotation in the active market. For granted equity instruments such as options that do not exist in an active market, the option pricing model is used to determine their fair value. The option pricing model selected considers the following factors: (1) the exercise price of the option; (2) the validity period of the option; (3) The current price of the underlying stock; (4) The expected volatility of the stock price; (5) The expected dividend of the stock; (6) The risk-free interest rate within the validity period of the option.

When determining the fair value of the equity instrument grant date, consider the impact of market conditions and non-feasible rights conditions in the vestable rights conditions stipulated in the share payment agreement. If there are non-feasible rights conditions for share-based payment, as long as the employees or other parties meet the non-market conditions (such as the service period, etc.) of all the rights conditions, the cost corresponding to the service received is confirmed.

3. The basis for determining the best estimate of an exerciseable equity instrument

During the waiting period, on each balance sheet date, the best estimate is made based on the latest changes in the number of employees with available rights and other follow-up information, and the number of equity instruments with estimated available rights is revised. On the exercisable date, the final estimated number of exercisable equity instruments is consistent with the actual number of exercisable rights.

4. Accounting treatment method

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the right is exercised immediately after the grant, it is included in the relevant cost or expense at the fair value of the equity instrument on the grant date, and the capital reserve is increased accordingly. If the right is available only after the completion of the service in the waiting period or when the specified performance conditions are met, on each balance sheet date in the waiting period, based on the best estimate of the number of available equity instruments, the fair date of the equity instrument grant For value, the services acquired in the current period are included in relevant costs or expenses and capital reserves. After the exercisable date, no adjustment will be made to the confirmed related costs or expenses and the total owner's equity.

The cash-settled share-based payment is measured at the fair value of the liability assumed by the company based on shares or other equity instruments. If the right is exercised immediately after the grant, the fair value of the liability assumed by the company is included in the relevant cost or expense on the grant date, and the liability is increased accordingly. The cash-settled share-based payment that can be exercised only after the completion of the service during the waiting period or when the prescribed performance conditions are met. On each balance sheet date of the waiting period, based on the best estimate of the exercise of the right to exercise The amount of the fair value of the company's liabilities shall be included in the cost or expenses and corresponding liabilities of the services obtained in the current period. On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is remeasured, and the changes are included in the current profit and loss.

5. For the modification of the terms and conditions, the current modification and related accounting treatment

If the granted equity instrument is cancelled during the waiting period, the company will treat the cancellation of the granted equity instrument as an accelerated exercise, and the amount that should be confirmed in the remaining waiting period is immediately included in the current profit and loss, and the capital reserve is recognized. If the employee or other party can choose to meet the non-feasible right condition but is not satisfied within the waiting period, the company will treat it as the cancellation of the grant of equity instruments.

26. Income

The operation revenue of the Group mainly include the sales revenue, lease revenue and property management revenue of real estate development products and revenue recognition policies are as follows:

1. The specific judgment criteria for the confirmation time of sales revenue

The company has transferred the main risks and rewards of the ownership of the goods to the purchaser; the company has neither retained the continued management rights associated with the ownership nor implemented effective control over the sold goods; the amount of income can be reliably measured; related The economic benefits are likely to flow into the enterprise; when the related incurred or incurred costs can be reliably measured, it is recognized that the sales revenue of commodities is realized.

2. Real estate sales revenue recognition principles:

(1) The property is completed and qualified for acceptance;

(2) Obtain a commercial house pre-sale permit issued by the Land and Resources and Housing Administration;

(3) Signed a sales contract;

(4) The sales contract industry has been appraised and confirmed by the real estate transaction registration center;

(5) Receive the payment or obtain the buyer's payment certificate;

(6) Complete the handover procedures for commercial housing.

When the above conditions are met at the same time, the realization of sales revenue is confirmed.

3. Principles of property rental income recognition:

According to the date and amount of the lease payment according to the contract or agreement signed between the company and the lessee, when the rent is received or the buyer's payment certificate is obtained, it is recognized as the realization of the property rental income.

4. Recognition principle of service income:

(1) The amount of income can be measured reliably;

(2) The relevant economic benefits are likely to flow into the enterprise;

(3) The completion progress of the transaction can be reliably determined;

(4) The costs incurred and to be incurred in the transaction can be measured reliably.

5. The principle of recognition of the income from the transfer of asset use rights:

Related economic benefits are likely to flow into the enterprise; the amount of income can be measured reliably

27. Government subsidies

1. Type

Government subsidies are monetary and non-monetary assets obtained by the company from the government for free. According to the subsidy objects specified in the relevant government documents, the government subsidies are divided into government subsidies related to assets and government subsidies related to income.

For government subsidies that are not specifically subsidized by government documents, the company is divided into government subsidies related to assets or government subsidies related to income according to the actual subsidies. For the relevant judgment basis, please refer to Note 6 of this financial statement for deferred income / non-operating Revenue item notes.

The government subsidies related to assets refer to the government subsidies obtained by the company for the purchase or construction or other forms of long-term assets. Government grants related to income refer to government grants other than those related to assets.

2. Confirmation of government subsidies

If there is evidence at the end of the period that the company can meet the relevant conditions stipulated by the financial support policy and is expected to receive financial support funds, the government subsidy shall be confirmed according to the amount receivable. In addition, government subsidies are confirmed when they are actually received.

If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured at its fair value; if its fair value cannot be obtained reliably, it shall be measured at its nominal amount (RMB 1). Government subsidies measured in nominal amounts are directly included in the current profit and loss.

3. Accounting treatment method

Government subsidies related to assets are recognized as deferred income, and are included in profit or loss in installments according to a reasonable and systematic method within the useful life of the assets constructed or purchased;

Government subsidies related to income, if they are used to compensate the related expenses or losses of the enterprise in later periods, they are recognized as deferred income, and are included in the current profit and loss during the period when the related expenses or losses are confirmed; they are used to compensate the related expenses or losses incurred by the enterprise If it is obtained, it is directly included in the current profit and loss.

Government subsidies related to the daily activities of the enterprise are included in other income;

government subsidies not related to the daily activities of the enterprise are included in non-operating income and expenditure.

Receiving government subsidies related to discounted policy loans to offset the relevant borrowing costs; for those who obtain the policy preferential interest rate loans provided by the loan bank, the actual loan amount received shall be used as the book value of the loan, in accordance with the loan principal and the policy The preferential interest rate is used to calculate the relevant borrowing costs.

When the confirmed government subsidy needs to be returned, if the book value of the relevant asset is deducted at the initial confirmation, the book value of the asset is adjusted; if there is a related deferred income balance, the book value of the related deferred income is offset, and the excess is included in the current profit and loss; If there is relevant deferred income, it is directly included in the current profit and loss.

28. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and confirmed based on the difference (temporary difference) between the tax base of assets and liabilities and their book value. On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate for the period during which the asset is expected to be recovered or the liability is paid off.

(1) Deferred income tax assets

Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognized for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets arising from deductible temporary differences should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Deferred income tax liabilities

The company recognizes the taxable temporary difference between the current period and the previous period that has not been paid as deferred income tax liabilities. But does not include:

(1) The temporary difference formed by the initial confirmation of goodwill;

(2) A transaction or event that is not a business combination, and the transaction or event does not affect the accounting profit or the temporary difference formed by the taxable income (or deductible losses);

(3) For taxable temporary differences related to investments in subsidiaries and associates, the timing of the reversal of the temporary difference can be controlled and the temporary difference may not be reversed in the foreseeable future.

3. When the following conditions are met at the same time, the deferred income tax assets

and deferred income tax liabilities are listed as the net amount after offset

(1) The enterprise has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;

(2) Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or different taxpayers, but each important deferred income tax asset and deferred in the future During the period in which income tax liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and current income tax liabilities on a net basis or obtain assets and pay off debts at the same time.

29. Leasing

If the lease terms substantially transfer all risks and rewards related to the ownership of the leased asset to the lessee, the lease is a financial lease and other leases are operating leases.

1. Operating lease accounting

(1) Operating leased assets

The lease fee paid by the company for renting assets shall be apportioned on the straight-line method over the entire lease period without deducting the rent-free period and included in the current expenses. The initial direct costs paid by the company related to the lease transaction are included in the current expenses.

When the asset lessor bears the expenses related to the lease that should be borne by the company, the company deducts the part of the expenses from the total rent, apportions the deducted rental expenses within the lease period and counts them as current expenses.

(2) Operating leased assets

The lease fee charged by the company for the lease of assets shall be apportioned on a straight-line basis over the entire lease period without deducting the rent-free period, and shall be recognized as lease income. The initial direct costs related to the lease transaction paid by the company are included in the current expenses; if the amount is larger, they are capitalized and included in the current income in installments on the same basis as the recognition of the lease income throughout the entire lease period.

When the company bears the lease-related expenses that should be borne by the lessee, the company deducts part of the expenses from the total rental income and allocates the deducted rental expenses within the lease period

2. Financial lease accounting

(1) Finance leased assets: On the start date of the lease, the company takes the lower of the fair value of the leased asset and the current value of the minimum lease payment as the booked value of the leased asset, and the minimum lease payment as the long-term payable The booked value, the difference is regarded as unrecognized financing expenses. For the identification basis, valuation and depreciation methods of financial leased assets, please refer to Note IV / (16) Fixed Assets for details.

The company uses the effective interest rate method to amortize the unrecognized financing expenses during the asset lease period and is included in financial expenses.

(2) Finance leased assets: The company recognizes the difference between the sum of the financial lease receivable, unguaranteed residual value and its present value as unrealized financing income on the starting date of the lease, and it is recognized as Lease income, the initial direct expenses related to the lease transaction incurred by the company, are included in the initial measurement of the financial lease receivables and reduce the amount of revenue recognized during the lease period.

30. Business Termination

The company will recognize one of the following conditions, and the component has been disposed of or classified as holding the category for sale, which can be separately distinguished as a component of termination of operation:

(1) This component represents an independent main business or a separate main business area.

(2) This component is part of an associated plan to dispose of an independent main business or a separate main operating area.

(3) This component is a subsidiary acquired exclusively for resale.

Operational gains and losses such as the impairment loss and reversal amount of the termination of operations, and disposal gains and losses are listed in the profit statement as the profit and loss of termination of operations.

31. Statement of changes in financial statements

In 2019, the Ministry of Finance issued the "Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2019" (Caihui [2019] No. 6) and "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Version)" (Caihui [2019] No. 16), revised the general enterprise financial statement format, split some balance sheet items and adjusted income statement items, etc. The company has prepared financial statements in accordance with the requirements of the new corporate financial statement format. If the presentation of the financial statements has changed, it has been compared with the relevant regulations of the "Accounting Standards for Business Enterprises No. 30-Financial Statements" The comparison data during the period was adjusted.

The impact on the items and amounts presented in the financial statements of comparable periods is as follows:

Presentation of the project on December 31, 2018	Pre-adjustment amount	Amount affected	Post-adjustment amount
Bill receivable	------	------	------
Accounts receivable	------	11, 171. 25	11, 171. 25
Bill receivable and accounts receivable	11, 171. 25	-11, 171. 25	---
Bills payable	------	------	------
accounts payable	------	6, 668, 789. 67	6, 668, 789. 67
Bill payable and accounts payable	6, 668, 789. 67	-6, 668, 789. 67	------

32. Changes in important accounting policies and accounting estimates

1. Changes in accounting policy

Contents and reasons for changes in accounting policies	Approval procedure	Remarks
The company applied the "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", "Accounting Standards for Enterprises No. 23-Financial Asset Transfer" and "Accounting Standards for Business Enterprises" as revised by the Ministry of	The 11th Board Meeting of the 7th Board of Directors	（1）

Contents and reasons for changes in accounting policies	Approval procedure	Remarks
Finance in 2017 No. 24-Hedge Accounting "," Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments "		
The company applied the "Accounting Standards for Business Enterprises No. 7-Non-Monetary Asset Exchange" revised by the Ministry of Finance in 2019 from June 10, 2019. Accounting Standard No. 12-Debt Restructuring from June 17, 2019.	The 11th Board Meeting of the 7th Board of Directors	（2）

(1) Impact of the implementation of new financial instrument standards on the company

The company will implement the "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", "Accounting Standards for Enterprises No. 23-Financial Asset Transfer" and "Accounting Standards for Business Enterprises" revised by the Ministry of Finance in 2017 from January 1, 2019 No. 24-Hedging Accounting "and" Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments "(the above four items are collectively referred to as" new financial instrument standards "). For details of the changed accounting policies, see Note 4.

If the confirmation and measurement of financial instruments before January 1, 2019 are inconsistent with the requirements of the new financial instrument standards, the company will make adjustments in accordance with the requirements of the new financial instrument standards. If the data of the previous comparative financial statements is inconsistent with the requirements of the new financial instrument standards, the company has not adjusted the information of the comparable period. The difference between the original book value of financial instruments and the new book value on the date of implementation of the new financial instrument standards is included in retained earnings or other comprehensive income on January 1, 2019.

The impact of the implementation of the new financial instrument standards on the relevant items at the beginning of the current balance sheet is listed as follows:

Items	December 31, 2018	Cumulative impact amount			January 1, 2019
		Classification and Measurement impact (Note 1)	Financial assets Impairment impact (Note 2)	Subtotal	
Trading financial assets	------	26,800,000.00	------	26,800,000.00	26,800,000.00
Other current assets	37,786,874.66	-26,800,000.00	------	-26,800,000.00	10,986,874.66
Available for sale financial assets	16,331,037.08	-16,331,037.08	------	-16,331,037.08	------
Investment in other equity	------	16,331,037.08	------	16,331,037.08	16,331,037.08

Items	December 31, 2018	Cumulative impact amount			January 1, 2019
		Classification and Measurement impact (Note 1)	Financial assets Impairment impact (Note 2)	Subtotal	
instruments					
Other payables	118, 570, 218. 85	-193, 333. 41	------	118, 376, 885. 44	118, 376, 885. 44
Non-current liabilities due within one year	------	193, 333. 41	------	------	193, 333. 41
Total assets	172, 688, 130. 59	------	------	118, 376, 885. 44	172, 688, 130. 59

Note: The above table only presents the affected financial statement items, and the unaffected financial statement items are not included, so the subtotals and totals disclosed cannot be recalculated based on the figures presented in the table above.

Note 1: The wealth management products classified as other current assets in the previous year with a book value of 26,800,000.00 yuan are non-guaranteed floating income wealth management products, and the amount of interest income is affected by various market factors and macro-policy factors. For the purpose of not meeting the contractual cash flow characteristics of "principal + interest", this part of the amount is reclassified from other current assets to trading financial assets

The book value of 16,331,037.08 yuan was classified as available-for-sale equity instruments in the previous year as available-for-sale financial assets. According to the terms of the contract in this period, it is considered to be non-trading equity investment, and it is reclassified to other equity instrument investments.

The book value of 193,333.41 yuan was classified as other payables-interest payable in the previous year. In the current period, it was reclassified to non-current liabilities due within one year according to the new financial instrument standards.

(2) The impact of the implementation of new debt restructuring and non-monetary asset exchange standards on the company

The company will implement the "Accounting Standards for Business Enterprises No. 7-Non-Monetary Asset Exchange" revised by the Ministry of Finance in 2019 from June 10, 2019. Accounting Standard No. 12-Debt Restructuring. This accounting policy change will be dealt with in the future applicable method, and the non-monetary asset exchange and debt restructuring that occurred between January 1, 2019 and the implementation date of the standard will be adjusted according to the provisions of the standard.

The implementation of the above standards by the company has no impact on the financial statements during the reporting period.

2. Changes in accounting estimates

During the reporting period, the main accounting estimates have not changed.

V. Taxation

1. Main taxes and tax rates

Tax category	Tax basis	Tax rate
Value Added Tax	Sales of goods, taxable sales and	6%、9%、13%

Tax category	Tax basis	Tax rate
	service income, intangible assets or immovable property	
Land value-added tax	Land VAT or pre-requisitioned	Super rate progressive rate
City maintenance and construction tax	Transfer tax payable	5%
Education surcharge	Transfer tax payable	3%
Local education surcharge	Transfer tax payable	2%
Housing property tax	Rental income or original value of real estate	12% or 1.2%

According to the provisions of the Notice on Adjusting the Value-added Tax Rate of the Ministry of Finance and the State Administration of Taxation (Caishui [2018] No. 32), the company will adjust the value-added tax rate to 13%, 9%, and 6% respectively from April 1, 2019.

2. Corporate income tax

Company	Tax rate
Parent company	25%
Chengde kefeng engineering project management Co., Ltd.	25%
Chengde Dongfeng investment Co., Ltd.	25%
NanJiang Asia investment Co., Ltd.	16.5%
Chengde kefeng trading Co., Ltd.	25%
Hangzhou Dongfeng technology Co., Ltd.	25%
Dongguan Dongfeng technology development Co., Ltd.	25%
Kefeng Chengde Logistics Co., Ltd.	25%
DongGuan DongFeng power Co., Ltd.	25%
Fengning Manchu Autonomous County Dongfeng Real Estate Development Co., Ltd.	25%
Chengde Dongfeng ecological agriculture Co., Ltd.	25%
Chengde Nanjiang technology Co., Ltd.	25%
Chengde huijing property service Co., Ltd.	25%
Dongguan zhongchuang innovation energy technology Co., Ltd.	15%
Dongguan Dongfeng intelligent technology Co., Ltd.	25%
Dongguan AoLin new materials Co., Ltd.	25%
DongGuan HaiZhuo energy technology Co., Ltd.	25%

NOTE: NanJiang Asia Investment Co., Ltd. is in special administrative region, and the applicable corporate income tax rate is 16.5%.

The company's holding subsidiary, Dongguan Zhongxin Energy Technology Co., Ltd., was identified as a high-tech enterprise in Guangdong Province in 2019, and was included in the list of the second batch of high-tech enterprises in Guangdong Province in 2019 (certificate number: GR201944003967). According to the "Administrative Measures on the Identification of High-tech Enterprises", the "Enterprise Income Tax Law of the People's Republic of China", and the "Notice on the Announcement of the List of High-tech Enterprises in Guangdong Province in 2019", the relevant tax preferential policies for high-tech enterprises, Zhongxin Energy will be in From January 1 to December 31, 2021, can enjoy the relevant preferential policies of the state regarding high-tech enterprises, that is, the enterprise income tax is levied at a tax rate of 15%.

3. Personal Income Tax

Employee's personal income tax is withheld by the company.

VI. Notes to Major Items in Consolidated Financial Statement

With respect to the following data disclosed in the Financial Statements, unless otherwise stated, "the beginning of the year" refers to January 1, 2019; "the end of the year" refers to December 31, 2019; "this year" refers to the period between January 1, 2019 to December 31, 2019, and the "previous year" refers to the period between January 1, 2018 to December 31, 2018. The currency unit is RMB.

1. Monetary fund

Items	Closing Balance	Opening Balance
Cash on hand	84, 142. 47	368, 614. 69
Bank deposit	25, 634, 016. 83	12, 986, 115. 85
Other monetary fund	2, 040, 967. 75	22, 952, 094. 56
Total	27, 759, 127. 05	36, 306, 825. 10
Of which: the total amount deposited overseas	136, 633. 90	5, 626, 045. 88

Restricted monetary fund during the reporting period are shown below:

Item	Closing Balance	Opening Balance
Guaranteed deposit for housing mortgages	1, 890, 335. 50	2, 793, 908. 11
Performance bond	150, 632. 25	---
Total	2, 040, 967. 75	2, 793, 908. 11

2. Trading financial assets

Item	Closing Balance	Opening Balance
Subtotal of financial assets classified as fair value through profit or loss	8, 300, 000. 00	26, 800, 000. 00
Financial product	8, 300, 000. 00	26, 800, 000. 00
Total	8, 300, 000. 00	26, 800, 000. 00

3. Accounts receivable

(1) Disclosure of accounts receivable by age

Age	Closing Balance	Opening Balance
Within 1 year	152, 900. 00	---
1-2 years	---	10, 150. 00
2-3 years	10, 150. 00	6, 102. 50
over 3 years	2, 436, 208. 25	2, 430, 105. 75
Subtotal	2, 599, 258. 25	2, 446, 358. 25
Less: bad debt provision	2, 448, 928. 25	2, 435, 187. 00
Total	150, 330. 00	11, 171. 25

(2) Classified disclosure according to bad debt provision method

Categories	Closing Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable withdrawing expected credit losses individually	2, 364, 219. 40	90. 96	2, 364, 219. 40	100. 00	---
Accounts receivable withdrawing expected credit losses by combination	235, 038. 85	9. 04	84, 708. 85	36. 04	150, 330. 00
Among them: other combinations	235, 038. 85	9. 04	84, 708. 85	36. 04	150, 330. 00
Total	2, 599, 258. 25	100. 00	2, 448, 928. 25	94. 22	150, 330. 00

Continued:

Categories	Opening Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable withdrawing expected credit losses individually	2, 364, 219. 4	96. 64	2, 364, 219. 4	100. 00	---
Accounts receivable withdrawing expected credit losses by combination	82, 138. 85	3. 36	70, 967. 60	86. 40	11, 171. 25
Among them: other combinations	82, 138. 85	3. 36	70, 967. 60	86. 40	11, 171. 25
Total	2, 446, 358. 25	100. 00	2, 435, 187. 00	99. 54	11, 171. 25

(3) Accounts receivable withdrawing expected credit losses individually

Name	Closing Balance			
	Account receivable	Bad debt provision	Provision ratio (%)	Reason for provision
Beijing Xiangeqing Industry and Trade Co., Ltd.	2, 320, 047. 40	2, 320, 047. 40	100. 00	Uncollectible
Inner Mongolia Ajinnaima Cultural Development Co., Ltd.	44, 172. 00	44, 172. 00	100. 00	Uncollectible
Total	2, 364, 219. 40	2, 364, 219. 40	100. 00	---

(4) Accounts receivable withdrawing expected credit losses by combination

A.Other portfolio

Ages	Closing Balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	152, 900. 00	7, 645. 00	5. 00
1-2 years	---	---	---
2-3 years	10, 150. 00	5, 075. 00	50. 00
over 3 years	71, 988. 85	71, 988. 85	100. 00
Total	235, 038. 85	84, 708. 85	36. 04

(5) The provision for bad debts withdrawn, recovered or reversed in the current period

category	Opening Balance	Changes in the current period				Closing Balance
		Accrual	Take back	Write off	Other changes	
Accounts receivable withdrawing expected credit losses individually	2, 364, 219. 40	---	---	---	---	2, 364, 219. 40
Accounts receivable withdrawing expected credit losses by combination	70, 967. 60	13, 741. 25	---	---	---	84, 708. 85
Among them: other combinations	70, 967. 60	13, 741. 25	---	---	---	84, 708. 85
Total	2, 435, 187. 00	13, 741. 25	---	---	---	2, 448, 928. 25

(6) There were no actual receivables written off during the reporting period.

(7) Top 5 of the closing balance of the accounts receivable collected according to the arrears party.

Name of units	Closing balance	Proportion of the total year- end balance of the accounts receivable(%)	Closing balance of bad debt provision

Name of units	Closing balance	Proportion of the total year- end balance of the accounts receivable(%)	Closing balance of bad debt provision
Beijing xiang e qing industry and trade co., LTD	2, 320, 047. 40	89. 26	2, 320, 047. 40
Beijing University of Aeronautics and Astronautics	122, 400. 00	4. 71	6, 120. 00
Electricity Authority of Chengde county	82, 138. 85	3. 16	77, 063. 85
Inner Mongolia A Jin Nai Ma culture development co., LTD	44, 172. 00	1. 70	44, 172. 00
Zhejiang Aoka Refractories Co., Ltd.	20, 000. 00	0. 77	1, 000. 00
Total	2, 588, 758. 25	99. 60	2, 448, 403. 25

(8) There was no account receivable which terminate the recognition owning to the transfer of the financial assets during the reporting period.

(9) There was no amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable during the reporting period.

4. Prepayments

(1) The aging analysis of prepayments is as follows:

Aging	Closing Balance		Opening Balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	8, 470, 309. 46	92. 91	61, 088, 678. 72	99. 98
1-2 years	646, 752. 20	7. 09	3, 431. 50	0. 01
2-3 years	---	---	6, 899. 45	0. 01
Total	9, 117, 061. 66	100. 00	61, 099, 009. 67	100. 00

(2) There was no prepayment with an aging above 1 year.

(3) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Name of Units	Closing balance	Closing balance of bad debt provision	Aging	Reason

Chengde Wanrong Real Estate Development Co., Ltd.	4,232,226.00	46.42	Within 1 year	undue settlement period
Chengde Wanxuan Construction Engineering Co., Ltd.	1,883,831.00	20.66	Within 1 year	undue settlement period
Beijing Jianyan United Architectural Design Consulting Co., Ltd.	1,300,000.00	14.26	Within 1 year	undue settlement period
	600,000.00	6.58	1-2 year	undue settlement period
Guangdong Zhongpeng New Energy Technology Co., Ltd.	716,000.00	7.85	Within 1 year	undue settlement period
Dongguan Hongxing Industrial Furnace Manufacturing Co., Ltd.	58,000.00	0.64	Within 1 year	undue settlement period
	29,000.00	0.32	1-2 year	undue settlement period
Total	8,819,057.00	96.73	---	---

5. Other receivables

Item	Closing Balance	Opening Balance
Other Receivables	17,921,552.05	8,588,597.44
Total	17,921,552.05	8,588,597.44

(1) Disclosure of other receivable by age

Ages	Closing Balance	Opening Balance
Within 1 year	20,095,431.01	8,690,468.96
1-2 years	656,528.37	117,447.43
2-3 years	67,447.43	108,380.00
over 3 years	5,077,950.74	4,997,770.74
Subtotal	25,897,357.55	13,914,067.13
Less: bad debt provision	7,975,805.50	5,325,469.69
Total	17,921,552.05	8,588,597.44

(2) Disclosure of other receivable by nature

Item	Closing Balance	Opening Balance
Cash deposit	1,643,185.28	1,520,000.00
Petty cash	2,735,843.69	1,485,155.23
Creditor's right from auctions	1,209,273.00	1,209,273.00
Replacement of utility bills	25,818.24	---

Item	Closing Balance	Opening Balance
Current payment	134, 241. 42	---
Other	20, 148, 995. 92	9, 699, 638. 9
total	25, 897, 357. 55	13, 914, 067. 13

(3) Disclosure according to three stages of financial asset impairment

Project	Closing Balance			Opening Balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
The first stage	19, 188, 165. 69	1, 266, 613. 64	17, 921, 552. 05	8, 896, 537. 39	307, 939. 95	8, 588, 597. 44
second stage	---	---	---	---	---	---
The third stage	6, 709, 191. 86	6, 709, 191. 86	---	5, 017, 529. 74	5, 017, 529. 74	---
total	25, 897, 357. 55	7, 975, 805. 50	17, 921, 552. 05	13, 914, 067. 13	5, 325, 469. 69	8, 588, 597. 44

(4) Classification of other receivables

Type	Closing Balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable withdrawing expected credit losses individually	6, 598, 770. 86	25. 48	6, 598, 770. 86	100. 00	---
Other receivable withdrawing expected credit losses by combination	19, 298, 586. 69	74. 52	1, 377, 034. 64	7. 14	17, 921, 552. 05
Among them: other combinations	19, 298, 586. 69	74. 52	1, 377, 034. 64	7. 14	17, 921, 552. 05
Total	25, 897, 357. 55	100. 00	7, 975, 805. 50	30. 80	17, 921, 552. 05

Continued:

Type	Opening Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable withdrawing expected credit losses individually	4, 796, 347. 08	34. 47	4, 780, 605. 08	99. 67	15, 742. 00

Type	Opening Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable withdrawing expected credit losses by combination	9, 117, 720. 05	65. 53	544, 864. 61	5. 98	8, 572, 855. 44
Among them: other combinations	9, 117, 720. 05	65. 53	544, 864. 61	5. 98	8, 572, 855. 44
Total	13, 914, 067. 13	100. 00	5, 325, 469. 69	38. 27	8, 588, 597. 44

(5) Other receivable withdrawing expected credit losses individually

Name	Closing Balance			
	Book Amount	Bad debt provision	Accruing proportion(%)	Reasons for Accrual
Liu Chengjin	1, 682, 924. 36	1, 682, 924. 36	100. 00	Expected irrecoverable
Chengde County Non-tax Revenue Administration	1, 500, 000. 00	1, 500, 000. 00	100. 00	Expected irrecoverable
Auction bond	1, 209, 273. 00	1, 209, 273. 00	100. 00	Expected irrecoverable
Zhou Haihong	642, 689. 25	642, 689. 25	100. 00	Expected irrecoverable
Bao Degang	356, 838. 00	356, 838. 00	100. 00	Expected irrecoverable
Liu Chengjin	300, 000. 00	300, 000. 00	100. 00	Expected irrecoverable
Yan Qizhong	200, 000. 00	200, 000. 00	100. 00	Expected irrecoverable
Wang Ansheng	141, 005. 79	141, 005. 79	100. 00	Expected irrecoverable
Chengde Nanjiang Trading Company	135, 241. 42	135, 241. 42	100. 00	Expected irrecoverable
Guangtong Company	119, 000. 00	119, 000. 00	100. 00	Expected irrecoverable
Wang Xiashu	72, 290. 62	72, 290. 62	100. 00	Expected irrecoverable
Yan Qizhong	70, 000. 00	70, 000. 00	100. 00	Expected irrecoverable
Wang Zifei	61, 360. 00	61, 360. 00	100. 00	Expected irrecoverable
Zhu Guilong	50, 000. 00	50, 000. 00	100. 00	Expected irrecoverable

Name	Closing Balance			
	Book Amount	Bad debt provision	Accruing proportion(%)	Reasons for Accrual
Coal	14, 000. 00	14, 000. 00	100. 00	Expected irrecoverable
Sun Cheng	10, 800. 00	10, 800. 00	100. 00	Expected irrecoverable
Beijing Poly Convenience Technology Company	10, 080. 00	10, 080. 00	100. 00	Expected irrecoverable
Chengyuan County Zhaoyuan Property Service	9, 011. 32	9, 011. 32	100. 00	Expected irrecoverable
Lu Fangyao	5, 157. 10	5, 157. 10	100. 00	Expected irrecoverable
Li Shuxia	2, 000. 00	2, 000. 00	100. 00	Expected irrecoverable
Zhang Chunwei	2, 000. 00	2, 000. 00	100. 00	Expected irrecoverable
Chengde County Administration Bureau	2, 000. 00	2, 000. 00	100. 00	Expected irrecoverable
Chengde County Landscape Administration	2, 000. 00	2, 000. 00	100. 00	Expected irrecoverable
Chengde County Public Security Bureau	1, 000. 00	1, 000. 00	100. 00	Expected irrecoverable
Tsinghua University	100. 00	100. 00	100. 00	Expected irrecoverable
Total	6, 598, 770. 86	6, 598, 770. 86	100. 00	---

(6) Accounts receivable withdrawing expected credit losses by combination

A.Other portfolio

Ages	Closing Balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	18, 649, 431. 31	1, 154, 180. 93	6. 19
1-2 years	521, 286. 95	103, 708. 99	19. 89
2-3 years	17, 447. 43	8, 723. 72	50. 00
over 3 years	110, 421. 00	110, 421. 00	100. 00
Total	19, 298, 586. 69	1, 377, 034. 64	7. 14

(7) Bad debt provision of other receivables

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening Balance	307, 939. 95	---	5, 017, 529. 74	5, 325, 469. 69
Opening balance in the current period	---	---	---	---
—Go to the second stage	---	---	---	---
—Transfer to the third stage	---	---	---	---
—Turn back to the second stage	---	---	---	---
—Turn back to the first stage	---	---	---	---
Accrued in this period	958, 673. 69	---	1, 691, 662. 12	2, 650, 335. 81
Back in the current period	---	---	---	---
Resale	---	---	---	---
Write off this period	---	---	---	---
Other changes	---	---	---	---
Ending balance	1, 266, 613. 64	---	6, 709, 191. 86	7, 975, 805. 50

(8) The top five other accounts receivable

Name	Fund nature	Ending balance	Aging	Proportion in total year-end balance of other receivables (%)	Year-end balance of provision for bad debts
Liu Chengjin	Other	1, 682, 924. 36	Within 1year	6. 50	1, 682, 924. 36
		600, 000. 00	More than 5	2. 32	600, 000. 00

Name	Fund nature	Ending balance	Aging	Proportion in total year-end balance of other receivables (%)	Year-end balance of provision for bad debts
			years		
Chengde County Non-tax Revenue Administration	Cash deposit	1, 500, 000. 00	More than 3 years	5. 79	1, 500, 000. 00
Auction bond	Other	1, 209, 273. 00	More than 5 years	4. 67	1, 209, 273. 00
Diao Xiangyu	Other	700, 000. 00	Within 1year	2. 70	35, 000. 00
Zhou Haihong	Other	642, 689. 25	More than 5 years	2. 48	642, 689. 25
total	---	6, 334, 886. 61	---	24. 46	5, 669, 886. 61

(9) There was no receivables involved government subsidies during the reporting period.The top five other accounts receivable

(10) There was no other receivables recognized as a result of the transfer of financial assets during the reporting period.

(11) There was no amount of assets and liabilities formed by non-transfer of other receivables and continued involvement during the reporting period.

6. Inventories

(1)Inventories Classification

Items	Closing Balance			Opening Balance		
	Book Balance	Provision	Net Book Balance	Book Balance	Provision	Net Book Balance
Raw Material	22, 575. 68	---	22, 575. 68	53, 653. 93	---	53, 653. 93
Cost of production	---	---	---	1, 442, 179. 44	---	1, 442, 179. 44
Finished goods	112, 109. 36	112, 109. 36	---	933, 817. 53	---	933, 817. 53
Circulation materials	16, 213. 23	---	16, 213. 23	118. 83	---	118. 83

Items	Closing Balance			Opening Balance		
Consumptive biological assets	---	---	---	---	---	---
Development costs	187,024,779.68	1,425,966.21	185,598,813.47	107,073,123.28	---	107,073,123.28
Product development	10,794,129.29	---	10,794,129.29	42,082,664.49	---	42,082,664.49
Total	197,969,807.24	1,538,075.57	196,431,731.67	151,585,557.50	---	151,585,557.50

(2)Provision for diminution in value of inventories

Category	Opening Balance	Increase during the current accounting period		Decrease during the current accounting period			Closing Balance
		Accrual	Other	Reversal	Written off	Other	
Finished goods	---	112,109.36	---	---	---	---	112,109.36
Development costs	---	1,425,966.21	---	---	---	---	1,425,966.21
Total	---	1,538,075.57	---	---	---	---	1,538,075.57

(3) Description of the ending balance of the inventory without the capitalization amount of the borrowing costs

Item	Opening Balance	Increase during the current accounting period	Decrease during the current accounting period		Closing Balance	Capitalization rate of the recognized capitalization amount (%)
			Sales reduction	Other reduction		
TianXi	543,616.44	7,871,005.41	---	---	8,414,621.85	8.45
Total	543,616.44	7,871,005.41	---	---	8,414,621.85	8.45

(4) Development Cost

Item	Time for commencement	Estimation of time for completion	Estimation of total investment amount （million）	Opening Balance	Current Increase	investment for new products development
TianXi	2018	2020	30.00	107,073,123.28	187,024,779.68	Private capital/ Personal loan
Total	---	---	30.00	107,073,123.28	187,024,779.68	---

(5)Product development

Item	Time for completion	Opening Balance	Increase during the current accounting period	Decrease during the current accounting period	Closing Balance	Accumulative amount of interest capitalization
HuiJingTianDi	September 2016	42,082,664.49	---	31,288,535.20	10,794,129.29	---
Total	---	42,082,664.49	---	31,288,535.20	10,794,129.29	---

7. Other Current Assets

Items	Closing Balance	Opening Balance	Previous Closing Balance
Provisional tax	45,828,612.47	10,986,874.66	10,986,874.66
Financial products	---	---	26,800,000.00
Total	45,828,612.47	10,986,874.66	37,786,874.66

8. Financial assets available for sale

(1) List of available-for-sale financial assets

Items	Previous Closing Balance		
	Book Balance	Impairment	Book Value
Available for sale debt instruments	---	---	---
Available for sale equity instruments	25,000,000.00	8,668,962.92	16,331,037.08
Fair value	---	---	---
Cost	25,000,000.00	8,668,962.92	16,331,037.08
Others	---	---	---
Total	25,000,000.00	8,668,962.92	16,331,037.08

9. Long-term equity investments

1. Long-term equity investment

Invested unit	Opening Balance	Changes in the current period			
		Additional investment	Reduce investment	Investment profit and loss recognized by equity method	Other comprehensive income adjustment
1. Joint ventures					
Subtotal	---	---	---	---	---

Invested unit	Opening Balance	Changes in the current period			
		Additional investment	Reduce investment	Investment profit and loss recognized by equity method	Other comprehensive income adjustment
2. Associate					
Runhua Agricultural Water (Tianjin) International Trade Co., Ltd.	9,170,370.00	---	---	---	---
Subtotal	9,170,370.00	---	---	---	---
Total	9,170,370.00	---	---	---	---

Continued:

Invested unit	Changes in the current period				Closing Balance	Impairment reserve closing balance
	Other equity changes	Declare cash dividends or profits	Provision for impairment	Other		
3. **Joint ventures**						
Subtotal	---	---	---	---	---	---
4. **Associate**						
Runhua Agricultural Water (Tianjin) International Trade Co., Ltd.	---	---	---	---	9,170,370.00	9,170,370.00
Subtotal	---	---	---	---	9,170,370.00	9,170,370.00
Total	---	---	---	---	9,170,370.00	9,170,370.00

10. Investment in other equity instruments

(1)List of other equity instruments by item

Items	Closing Balance	Opening Balance
Dongguan Dongfeng New Energy Technology Co., Ltd.	15,963,446.39	16,331,037.08
Total	15,963,446.39	16,331,037.08

(2)Non-trading equity instrument investment

Items	Designated as the reason for measurement at fair value and its changes are included in other comprehensive income	Dividend income recognized in the current period	Cumulative gain	Cumulative loss	The amount of other comprehensive income transferred into retained income	Reasons for other comprehensive income transferred to retained income
Dongguan Dongfeng New Energy Technology Co., Ltd.	Non-transactional	---	---	9,036,553.61	---	---
Total	---	---	---	9,036,553.61	---	---

11. Fixed assets

(1) Statement of Fixed Assets

Item	Buildings	Machinery equipment	Transportation vehicles	Other equipment	Total
I. Original carrying 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.Increase in the current period	292,273,019.84	11,000.00	87,000.00	3,588,715.84	295,959,735.68
Purchase	---	---	87,000.00	3,588,715.84	3,675,715.84
rearrange	---	11,000.00	---	---	11,000.00
Transfer of construction in progress	292,273,019.84	---	---	---	292,273,019.84
Increase in business combinations	---	---	---	---	---
Shareholder input	---	---	---	---	---
Financing lease	---	---	---	---	---
Other transfer	---	---	---	---	---
3.Amount reduced in this period	3,883,944.45	---	334,700.85	55,043.00	4,273,688.30
Disposal or scrap	3,883,944.45	---	334,700.85	55,043.00	4,273,688.30
Financing lease	---	---	---	---	---
Other transfer out	---	---	---	---	---

Item	Buildings	Machinery equipment	Transportation vehicles	Other equipment	Total
4.Ending balance	301, 431, 620. 62	2, 296, 732. 82	5, 108, 547. 51	6, 591, 684. 72	315, 428, 585. 67
II. Accumulative depreciation and amortization					
1.Opening Balance	1, 398, 667. 55	1, 365, 589. 69	2, 482, 839. 71	1, 193, 161. 69	6, 440, 258. 64
2.Increase in the current period	1, 250, 521. 95	113, 153. 36	730, 184. 84	1, 239, 602. 66	3, 333, 462. 81
rearrange	---	19, 907. 34	5, 130. 00	3, 755. 64	28, 792. 98
Accrual	1, 250, 521. 95	93, 246. 02	725, 054. 84	1, 235, 847. 02	3, 304, 669. 83
Increase in business combinations	---	---	---	---	---
Other transfer	---	---	---	---	---
3.Amount reduced in this period	447, 366. 00	---	100, 689. 36	35, 019. 79	583, 075. 15
Disposal or scrap	447, 366. 00	---	100, 689. 36	35, 019. 79	583, 075. 15
Financing lease	---	---	---	---	---
Other transfer out	---	---	---	---	---
4.Ending balance	2, 201, 823. 50	1, 478, 743. 05	3, 112, 335. 19	2, 397, 744. 56	9, 190, 646. 30
III. Provision for impairment					
1.Opening Balance	---	---	---	---	---
2.Increase in the current period	---	---	---	---	---
Accrual	---	---	---	---	---
Increase in business combinations	---	---	---	---	---
Other transfer	---	---	---	---	---
3.Amount reduced in this period	---	---	---	---	---
Disposal or scrap	---	---	---	---	---
Financing lease	---	---	---	---	---
Other transfer	---	---	---	---	---

Item	Buildings	Machinery equipment	Transportation vehicles	Other equipment	Total
out					
4.Ending balance	---	---	---	---	---
IV. Book value					
1. Ending book value	299,229,797.12	817,989.77	1,996,212.32	4,193,940.16	306,237,939.37
2.Beginning book value	11,643,877.68	920,143.13	2,873,408.65	1,864,850.19	17,302,279.65

(2) Fixed assets which has not completed the property right certificate at the end of the period.

Item	Book value	Reasons for failure to complete the title certificate
Buildings	292,273,019.84	The project has not been completely completed and the real estate title certificate is being processed.
Total	292,273,019.84	---

(3) Fixed asset description

A. The fixed assets transferred from the projects under construction in this period are Dongfeng Intelligent Dongfeng New Energy Equipment Industrialization Project, including the main buildings such as factory buildings, dormitory buildings, and scientific research office buildings. Construction of fire-fighting facilities, and on the 26th received the "Dongguan City Housing and Urban-Rural Development Bureau Construction Engineering Fire Control Acceptance Opinion Letter" The company believes that the main buildings such as factory buildings, dormitory buildings, and scientific research office buildings have reached their intended use and will be converted into fixed assets.

B. In addition, Guangdong (2017) Dongguan Real Estate No. 0121786 land use rights and above-ground buildings are Dongguan Dongfeng Intelligent and Dongguan Bank Co., Ltd. Songshan Lake Technology Sub-branch signed Dongyin (3900) 2018 Gudaizi No. 016477 contract, general contract The loan amount is 20,000 million yuan mortgage.

12. Construction in process

Items	Closing Balance	Opening Balance
Construction in process	101,650,833.16	101,650,833.16
Total	101,650,833.16	101,650,833.16

(1)construction in progress

Items	Closing Balance			Opening Balance		
	Book Balance	Impairment	Book Value	Book Balance	Impairment	Book Value
DongFeng New Energy Industrializa	101,650,833.16	---	101,650,833.16	101,650,833.16	---	101,650,833.16

Items	Closing Balance			Opening Balance		
	Book Balance	Impairment	Book Value	Book Balance	Impairment	Book Value
tion Project						
Total	101, 650, 833. 16	---	101, 650, 833. 16	101, 650, 833. 16	---	101, 650, 833. 16

(2)Changes in Construction-in-process

Items	Opening Balance	Current increase	Fixed assets	Current decrease	Closing Balance
DongFeng New Energy Industrialization Project	101, 650, 833. 16	190, 622, 186. 68	292, 273, 019. 84	---	101, 650, 833. 16
Total	101, 650, 833. 16	190, 622, 186. 68	292, 273, 019. 84	---	101, 650, 833. 16

Continued:

Items	Budget (million)	Project investment accounts for the proportion of the budget (%)	Construction progress (%)	Accumulative amount of interest capitalization	Among them: the amount of interest capitalization rate in this period	Interest capitalization rate in this period (%)	Founds provided
DongFeng New Energy Industrialization Project	38, 000. 00	76. 91	100. 00	14, 060, 788. 29	14, 060, 788. 29	6. 80	Self-financing, bank borrowing
Total	38, 000. 00	76. 91	100. 00	14, 060, 788. 29	14, 060, 788. 29	6. 80	---

13. Productive Biological Assets

(1) Measured by cost

Item	Husbandry industry	Total
I. Original carrying value		
1. Beginning balance	201, 000. 00	201, 000. 00
2. Increase in the year	928, 754. 13	928, 754. 13
(1)Purchasing	---	---
(2) cultivate	928, 754. 13	928, 754. 13
3. Decrease in the year	1, 124, 217. 90	1, 124, 217. 90
1) Disposal or discard as useless	1, 124, 217. 90	1, 124, 217. 90
4. Ending balance	5, 536. 23	5, 536. 23
II. Accumulated depreciation		

Item	Husbandry industry	Total
1. Beginning balance	79, 562. 50	79, 562. 50
2. Increase in the year	78, 850. 00	78, 850. 00
(1) Withdrawing	78, 850. 00	78, 850. 00
3. Decrease in the year	158, 412. 50	158, 412. 50
(1) Disposal or discard as useless	158, 412. 50	158, 412. 50
4. Ending balance	---	---
III. Provision for impairment		
1. Beginning balance	---	---
2. Increase in the year	---	---
3. Decrease in the year	---	---
4. Ending balance	---	---
IV. Book value		
1. Ending book value	5, 536. 23	5, 536. 23
2. Beginning book value	121, 437. 50	121, 437. 50

14. Intangible assets

(1) Details of intangible assets

Item	Land use rights	Total
I. Original carrying value		
1. Beginning balance	59, 358, 148. 89	59, 358, 148. 89
2. Increase in the year	---	---
(1) Purchasing	---	---
(2) Increase of corporate combination	---	---
(3) Other increases	---	---
3. Decrease in the year	---	---
(1) Disposal	---	---
(2) Decrease of corporate combination	---	---
(3) Other decreases	---	---
4. Ending balance	59, 358, 148. 89	59, 358, 148. 89
II. Accumulated amortization		
1. Beginning balance	2, 671, 188. 30	2, 671, 188. 30
2. Increase in the year	2, 053, 596. 24	2, 053, 596. 24

Item	Land use rights	Total
(1) Withdrawing	2,053,596.24	2,053,596.24
(2) Increase of corporate combination	---	---
(3) Other increases	---	---
3. Decrease in the year	---	---
(1) Disposal	---	---
(2) Decrease of corporate combination	---	---
(3) Other decreases	---	---
4. Ending balance	4,724,784.54	4,724,784.54
III. Provision for impairment		
1. Beginning balance	---	---
2. Increase in the year	---	---
(1) Withdrawing	---	---
(2) Other increases	---	---
3. Decrease in the year	---	---
(1) Disposal	---	---
(2) Other decreases	---	---
4. Ending balance	---	---
Ⅳ. Book value		
1. Ending book value	54,633,364.35	54,633,364.35
2. Beginning book value	56,686,960.59	56,686,960.59

(3) Intangible asset description

A. Among them, the ecological park 2017WT005 plot has completed the intangible asset real estate certificate, certificate number Guangdong (2017) Dongguan real estate No. 0121786, and the Xiaoshan plot has completed the intangible asset real estate certificate, certificate number is Zhejiang (2019) Xiaoshan real estate Right No. 0003925, there is no land use right without a property right certificate at the end of the period.

B. Among them, Guangdong (2017) Dongguan Real Estate No. 0121786 land use rights and above-ground buildings are Dongguan Dongfeng Intelligent and Dongguan Bank Co., Ltd. Songshan Lake Technology Sub-branch signed Dongyin (3900) 2018 Gudaizi No. 016477 contract, The loan amount of general contract is 20,000 million yuan mortgage.

15. Development expenditure

Item	Beginning balance	Increase in the year		Decrease in the year			Ending balance
		Development expenditure inside	Other	Included in the current profits and losses	fix as intangible assets	Fix as inventory	
Wind cooling hydrogen fuel cell power system for vehicle	3,096,125.13	6,681,984.43	---	9,778,109.56	---	---	---
ZS01 alumina fibre	4,839,555.82	7,913,840.40	---	12,753,396.22	---	---	---
Real-time hydrogen production equipment	5,410,729.52	4,578,133.40	---	9,988,862.87	---	---	---
Total	13,346,410.47	19,173,958.23	---	32,520,368.65	---	---	---

16. Goodwill

(1) Original value of goodwill

The company be invested or the events formed goodwill	Beginning balance	Increase in the year		Decrease in the year		Ending balance
		Fromed of corporate combination	Other	Disposal	Other	
Aolin New material	1,294,711.56	---	---	---	---	1,294,711.56
Haizhuo Energy	249,074.85	---	---	---	---	249,074.85
Total	1,294,711.56	249,074.85	---	---	---	1,543,786.41

(2)Provision for goodwill

Invested company	Beginning balance	Increase of this year		Decrease of this year		Ending balance
		Withdrawing	Others	Disposal	Others	
Aolin New material	---	1,294,711.56	---	---	---	1,294,711.56

Invested company	Beginning balance	Increase of this year		Decrease of this year		Ending balance
		Withdrawing	Others	Disposal	Others	
Haizhuo Energy	---	249,074.85	---	---	---	249,074.85
Total	---	1,543,786.41	---	---	---	1,543,786.41

(3)Information about the asset group or asset group combination in which the goodwill is located

Aolin New Material, the subsidiary operates as an independent economic entity after the merger, so it is regarded as an asset group during the impairment test, the book value (including goodwill) is 10,712,296.74 yuan, and the asset group or asset group combination Consistent with the asset group or asset group combination determined on the purchase date.

Haizhuo Energy, the subsidiary operates as an independent economic entity after the merger, so it is treated as an asset group during the impairment test, and the carrying amount (including goodwill) is 15,047,913.96 yuan, and the asset group or asset group combination The asset group or asset group combination determined on the purchase date is consistent.

(4)Goodwill impairment test process, parameters and confirmation method of goodwill impairment loss

At the end of the company, the asset group related to goodwill is tested for impairment. When the impairment test is conducted, the book value of goodwill is apportioned to the asset group or asset group combination expected to benefit from the synergy of the business combination, and then the assets are The book value of the group is compared with the recoverable amount to determine whether the asset group (including goodwill) has been impaired. The test results show that the recoverable amount of the asset group including the assessed goodwill is lower than the book value, and the corresponding impairment loss is confirmed. The specific test process is as follows:

The recoverable amount of the asset group is based on the five-year forecast prepared by the company's management based on the future development trend and business plan, using the future cash flow to convert the present value. After testing, the recoverable amount of Olin New Materials is RMB 9,417,557.24, which is greater than the carrying amount (including goodwill) of RMB 10,712,296.74, and the recoverable amount of Haizhuo Energy is RMB 14,798,017.76, which is greater than the carrying amount (including goodwill) of RMB 15,047,913.96. Asset groups including goodwill are not impaired and no impairment provision is required.

17. Long Term Deferred Expenses

Items	Opening Balance	Increase in this period	Amortization amount in this period	Other decrease in this period	Closing Balance
Office's Decoration fee	20,555.48	---	20,555.48	---	---
Factory Decoration fee	10,000.00	---	10,000.00	---	---

Color steel room	141, 061. 31	---	51, 615. 96	---	89, 445. 35
Fire engineering	95, 267. 77	95, 166. 80	49, 974. 13	---	140, 460. 44
Rectification and installation of low-voltage power distribution in spinning workshop	---	19, 266. 06	2, 675. 85	---	16, 590. 21
Total	266, 884. 56	114, 432. 86	134, 821. 42	---	246, 496. 00

18. Deferred income tax assets and deferred income tax liabilities

(1) Non-offset deferred income tax assets

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for assets impairment	---	---	---	---
Total	---	---	---	---

(2) Unconfirmed details of deferred income tax assets

Item	Ending balance	Beginning balance
Deductible temporary difference	30, 169, 732. 93	25, 599, 989. 61
Deductible losses	199, 771, 360. 91	144, 594, 924. 49
Total	229, 941, 093. 84	170, 194, 914. 10

Whether sufficient taxable income in the future can be obtained is uncertain, so there is no deductible temporary difference and deductible losses deferred income tax assets which can be recognized as deferred income tax assets in this period.

(3) Unrecognized deductible losses of deferred income tax assets will be expired at the end of following years

Year	Amount at the end of the year	Amount at the beginning of the year	Remarks
2019	---	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	85, 752, 562. 24	---	2019
Total	199, 771, 360. 91	144, 594, 924. 49	---

19. Other non-current assets

Items	Closing Balance	Opening Balance
Advance payment of project	---	120, 392, 369. 00

Items	Closing Balance	Opening Balance
Advance payment of equipments	496, 880. 00	1, 350, 783. 36
Total	496, 880. 00	121, 743, 152. 36

20. Accounts payable

Item	Closing Balance	Reason for unsettle
Payment of raw material	68, 050. 00	33, 996. 00
Payment of construction	8, 363, 066. 51	6, 596, 413. 67
Payments of equipments	11, 800. 00	20, 200. 00
Others	18, 180. 00	18, 180. 00
Total	8, 461, 096. 51	6, 668, 789. 67

(1) Significant accounts payable aging over one year

Company Name	Closing Balance	Reason for unsettle
Chengde Great Wall Group Co., Ltd.	1, 153, 100. 46	Engineering Warranty
Total	1, 153, 100. 46	---

21. Advance account receivable

(1) List of advance account receivable

Item	Opening Balance	Closing Balance
Receipt of Pre-sale Property of HuiJing TianDi	5, 833, 686. 62	14, 427, 450. 03
Receipt of Pre-sale Property of TianXi	151, 522, 485. 15	---
Goods' receivable in advance	64, 650. 00	64, 400. 00
Heating fee receivable in advance	1, 733, 071. 06	1, 561, 464. 19
Others	205, 839. 77	216, 005. 77
Total	159, 359, 732. 60	16, 269, 319. 99

(2) List of Receipt of Pre-sale Property

Item	Opening Balance	Closing Balance	Estimated completion time	Propotion of pre-sale (%)
HuiJing TianDi	5, 833, 686. 62	14, 427, 450. 03	Dec. 2016	95. 89
TianXi	151, 522, 485. 15	---	Dec. 2020	39. 62
Total	157, 356, 171. 77	14, 427, 450. 03	---	---

(4) There was no significant advance account receivable over one year in the closing balance.

22. Payroll payable

(1)List of Payroll payable:

Item	Opening Balance	Increase in this period	Decrease in this period	Closing Balance
The short-term salary	951, 151. 59	26, 492, 222. 19	25, 706, 640. 76	1, 736, 733. 02
Post-employment benefit-defined contribution	29, 938. 00	2, 046, 983. 09	2, 045, 999. 32	30, 921. 77
Termination benefits	---	---	---	---
Total	981, 089. 59	28, 539, 205. 28	27, 752, 640. 08	1, 767, 654. 79

(2)List of the short-term salary:

Item	Opening Balance	Increase in this period	Decrease in this period	Closing Balance
1.Wage, bonus, allowance and subsidy	924, 301. 59	24, 141, 825. 33	23, 347, 643. 51	1, 718, 483. 41
2.Employee welfare	---	368, 645. 25	368, 645. 25	---
3.Social insurance charges	17, 470. 00	843, 706. 25	849, 980. 06	11, 196. 19
Including : a. Essential medical insurance charges	15, 475. 00	712, 770. 22	718, 909. 45	9, 335. 77
b.Supplement medical insurance charges	---	---	---	---
c. Work related injury	437. 00	55, 968. 23	56, 029. 28	375. 95
d. Maternity insurance	1, 558. 00	74, 967. 79	75, 041. 33	1, 484. 47
4.Housing fund	9, 380. 00	1, 130, 135. 95	1, 133, 005. 95	6, 510. 00
5.Trade union and educational fees	---	7, 909. 41	7, 365. 99	543. 42
6.Short-term accumulation of absence with pay	---	---	---	---
7.Short-term profit sharing plan	---	---	---	---
8.Other	---	---	---	---
Total	951, 151. 59	26, 492, 222. 19	25, 706, 640. 76	1, 736, 733. 02

(3)List of Defined Contribution Plan(DCP):

Item	Opening Balance	Increase in this period	Decrease in this period	Closing Balance
Essential endowment insurance	29, 120. 00	1, 995, 310. 01	1, 993, 875. 84	30, 554. 16
Unemployment insurance	818. 00	51, 673. 09	52, 123. 48	367. 61
Total	29, 938. 00	2, 046, 983. 09	2, 045, 999. 32	30, 921. 77

23. Tax payable

Items	Closing Balance	Opening Balance
VAT	10. 03	364, 882. 08

Items	Closing Balance	Opening Balance
Urban construction tax	---	20, 216. 47
Land VAT	---	468, 597. 56
Corporate income tax	63, 655. 75	12, 830. 10
Land use tax	---	12, 129. 88
Individual taxable income	4, 268. 00	35, 224. 90
Education surcharge	---	8, 086. 59
Stamp tax	67, 933. 78	921, 967. 58
Local education surcharge	---	468, 597. 56
Total	63, 655. 75	12, 830. 10

24. Other Payable

Items	Closing Balance	Opening Balance	Previous Closing Balance
Interest payable	---	---	193, 333. 41
Other accounts payable	53, 454, 293. 48	118, 376, 885. 44	118, 376, 885. 44
Total	53, 454, 293. 48	118, 376, 885. 44	118, 570, 218. 85

(1) Interest payable

Items	Closing Balance	Opening Balance	Previous Closing Balance
Interest on Long-term Loans Payable by Stages	---	---	193, 333. 41
Total	---	---	193, 333. 41

(2) Other accounts payable

1、Other accounts payable listed by nature of the account

Categories	Closing Balance	Opening Balance
Deposit and margin	355, 441. 20	971, 041. 20
Commission	1, 660, 309. 85	309, 178. 00
Intercourse funds	17, 165, 046. 66	16, 327, 166. 66
Withholding and remitting tax	445, 253. 58	10, 679. 28
Warranty	---	18, 000, 000. 00
Non-financial institution borrowing	33, 200, 000. 00	79, 143, 616. 44
Others	628, 242. 19	3, 615, 203. 86
Total	53, 454, 293. 48	118, 376, 885. 44

2、 There are no other important payables aged over one year.

25. Non-current liabilities due within one year

Item	Closing Balance	Opening Balance
Non-current liabilities due within one year	373, 696. 88	193, 333. 41
Total	373, 696. 88	193, 333. 41

26. Long-term loans

Loan category	Closing Balance	Opening Balance
Mortgage loan	175, 210, 000. 00	101, 710, 000. 00
Unpaid interest	373, 696. 88	193, 333. 41
Less: Long-term loans due within one year	373, 696. 88	193, 333. 41
Total	175, 210, 000. 00	101, 710, 000. 00

Dongguan Dongfeng Intelligent and Songshan Lake Technology Sub-branch of Bank of Dongguan Co., Ltd. signed the contract of Dongyin (3900) 2018 Gudaizi No. 016477, with a total contract loan amount of 200 million yuan. Dongfeng Technology Group, Dongguan Dongfeng Technology, Zhongzhong Innovative Energy, Aolin New Materials, and Haizhuo Energy's joint responsibility guarantee guarantee; Guangdong (2017) Dongguan Real Estate No. 0121786 land use right and above-ground building mortgage; Dongguan Dongfeng Technology pledged to hold 100% equity of Dongguan Dongfeng Intelligent. As of December 31, 2019, the company has obtained a long-term loan balance of Songshan Lake Technology Branch of Bank of Dongguan Co., Ltd. of 175.21 million yuan. The loan is limited to the follow-up construction of Dongfeng New Energy Equipment Industrialization Project.

27. Share capital

Items	Opening Balance	Increase (+) and decrease (-) in this period					Closing Balance
		Issue new shares	Share bonus	Reserves transfer to shares	Other	Sub-total	
1 limited shares							
(1) shares held by government	---	---	---	---	---	---	---

Items	Opening Balance	Increase (+) and decrease (-) in this period					Closing Balance
		Issue new shares	Share bonus	Reserves transfer to shares	Other	Sub-total	
(2) shares held by State-own Legal-person	---	---	---	---	---	---	---
(3) shares held by other domestic capital	---	---	---	---	---	---	---
Including: shares held by Legal person	23, 147, 309. 00	---	---	---	---	---	23, 147, 309. 00
Shares held by natural person	221, 652, 691. 00	---	---	---	---	---	221, 652, 691. 00
(4) shares held by foreign capital	---	---	---	---	---	---	---
Including: shares held by foreign Legal person	---	---	---	---	---	---	---
shares held by foreign nature person	---	---	---	---	---	---	---
(5) Other	---	---	---	---	---	---	---
Sub-total for limited shares	244, 800, 000. 00	---	---	---	---	---	244, 800, 000. 00
2. Unlimited shares				---			
(1) Ordinary shares in RMB	---	---	---	---	---	---	---
(2) Domestic listed foreign shares	461, 520, 000. 00	---	---	---	---	---	461, 520, 000. 00
(3) Foreign listed foreign shares	---	---	---	---	---	---	---
(4) Other	---	---	---	---	---	---	---
Sub-total for unlimited shares	461, 520, 000. 00	---	---	---	---	---	461, 520, 000. 00
Total	706, 320, 000. 00	---	---	---	---	---	706, 320, 000. 00

28. Capital reserves

Items	Opening Balance	Increase in this period	Decrease in this period	Closing Balance
1.Capital premium (share capital premium)	---	---	---	---
(1) Capital from investors	397, 808, 090. 32	---	---	397, 808, 090. 32
(2) Effect of business combination under the common control	---	---	---	---
Sub-total	397, 808, 090. 32	---	---	397, 808, 090. 32
2.Other capital reserve*	65, 873, 219. 23	---	---	65, 873, 219. 23
Total	463, 681, 309. 55	---	---	463, 681, 309. 55

29. Treasury stock

Items	Opening Balance	Increase in this period	Decrease in this period	Closing Balance
Equity-based Incentive Repurchase	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

30. Other comprehensive income

Items	December 31, 2018	January 1, 2019	Current amount									December 31, 2019
			Amount before income tax for the current period	Less: Other comprehensive income included in the previous period is transferred to profit or loss for the current period	Less: Other comprehensive income included in the previous period is transferred to retained income	Less: Hedging reserves transferred to related assets or liabilities	Deduct: income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	Less: Carry forward and re-measure the changes in the defined benefit plan	Less: Other comprehensive income included in the previous period is transferred to retained income	
1. Other comprehensive income that cannot be reclassified into profit or loss	---	---	-367,590.69	---	---	---	---	---	---	---	---	-367,590.69
1. Re-measure the changes in the defined benefit plan	---	---	---	---	---	---	---	---	---	---	---	---
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method	---	---	---	---	---	---	---	---	---	---	---	---
3. Changes in fair value of other equity instrument investments	---	---	-367,590.69	---	---	---	---	---	---	---	---	-367,590.69
2. Other comprehensive income	---	---	---	---	---	---	---	---	---	---	---	---

that will be reclassified into profit or loss												
1. Other comprehensive income convertible to profit or loss under the equity method	---	---	---	---	---	---	---	---	---	---	---	---
2. Changes in fair value of other debt investments	---	---	---	---	---	---	---	---	---	---	---	---
3. The amount of financial assets reclassified into other comprehensive income	---	---	---	---	---	---	---	---	---	---	---	---
5. Other credit investment credit impairment provisions	---	---	---	---	---	---	---	---	---	---	---	---
6. Cash flow hedge reserve	---	---	---	---	---	---	---	---	---	---	---	---
7. Foreign currency statement translation difference	---	---	---	---	---	---	---	---	---	---	---	---
8. Disposal income generated by a package disposal subsidiary before losing control	---	---	---	---	---	---	---	---	---	---	---	---
Total	---	---	-367,590.69	---	---	---	---	---	---	---	---	-367,590.69

31. Surplus reserves

Items	Opening Balance	Increase in this period	Decrease in this period	Closing Balance
Statutory surplus reserves	76, 791, 550. 17	---	---	76, 791, 550. 17
Total	76, 791, 550. 17	---	---	76, 791, 550. 17

32. Retained profits

Items	Closing Balance	Withdrawal or allocation proportion
Opening balance of retained profits before adjustments	-875, 480, 247. 09	---
Total opening balance of retained profits before adjustments (increase+, decrease -)	---	---
Opening balance of retained profits after adjustments	-875, 480, 247. 09	---
Add: Net profit attributable to owners of the Company	-72, 533, 718. 54	---
Less: Withdrawal of statutory surplus reserves	---	---
Withdrawal of discretional surplus reserves	---	---
Dividend of common stock payable	---	---
Dividend of common stock transfer into share capital	---	---
Add: Other transfer	---	---
Less: surplus reserves for recovery of loss	---	---
Closing Balance	-948, 013, 965. 63	---

33. Revenues and operating costs

(1) Revenues and operating costs

Items	This period		Last Period	
	Income	Cost	Income	Cost
Principal business	43, 917, 525. 95	36, 458, 872. 03	123, 462, 309. 48	108, 747, 731. 24
Other business	203, 653. 46	149, 108. 89	45, 774. 42	---
Total	44, 121, 179. 41	36, 607, 980. 92	123, 508, 083. 90	108, 747, 731. 24

(2) Principal business income and cost (by industry)

Industry	This period		Last Period	
	Income	Cost	Income	Cost
Agriculture	---	---	72, 510. 07	108, 219. 97
Property management industry	4, 883, 476. 89	5, 170, 336. 83	4, 582, 079. 48	4, 818, 262. 48
Real Estate industry	39, 034, 049. 06	31, 288, 535. 20	118, 807, 719. 93	103, 821, 248. 79
Total	43, 917, 525. 95	36, 458, 872. 03	123, 462, 309. 48	108, 747, 731. 24

(3) Principal business income and cost (by products)

Product	This period		Last Period	
	Income	Cost	Income	Cost
Agriculture product	---	---	72, 510. 07	108, 219. 97
Heating and Property management	4, 883, 476. 89	5, 170, 336. 83	4, 582, 079. 48	4, 818, 262. 48
Real Estate	39, 034, 049. 06	31, 288, 535. 20	118, 807, 719. 93	103, 821, 248. 79
Including: Hui Jing Tian Di	39, 034, 049. 06	31, 288, 535. 20	118, 807, 719. 93	103, 821, 248. 79
Total	43, 917, 525. 95	36, 458, 872. 03	123, 462, 309. 48	108, 747, 731. 24

(4) Principal business income and cost (by district)

District	This period		Last Period	
	Income	Cost	Income	Cost
Chengde District	43, 917, 525. 95	36, 458, 872. 03	123, 462, 309. 48	108, 747, 731. 24
Total	43, 917, 525. 95	36, 458, 872. 03	123, 462, 309. 48	108, 747, 731. 24

(5) The operating income from the top five customers

Customer name	This period	Last Period
Huijing Tiandi	39, 034, 049. 06	118, 807, 719. 93
Total	39, 034, 049. 06	118, 807, 719. 93

34. Tax and surcharges

Items	This Period	Last Period
Business tax	---	547, 780. 45
Urban maintenance and construction tax	79, 920. 86	207, 179. 94
Education surcharge	47, 952. 46	129, 234. 81
Local education surcharge	31, 968. 34	77, 945. 15
Land VAT	969, 703. 08	-2, 214, 613. 09
Property tax	156, 393. 14	109, 230. 51
Others	701, 517. 20	895, 409. 34
Total	1, 987, 455. 08	-247, 832. 89

35. Sales expenses

Item	This Period	Last Period

Item	This Period	Last Period
Wages	571, 140. 00	89, 350. 00
Advertise expense	312, 482. 76	1, 200. 00
Product packaging fee	---	4, 902. 12
Transportation and handling charges	6, 284. 55	---
insurance	81, 877. 60	---
Sales agency fee	9, 682, 562. 68	---
other	30, 075. 50	19, 894. 59
Total	10, 684, 423. 09	115, 346. 71

36. Administrative expenses

Item	This Period	Last Period
Wages	13, 189, 543. 54	11, 289, 704. 54
Intermediary fees	4, 543, 781. 47	2, 712, 227. 89
Business entertainment	8, 471, 334. 34	4, 503, 880. 70
Accumulated amortization	4, 221, 595. 83	3, 993, 026. 12
Travel expense	1, 456, 492. 09	1, 299, 616. 63
Office expense	913, 997. 90	723, 349. 13
Repair charge	693, 745. 59	415, 429. 92
Rental fees	1, 503, 019. 31	5, 700. 00
Insurance expenses	791, 651. 87	129, 447. 86
Others	2, 851, 377. 51	4, 164, 265. 68
Total	38, 636, 539. 45	29, 236, 648. 47

37. Research and development expenses

Item	This Period	Last Period
Wages	16, 424, 458. 22	2, 989, 415. 84
Fuel & power costs	7, 908, 398. 46	15, 191. 25
Material cost	3, 983, 554. 88	305, 017. 96
Depreciation cost	299, 359. 20	131, 417. 67
Others	3, 904, 597. 89	1, 307, 810. 14
Total	32, 520, 368. 65	4, 748, 852. 86

38. Financial expenses

Item	This Period	Last Period

Item	This Period	Last Period
Less: interest income	192, 163. 03	175, 090. 92
Exchange gain or loss	101, 552. 57	-269, 681. 12
Bank charges	76, 707. 24	59, 219. 06
Total	-13, 903. 22	-385, 552. 98

39. Other income

（1）Details of other income

Sources of other income	This Period	Last Period
Government subsidies	12, 451. 79	2, 896, 903. 64
Total	12, 451. 79	2, 896, 903. 64

（2） Government Subsidies Included in Other Benefits

Item	This Period	Last Period	Asset-related/ Revenue-related
Subsidies for Renewable Energy Building Demonstration Projects	---	2, 890, 000. 00	Revenue-related
Employment subsidy	12, 451. 79	6, 000. 00	Revenue-related
VAT reduction and exemption	---	903. 64	Revenue-related
Total	12, 451. 79	2, 896, 903. 64	---

40. Investment income

Item	This Period	Last Period
Investment income from bank financial products in this period	436, 020. 07	1, 144, 246. 03
Investment income arising from disposal of long-term equity investments	---	18, 501, 800. 54
Total	436, 020. 07	19, 646, 046. 57

41. Credit impairment loss

Item	This Period	Last Period
Bad debt loss	-2, 664, 077. 06	---
Total	-2, 664, 077. 06	---

42. Asset impairment loss

Item	This Period	Last Period
Bad debt loss	---	-108, 706. 75
Inventory loss	-1, 538, 075. 57	---
Impairment loss of available-for-sale financial assets	---	-339, 366. 05

Item	This Period	Last Period
Goodwill impairment loss	-1, 543, 786. 41	---
Total	-3, 081, 861. 98	-448, 072. 80

43. Asset disposal income

Items	This period	Last period
Income arising from disposal of biological assets	---	-18, 684. 68
Income arising from disposal of fixed assets	-197, 590. 25	4, 544, 930. 26
Total	-197, 590. 25	4, 526, 245. 58

44. Non-operating gains

Item	This Period	Last Period	Recorded in the amount of the non-recurring gains and losses this period
Other	865. 35	3, 125. 00	865. 35
Total	865. 35	3, 125. 00	865. 35

45. Non-operating expenses

Item	This period	Last period	Recorded in the amount of the non-recurring gains and losses in this period
Disposal of non-current assets	995, 159. 56	259. 98	995, 159. 56
Donations contributed	2, 558, 905. 00	384, 980. 00	2, 558, 905. 00
Compensation and Tax penalty	2, 300. 00	2, 373. 71	2, 300. 00
Other	24, 058. 48	86, 330. 73	24, 058. 48
Total	3, 580, 423. 04	473, 944. 42	3, 580, 423. 04

46. Income tax expense

(1) Lists of income tax expense

Item	This Period	Last Period
Current income tax calculated based on tax law and relevant rules	---	110, 309. 68
Deferred income tax adjustment	---	775, 645. 41
Total	---	885, 955. 09

(2) Adjustment process of accounting profit and income tax expense

Item	This period
Total profits	-85, 376, 299. 68
Current income tax expense accounted by tax and relevant regulations	-21, 335, 352. 91

Influence of different tax rate suitable to subsidiary	8, 722. 02
Influence of income tax adjustment for the internal transaction	---
Impact from tax preferential rate in certain subsidiaries	---
Influence of income tax before adjustment	---
Influence of non taxable income	---
Influence of not deductible costs, expenses and losses	847, 133. 43
Influence of deductible losses of deferred income tax assets derecognized used in previous period	---
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in reporting period.	20, 479, 497. 46
Income tax expense	---

47. Notes to the cash flow statement

(1)Other cash receive relevant from operating activities

Item	This Period	Last Period
Interest income	192, 163. 03	175, 090. 92
Intercourse funds	93, 876, 087. 76	47, 378, 409. 76
Subsidy income	12, 451. 79	2, 896, 000. 00
Other	3, 136, 296. 74	65, 681, 669. 90
Total	97, 216, 999. 32	116, 131, 170. 58

(2) Other cash paid relevant to operating activities

Item	This Period	Last Period
Expenditure	25, 640, 925. 44	264, 339. 21
Donation expense	2, 558, 905. 00	384, 980. 00
Intercourse funds	167, 691, 006. 03	163, 483. 99
Penalty and late fee	2, 300. 00	2, 373. 71
Other expense	442, 296. 60	38, 401. 80
Total	196, 335, 433. 07	853, 578. 71

(3)Other cash paid relevant to financing activities

Item	This Period	Last Period
Restricted currency fund changes	752, 940. 36	---
Repurchase stock funds	9, 107, 872. 15	19, 718, 613. 55
Total	9, 860, 812. 51	19, 718, 613. 55

48. Supplementary information on cash flow statement

(1) Supplemental information for statement of cash flow

Supplemental information	This Period	Last Period
1.Adjustments to reconcile net profit to net cash provided by operating activities:		
Net profit	-85,376,299.68	6,557,238.97
	2,664,077.06	---
Add: impairment provision for assets	3,081,861.98	448,072.80
Depreciation of fixed assets, consumption & depreciation of fuel and gas, depreciation of productive biological assets	3,383,519.83	2,261,508.53
Amortization for intangible assets	2,053,596.24	1,970,099.34
Amortization for long-term prepayment	134,821.42	207,423.67
Loss on disposal of fixed assets, intangible assets and other long-term assets	197,590.25	-4,526,245.58
Loss upon rejection of fixed assets	995,159.56	259.98
Loss on variance of fair value	---	---
Finance cost	-103,546.27	---
Loss in investment	-436,020.07	-19,646,046.57
Decrease of deferred tax assets	---	775,645.41
Increase of deferred tax liability	---	---
Decrease of inventories	-46,384,249.74	83,068,268.34
Decrease of operating receivable account items	31,804,019.78	-58,983,097.43
Increase of operating payable account items	73,971,413.35	22,432,921.85
Other	13,346,410.47	---
Net cash flow from operating activities	-667,645.82	34,566,049.31
2 Significant investing and financing activities for non-cash items		
Liabilities capitalized	---	---
Convertible bonds payable mature in one year	---	---
Financing leased fixed assets	---	---
3. Net increase (decrease) for cash and cash equivalents		
Closing balance for cash	25,718,159.30	33,512,916.99
Less: opening balance for cash	33,512,916.99	68,107,388.69
Add: closing balance for cash equivalent	---	---
less：opening balance for cash equivalent	---	---

Supplemental information	This Period	Last Period
Net increase (decrease) for cash and cash equivalents	-7, 794, 757. 69	-34, 594, 471. 70

(2) Cash and cash equivalent

Item	This Period	Last Period
1.Cash	25, 718, 159. 30	33, 512, 916. 99
Including: Cash in hand	84, 142. 47	368, 614. 69
Cash at bank	25, 634, 016. 83	33, 144, 302. 30
Other cash and cash equivalents	---	---
2.Cash equivalent	---	---
Including: Bond matured within three months	---	---
3.Closing balance for cash and cash equivalents	25, 718, 159. 30	33, 512, 916. 99
Including: the use of restricted cash and cash equivalents by the parent company or a group subsidiary	---	---

Notes on the supplementary information of the cash flow statement:

The final balance of cash and cash equivalents in December 31, 2019 was RMB 25,718,159.30, and the final balance of money funds was RMB 27,759,127.05, with a difference of RMB 2,040,967.75. The main reason is that there is a housing mortgage deposit of RMB 1,890,335.50 and a performance bond of RMB 150,632.25 in the balance of monetary funds at the end of the period that cannot be freely realized within three months.

49. Supplementary information on cash flow statement

project	Balance	Restricted reason
Money funds	2, 040, 967. 75	Mortgage deposit for housing and payment of reclamation deposit for the performance of the "Temporary Land Use Contract"
Fixed assets	292, 273, 019. 84	Mortgage loan
Intangible assets	52, 406, 400. 00	Mortgage loan
Total	346, 720, 387. 59	---

50. Supplementary information on cash flow statement

（1）Basic situation of government subsidies

Types of government subsidies	Current amount	Amount included in current profit and loss	Remarks
Government subsidies included in other income	12, 451. 79	12, 451. 79	For details, see Note 5 to Note 5
Total	12, 451. 79	12, 451. 79	---

VII. Consolidation scope change

(1) business combination under different control

1. Subsidiaries acquired through investment establishment in this period

Name	Investment method	Date of establishment	Total shareholding ratio (%))	Net assets at the end of the period	**Net profit for the period**
Fengning Manchu Autonomous County Dongfeng Real Estate Development Co., Ltd.	Newly established	2019.07.16	100	0.00	0.00

VIII. Rights and interests in other parties

1.Rights and interests in subsidiary

(1)Organization of enterprise group

Name of subsidiary	**Main businesses land**	**Registered address**	**Business nature**	**hareholding ratio (%)**		**Acquisition method**
				Directly	**Indirectly**	
Kefeng Construction Co., Ltd.	ChengDe County, HeBei Province	ChengDe County, HeBei Province	Construction project management and consulting	100	---	set up
NanJiang Asia Investment Co., Ltd.	ChengDe County, HeBei Province	ChengDe County, HeBei Province	International investment	100	---	set up
Chengde Dongfeng ecological agriculture co., Ltd.	ChengDe County, HeBei Province	ChengDe County, HeBei Province	Production of coarse cereals and edible fungus; Planting of fruit、vegetable and Chinese medical herbs	---	100	set up
Chengde Dongfeng Investment Co., Ltd.	ChengDe County, HeBei Province	ChengDe County, HeBei Province	Investment of Industry	100	---	set up

Name of subsidiary	Main businesses land	Registered address	Business nature	hareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Kefeng Trade Co., Ltd.	ChengDe County, HeBei Province	ChengDe County, HeBei Province	Business trading	100	---	set up
Hangzhou Dongfeng Co., Ltd.	Hangzhou city,Zhejiang Province	Hangzhou city,Zhejiang Province	Research, development of technical services	100	--	set up
Dongguan Dongfenf Science and Technology Co., Ltd.	Dongguan	Dongguan	New material technology research	70	---	set up
DongGuan DongFeng Power Co., Ltd.	Dongguan	Dongguan	Clean energy technology development	100.00	---	Corporate consolidation under the same control
Nanjiang Science and Technology Co., Ltd	ChengDe	ChengDe	Production and sales of inflatable cysts and graphene	---	100	set up
Kefeng Chengde Logistics Co., Ltd.	ChengDe	ChengDe	Cargo freight	100	---	set up
Huijing property company Co., Ltd	Chengde	Chengde	Estate management	---	100	Set up

Name of subsidiary	Main businesses land	Registered address	Business nature	hareholding ratio (%)		Acquisition method
				Directly	Indirectly	
Zhongchuangxin Energy Co., Ltd	Dongguan	Dongguan	Research of new energy	---	60. 98	Corporate consolidation not under the same control
Dongguan Dongfeng Intelligence Co., Ltd	Dongguan	Dongguan	Technical research in the new realm of science	---	100	Corporate consolidation under the same control
Aolin New Material Co., Ltd	Dongguan	Dongguan	Nanotechnology materials	---	62	Corporate consolidation not under the same control
DongGuan HaiZhuo Energy Technology Co., Ltd.	Dongguan	Dongguan	Technical development of new materials	---	62. 00	Corporate consolidation not under the same control
Fengning Manchu Autonomous County Dongfeng Real Estate Development Co., Ltd.	ChengDe	ChengDe	Real estate	100	---	set up

（1）The shareholding ratio of the subsidiary is different from the proportion of voting rights

This was not happened in the current year.

（2）Hold half or less of the voting rights but still control the investee

This was not happened in the current year.

（3）Basis for holding more than half of the voting rights but not controlling the invested units

This was not happened in the current year.

（4）Basis for important structured subject control to be included in the scope of consolidation

This was not happened in the current year.

（5）Determine the basis for the company to be an agent or a principal

This was not happened in the current year.

（6）**Other statement：**

***1.** On October 24 2012, ChengDe NanJiang Ecological Agriculture Co., Ltd. established and invested by ChengDe NanJiang Investment Co., Ltd. The registered capital was RMB 5,000,000.00 and NanJiang Investment held 100% of Ecological Agriculture's equity. On April 18 2013, NanJiang Investment increase share capital of NanJiang Ecological Agriculture by RMB 5,000,000.00. After the increment, the registered capital of NanJiang Ecological Agriculture reach RMB 10,000,000.00.

***2.** On November 14, 2013, NanJiang Asia Investment Co., Ltd. ("NanJiang Asia") was invested by NanJiang, with the register capital of USD 20 million. Paid-in share capital is USD 797,538.34 and the register place is Hong Kong.

***3.** On January 24, 2013, Chengde Nanjiang Technology Co., Ltd. ("Nanjiang Technology") was invested by NanJiang and Morsh (NingBo) Technology Co., Ltd, with the register capital of RMB 50,000,000.00: NanJiang contribute RMB 45,000,000.00, accounting for 90% of the total share capital; Morsh (NingBo) Technology contribute RMB 5,000,000.00, accounting for 10% of the total share capital.

***4.** On November 18, 2013, Chengde HuiJing property Co., Ltd ("HuiJing Property") was invested by NanJiang Investment, with the register capital of RMB 500,000.00. NanJiang Investment contributes RMB 500,000.00, accounting for 100% of share capital.

***5.** Dongfeng Power was established on April 7, 2016 by Tibet Dongsheng Investment Co., Ltd. with a registered capital of RMB 70 million and actual capital contribution of RMB 0. On August 28, 2018, it signed an equity transfer agreement with Dongguan Dongfeng Technology to make it 100%. The equity of company was transferred to Dongguan Dongfeng Technology for RMB0.00. On December 25, 2018, Dongguan Dongfeng Technology transferred its 100% equity to the company at RMB0.00. As of December 31, 2018, it has not actually invested.

***6.** On September 21 2016, HangZhou HangFeng Technology Co., Ltd. established and invested by ChengDe NanJiang Investment Co., Ltd. The registered capital was RMB 50 million with the actual investment 30 million yuan..

***7.** On December 12, 2016, Chengde KeFeng Aerospace Technology Development Co. Ltd. Established, invested by ChengDe NanJiang Investment Co., Ltd. The registered capital was RMB 30 million. As of December 31, 2018, it has not actually invested.

***8.** KeFeng Construction and KeFeng Trading is a new company established in March 6, 2017, with the registered capital of 500 thousand yuan and 8 million 500 thousand yuan respectively, and Dongfeng Technology Group contributed 100% of its registered capital.

***9.** Dongguan Dongfeng Technology Co. Ltd. was established on August 17, 2017, the registered capital of 100 million yuan, on September 2017 Dongfeng Technology Group invested RMB100 million , accounting for 100% of the registered capital.On March 13, 2019, Dongfeng Technology Group increased its capital by RMB 100 million. After the capital increase, the registered capital was RMB 200 million, accounting for 100.00% of the registered capital.

***10.** The Public Innovative Energy Co. Ltd. was established on July 4, 2017, with a registered capital of RMB 24.6 million. In September 5, 2017, Dongguan DongFeng Technology Development and Dongguan Airlines venture capital investment signed a capital increase agreement, the registered capital increased from RMB 1 million to RMB 24.6 million, Dongguan DongFeng science and technology development of RMB 15 million, with money, accounting for 60.98%. In October 24, 2017, Dongguan DongFeng invested RMB 15 million in science and technology.

***11.** Dongguan DongFeng Intelligence Co. Ltd. was set up on 14 February, 2017. The registered capital was RMB 60 million. December 5, 2017, Dongguan science and technology development and Dongguan Dong New Energy signed an agreement on equity transfer, the price of the agreement was RMB 15 million, and the registered capital was paid RMB 45 million in December 27, 2017, and the proportion of the stock was 100%.

***12.** Aolin New Material Co. Ltd. was set up in October 23, 2015, with a registered capital of RMB25 million. In December 4, 2017, it signed a capital increase agreement with Dongguan DongFeng Technology. It increased the registered capital of 9 million 500 thousand yuan to 25 million yuan before the increase of capital and expansion. The Dongguan Airlines venture Capital Co., Ltd. And Dong Feng Technology Development agreed to increase the capital of new materials to the new materials with 16 million 402 thousand and 500 yuan. Of which, 15 million 500 thousand yuan is registered capital increase, and 902 thousand and 500 yuan is the capital surplus added to the new material of Olin. In December 29, 2017, Dongguan DongFeng Technology invested 15 million 500 thousand yuan, accounting for 62% of the registered capital.

***13.** Dongguan Haizhuo Energy Co., Ltd. was established on September 15, 2015 with a registered capital of RMB 25 million. On December 28, 2017, it signed a capital increase agreement with Dongguan Dongfeng Technology Co., Ltd., increasing its registered capital from RMB 9.5 million to RMB 25 million. Dongguan Hangda Venture Capital Co., Ltd. and Dongfeng Technology Development Co., Ltd agreed to increase the capital of Haizhuo Energy with RMB 15.956 million, of which RMB 15.5 million was used as capital for registered capital and RMB 456,000 was recorded as capital reserve for Haizhuo Energy Co., Ltd. On March 06, 2018, Dongguan Dongfeng Technology Co., Ltd invested RMB 155,000, accounting for 62.00% of the registered capital.

***14.** On July 16, 2019, Fengning Dongfeng was approved by the Chengde City Fengning Manchu Autonomous County Market Supervision and Administration Bureau as a limited liability company. The company holds 100% equity.

2. Change of owner's equity share in subsidiaries and subsidiaries still under control

Not Applicable.

3. Equity in joint ventures or associated enterprises

Important joint ventures or associated enterprises

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	shareholding ratio (%)		Accounting treatment method
				Directly	Indirectly	
Joint venture	---	---	---	---	---	---
Runhua Rural Water (Tianjin)Water Saving Technology Co., Ltd	Tianjin	Tianjin	International trade	30	---	equity

IX. Fair value

(1) Financial instruments measured at fair value

As of December 31, 2019, the company listed the book value of financial asset instruments measured at fair value on December 31, 2019 at three levels of fair value. When fair value is classified into three levels as a whole, it is based on the lowest level among the three levels to which each important input value used in fair value measurement belongs. The three levels are defined as follows:

Level 1: Unadjusted quoted prices in the active market for the same assets or liabilities available on the measurement date;

Level 2: It is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level;

Input values at the second level include: 1) quotations for similar assets or liabilities in active markets; 2) quotations for identical or similar assets or liabilities in inactive markets; 3) observable input values other than quotations, which are included in normal quotations Observable interest rate and yield curves, implied volatility, credit spreads, etc. during the interval; 4) Market verification input values, etc.

Level 3: It is the unobservable input value of related assets or liabilities.

(2) Fair value measurement at the end of the period

Items	Fair value at the end of the period			
	Level 1	Level 2	Level 3	Total
Trading financial assets	---	---	8, 300, 000. 00	8, 300, 000. 00
Investment in other equity instruments	---	---	15, 963, 446. 39	15, 963, 446. 39
Total assets	---	---	24, 263, 446. 39	24, 263, 446. 39

(3) Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: receivables, debt investments, short-term borrowings, payables, non-current liabilities and long-term borrowings due within one year, there is no quotation in an active market and their fair value cannot be Reliable measurement of investment in equity instruments.

The difference between the book value of the above financial assets and liabilities not measured at fair value and the fair value is small.

X. Related parties and related transaction

1. Relation of affiliated parties

（1）Controlling shareholder and ultimate controller

The company has no parent company. The related parties with controlling relationship of the Company refer to Mr. Wang Dong, who held 29.49% equity of the Company.

（2）Subsidiary

See VIII-1-(1) - Organization of enterprise group.

（3） Joint ventures and associated enterprises

Name of related parties	Relationship	Organizational Code
Runhua Rural Water (Tianjin) Water Saving Technology Co., Ltd	Joint venture	91120116679414567F

（4）Other related party:

Name of related parties	Relationship
Runhua Rural Water Industrial development Co.	The controller of Joint venture
MinFeng (ShanXi) Material industry chemical industry Co.Ltd	The controller of Joint venture
Dongguan Hangda Venture Capital Co., Ltd.	Non-controlling shareholder of a subsidiary of the company

2. Related transactions

（1）The subsidiaries which are under control in the consolidation ,its transaction with each other and with parent company and have already been set off in consolidation scope.

（2）Related transaction regarding purchasing products and obtaining labor services

Not Applicable.

（3）Related transactions regarding selling goods and providing services

Not Applicable.

（4）Associated managed enterprise

Not Applicable.

（5）Related contract situation

Not Applicable.

（6）Associated rental condition

Company charter：

Lessor name	Type of leased assets	Lease fee is confirmed in the current period.	Lease fee confirmed in the previous period
Dongguan Hangda Venture Capital Co., Ltd.	Factory and dormitory	2, 975, 022. 75	1, 268, 486. 50
Total	---	2, 975, 022. 75	1, 268, 486. 50

Notes：

Leasing factory: Dongguan Hangda Venture Capital Co., Ltd. leased to Dongguan Olin New Materials Co., Ltd., Dongguan Haizhuo Energy Technology Co., Ltd., Dongguan Zhongchuang New Energy Technology Co., Ltd. The factory is located in Dongguan Songshan Lake High-tech Industrial Development Zone Industrial East No. 24, Modern Enterprise Accelerator Unit No. 6 Building 101--102, with a total construction area of 6,399.60 square meters, of which Dongguan Olin New Materials Co., Ltd. leased a building area of 3,226.95 square meters. Dongguan Haizhuo Energy Technology Co., Ltd. leased construction area 2,008.20 square meters, Dongguan Zhongchuang New Energy Technology Co., Ltd. leased a 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),

Rental Dormitory: Dongguan Hangda Venture Capital Co., Ltd. leased to Dongguan Olin New

Materials Co., Ltd., Dongguan Haizhuo Energy Technology Co., Ltd., Dongguan Zhongchuang New Energy Technology Co., Ltd. The dormitory is located in Dongshan Industrial Zone, Songshan Lake, Dongguan City Road No. 24 Modern Enterprise Accelerator 8 dormitories on the 7th floor, a total of 19 sets of single-family units. Among them, Dongguan Olin New Materials Co., Ltd. leased 8 sets of dormitory including 706, 707, 708, 709, 710, 711, 712, 713; Dongguan Haizhuo Energy Technology Co., Ltd. leased dormitory 6 sets including 714, 715, 717, 718, Room 719 720, Dongguan Zhongchuang New Energy Technology Co., Ltd. leased 5 sets of dormitory including 701, 702, 703, 704, 705 rooms, dormitory rent standard (including property management fee) for a single apartment type 620 yuan / set / month (including tax).

（7）Status of Associated Guarantee

A.The company as a guarantor (Unit: ten thousand yuan)

The secured party	Guarantee amount	Guarantee start date	Guarantee due date	Whether the guarantee has been fulfilled
Dongguan Dongfeng Intelligent Technology Co., Ltd.	20,000.00	2018-7-2	2023-7-2	No
Total	20,000.00	---	---	---

Notes:

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 company of Dongfeng Technology Group, the application amount of Dongguan Bank’s Songshan Lake Technology Sub-branch is not more than RMB 200 million yuan's comprehensive credit, with a credit period of two years and a single-use period of no more than five years, is dedicated to the construction of the Dongfeng New Energy Equipment Industrialization Project located on the east side of Fuxing Road, Dongguan Ecological Park. And the company's controlling subsidiary Dongguan Dongfeng Technology Development Co., Ltd. (hereinafter referred to as “Technology Development”) holds the 100% equity of Dongfeng Intelligent as the pledge guarantee, and Dongfeng Intelligent uses its own land and above-ground buildings as collateral guarantee. Dongfeng Technology Group, Science and Technology Development, Dongguan Zhongchuang New Energy Technology Co., Ltd., Dongguan Haizhuo Energy Technology Co., Ltd. and Dongguan Aolin New Materials Co., Ltd. are jointly and severally guaranteed. The guarantee period is 5 years.

As of December 31, 2019, Dongfeng Intelligent obtained the long-term loan balance of Dongguan Bank Co., Ltd. Songshan Lake Technology Subsidiary of RMB 175,210,000.00. The borrowing was limited to the follow-up construction of Dongfeng New Energy Equipment Industrialization Project. Dongfeng Technology Group Co., Ltd., Dongguan Dongfeng Technology Development Co., Ltd., Dongguan Zhongchuang New Energy Technology Co., Ltd., Dongguan Aolin New Materials Co., Ltd., Dongguan Haizhuo Energy Technology Co., Ltd., together with the guarantee of guarantee; the collateral: Guangdong (2017) Dongguan Real Property No. 0121786 Land Use Right and Above-ground Buildings; Pledge: Dongguan Dongfeng Technology Development Co., Ltd. holds 100% equity of Dongguan Dongfeng Intelligent Technology Co., Ltd.

（8）Inter-bank lending of affiliated parties

Not Applicable.

（9）Important related transactions with joint investments

Not Applicable.

（10）Re-numeration for key management personnel

Not Applicable.

（11）Key management personnel compensation (Unit: ten thousand yuan)

Item name	This period	Last period
Key management personnel compensation	377.75	221.56

（12）Accounts receivable from related parties

a. Receivables

Not Applicable.

b. payables

Not Applicable.

XI. Commitments and contingencies

1.Important commitments

Not Applicable.

2.Important contingencies existing on the balance sheet date

By the end of December 31, 2019, the closing balance of housing mortgage deposit, for the purchaser of commercial houses, was 4,486.75 million yuan.

In addition to the above contingencies, as at 31 December 2019 the company has no other material contingencies that should be disclosed

XII. Events after the Balance Sheet Date

(1) Important non-adjusting matters

The “COVID-19” (Corona Virus Disease 2019) has a certain impact on the overall economic operation of the country. The company expects that the new Coronary Pneumonia epidemic and the prevention and control measures will have a temporary impact on the Group's production and operation. Time and implementation of prevention and control policies in various places. The Company will continue to pay close attention to the development of the new crown epidemic situation, and assess and actively respond to the impact on the Group's financial situation and operating results.

Except for the above-mentioned matters after the balance sheet date, as of the date of approval of the financial report, the Company has no other significant undisclosed matters after the balance sheet date that should be disclosed.Except for the events after the balance sheet date mentioned above, as of the date of approval of the financial report, the company has no other matters that should disclose.

XIII. Other Important Events

1.Business termination

Item	Nanjing Trading termination items	
	This period	Last period
Income of Business termination	---	---
Expenses of Business termination	---	3,949,752.19

Item	Nanjing Trading termination items	
	This period	Last period
Profit of Business termination	---	-3, 949, 752. 19
Taxes of Business termination	---	110, 309. 68
Net profit of Business termination	---	-4, 060, 061. 87
Including: Net profit of Business termination attributed to parent company	---	-4, 060, 061. 87
Profit and loss of Business termination	---	---
Income tax costs of Business termination	---	---
Business termination &Disposal net loss	---	---
Business termination &Disposal net loss attributed to parent company	---	---
cash flow of Profit and loss of Business termination	---	-96, 600. 88
Including: Net cash flow of operating activities	---	12, 784, 053. 62
Net cash flow of investing activities	---	---
Net cash flow of financing activities	---	-12, 880, 654. 50

XIV. Notes to Main Items of Financial Statements of Parent Company

1. Other receivable

Item	Closing Balance	Opening Balance
Other Receivables	37, 622, 110. 45	80, 991, 042. 06
Total	37, 622, 110. 45	80, 991, 042. 06

(1) Disclosure of other receivable by age

Ages	Closing Balance	Opening Balance
Within 1 year	38, 327, 433. 20	76, 142, 259. 36
1-2 years	2, 624, 469. 08	14, 283, 097. 43
2-3 years	10, 783, 097. 43	7, 478, 739. 18
over 3 years	5, 734, 634. 84	264, 828. 58
Subtotal	57, 469, 634. 55	98, 168, 924. 55
Less: bad debt provision	19, 847, 524. 10	17, 177, 882. 49
Total	37, 622, 110. 45	80, 991, 042. 06

(2) Disclosure of other receivable by nature

Item	Closing Balance	Opening Balance
Cash deposit	143, 185. 28	---
Petty cash	2, 601, 101. 69	1, 399, 398. 05
Current payment	42, 077, 512. 56	89, 225, 891. 04
Replacement of utility bills	---	4, 942, 346. 42

Item	Closing Balance	Opening Balance
Other	12, 647, 835. 02	2, 601, 289. 04
total	57, 469, 634. 55	98, 168, 924. 55

(3) Disclosure according to three stages of financial asset impairment

Project	Closing Balance			Opening Balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
The first stage	38, 363, 073. 15	740, 962. 70	37, 622, 110. 45	81, 270, 949. 93	282, 989. 87	80, 987, 960. 06
second stage	---	---	---	---	---	---
The third stage	19, 106, 561. 40	19, 106, 561. 40	---	16, 897, 974. 62	16, 894, 892. 62	3, 082. 00
total	57, 469, 634. 55	19, 847, 524. 10	37, 622, 110. 45	98, 168, 924. 55	17, 177, 882. 49	80, 991, 042. 06

(4) Classification of other receivables

Type	Closing Balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable withdrawing expected credit losses individually	19, 016, 140. 40	33. 09	19, 016, 140. 40	100. 00	---
Other receivable withdrawing expected credit losses by combination	38, 453, 494. 15	66. 91	831, 383. 70	2. 16	37, 622, 110. 45
Among them: other combinations	13, 479, 409. 91	23. 45	831, 383. 70	6. 17	12, 648, 026. 21
Internal business portfolio	24, 974, 084. 24	43. 46	---	---	24, 974, 084. 24
Total	57, 469, 634. 55	100. 00	19, 847, 524. 10	34. 54	37, 622, 110. 45

Continued:

Type	Opening Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	

Type	Opening Balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable withdrawing expected credit losses individually	16, 897, 974. 62	17. 21	16, 894, 892. 62	99. 98	3, 082. 00
Other receivable withdrawing expected credit losses by combination	81, 270, 949. 93	82. 79	282, 989. 87	0. 35	80, 987, 960. 06
Among them: other combinations	3, 635, 657. 95	3. 71	282, 989. 87	7. 78	3, 352, 668. 08
Internal business portfolio	77, 635, 291. 98	79. 08	---	---	77, 635, 291. 98
Total	98, 168, 924. 55	100. 00	17, 177, 882. 49	17. 50	80, 991, 042. 06

(5) Other receivable withdrawing expected credit losses individually

Name	Closing Balance			
	Book Amount	Bad debt provision	Accruing proportion(%)	Reasons for Accrual
Nanjiang Ecological Agriculture	16, 668, 186. 90	16, 968, 186. 90	100. 00	Expected irrecoverable
Liu Chengjin	1, 682, 924. 36	1, 682, 924. 36	100. 00	Expected irrecoverable
Chengde Nanjiang Trading Company	135, 241. 42	135, 241. 42	100. 00	Expected irrecoverable
Wang Xiashu	72, 290. 62	72, 290. 62	100. 00	Expected irrecoverable
Yan Qizhong	70, 000. 00	70, 000. 00	100. 00	Expected irrecoverable
Wang Zifei	61, 360. 00	61, 360. 00	100. 00	Expected irrecoverable
Sun Cheng	10, 800. 00	10, 800. 00	100. 00	Expected irrecoverable
Beijing Poly Convenience Technology	10, 080. 00	10, 080. 00	100. 00	Expected irrecoverable

Name	Closing Balance			
	Book Amount	Bad debt provision	Accruing proportion(%)	Reasons for Accrual
Company				
Lu Fangyao	5, 157. 10	5, 157. 10	100. 00	Expected irrecoverable
Tsinghua University	100. 00	100. 00	100. 00	Expected irrecoverable
Total	19, 016, 140. 40	19, 016, 140. 40	100. 00	Expected irrecoverable

(6) Accounts receivable withdrawing expected credit losses by combination

A.Other portfolio

Ages	Closing Balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	12, 928, 128. 74	643, 556. 44	5
1-2 years	443, 412. 74	88, 682. 55	20
2-3 years	17, 447. 43	8, 723. 72	50
over 3 years	90, 421. 00	90, 421. 00	100
Total	13, 479, 409. 91	831, 383. 70	6. 17

B. Internal business portfolio

Ages	Closing Balance		
	Account receivable	Bad debt provision	Provision ratio (%)
Within 1 year	23, 416, 380. 10	---	---
1-2 years	1, 442, 732. 92	---	---
2-3 years	110, 000. 00	---	---
over 3 years	4, 971. 22	---	---
Total	24, 974, 084. 24	---	---

(7) Bad debt provision of other receivables

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening Balance	282, 989. 87	---	16, 894, 892. 62	17, 177, 882. 49

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening balance in the current period	---	---	---	---
—Go to the second stage	---	---	---	---
—Transfer to the third stage	---	---	---	---
—Turn back to the second stage	---	---	---	---
—Turn back to the first stage	---	---	---	---
Accrued in this period	548, 393. 83	---	2, 121, 247. 78	2, 669, 641. 61
Back in the current period	---	---	---	---
Resale	---	---	---	---
Write off this period	---	---	---	---
Other changes	---	---	---	---
Ending balance	831, 383. 70	---	19, 016, 140. 40	19, 847, 524. 10

(8) There were no other receivables actually written off during the reporting period.

(9) The top five other accounts receivable

Name	Fund nature	Ending balance	Aging	Proportion in total year-end balance of other receivables (%)	Year-end balance of provision for bad debts
Liu Chengjin	Other	1, 682, 924. 36	Within 1year	2. 93	84, 146. 22
Diao Xiangyu	Other	700, 000. 00	Within 1year	1. 22	35, 000. 00
Dou Changping	Other	640, 000. 00	Within 1year	1. 11	32, 000. 00

Name	Fund nature	Ending balance	Aging	Proportion in total year-end balance of other receivables (%)	Year-end balance of provision for bad debts
Liu Junqing	Other	630, 000. 00	Within 1year	1. 10	31, 500. 00
Sunshine Jinyuan Tax Firm Office	Other	570, 000. 00	Within 1year	0. 99	28, 500. 00
Total	---	4, 222, 924. 36	---	7. 35	211, 146. 22

(10) There was no other receivables involving government subsidies.

(11) There was no other receivables recognized as a result of the transfer of financial assets during the reporting period.

(12) There was no amount of assets and liabilities formed by non-transfer of other receivables and continued involvement during the reporting period.

2. Long-term equity investments

Nature	opening balance			closing balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Subsidiaries	272, 803, 036. 40	---	272, 803, 036. 40	248, 114, 466. 37	---	248, 114, 466. 37
Joint venture/affiliated concern	9, 170, 370. 00	9, 170, 370. 00	---	9, 170, 370. 00	9, 170, 370. 00	---
Total	281, 973, 406. 40	9, 170, 370. 00	272, 803, 036. 40	257, 284, 836. 37	9, 170, 370. 00	248, 114, 466. 37

(1)Subsidiaries

Invested Company	Accounting method	Initial investment cost	Opening Balance	Increase	decrease	Closing Balance	Impairment accrued in this period	Impairment in Closing Balance	Stake ratio (%)	Voting right (%)
NanJiang Investment	Cost methods	90, 000, 000. 00	90, 000, 000. 00	---	---	90, 000, 000. 00	---	---	100. 00	100. 00
NanJiang Asia	Cost methods	5, 000, 166. 64	5, 000, 166. 64	---	---	5, 000, 166. 64	---	---	100. 00	100. 00
HangZhou DongFeng	Cost methods	30, 000, 000. 00	30, 000, 000. 00	---	---	30, 000, 000. 00	---	---	100. 00	100. 00
Kefeng Trading Company	Cost methods	45, 147, 154. 77	45, 147, 154. 77	---	---	45, 147, 154. 77	---	---	100. 00	100. 00
Kefeng Construction Company	Cost methods	2, 655, 714. 99	2, 655, 714. 99	---	---	2, 655, 714. 99	---	---	100. 00	100. 00
Dongguan Dongfeng Science and Technology	Cost methods	100, 000, 000. 00	100, 000, 000. 00	100, 000, 000. 00	---	200, 000, 000. 00	---	---	100. 00	100. 00
Dongguan Dongfeng Power	Cost methods	---	---	---	---	---	---	---	100. 00	100. 00
Total		278, 114, 466. 37	248, 114, 466. 37	30, 000, 000. 00	5, 311, 429. 97	272, 803, 036. 40	---	---	---	---

(2) long-term equity investments of Joint venture/affiliated concern.

Investment unit	Opening Balance	Changes in the current period			
		Additional investment	Reduced investment	Confirmation of equity method	Other comprehensive income adjustments
Joint venture					
---	---	---	---	---	---
Sub Total	---	---	---	---	---
Associates					
Runhua Agriculture Water	9, 170, 370. 00	---	---	---	---
Sub total	9, 170, 370. 00	---	---	---	---
Total	9, 170, 370. 00	---	---	---	---

Investment unit	Changes in the current period				Closing balance	Closing balance of impairment allowances
	Changes in other equity	Statement of cash dividends&profit	Allowance for depreciation reserves	Other		
Joint venture						
---	---	---	---	---	---	---
Sub Total						
Associates						
Runhua Agriculture Water	---	---	---	---	9,170,370.00	9,170,370.00
Sub Total	---	---	---	---	9,170,370.00	9,170,370.00
Total	---	---	---	---	9,170,370.00	9,170,370.00

3. Revenues and operating costs

(1) Classification of Revenues and operating costs

Items	This period		Last Period	
	Income	Cost	Income	Cost
Principal business	39,034,049.06	31,288,535.20	118,807,719.93	103,821,248.79
Other business	---	---	2,264,150.96	---
Total	39,034,049.06	31,288,535.20	121,071,870.89	103,821,248.79

(2) Principal business income and cost (by industry)

Industry	This period		Last Period	
	Income	Cost	Income	Cost
Real Estate industry	39,034,049.06	31,288,535.20	118,807,719.93	103,821,248.79
Total	39,034,049.06	31,288,535.20	118,807,719.93	103,821,248.79

(3) Principal business income and cost (by products)

Product	This period		Last Period	
	Income	Cost	Income	Cost
Hui Jing Tian Di	39,034,049.06	31,288,535.20	118,807,719.93	103,821,248.79
Total	39,034,049.06	31,288,535.20	118,807,719.93	103,821,248.79

(4) Principal business income and cost (by district)

District	This period		Last Period	
	Income	Cost	Income	Cost
Chengde District	39,034,049.06	31,288,535.20	118,807,719.93	103,821,248.79
Total	39,034,049.06	31,288,535.20	118,807,719.93	103,821,248.79

(5) The operating income from the top five customers

Customer name	This period	Last Period
Hui Jing Tian Di	39,034,049.06	31,288,535.20
Total	39,034,049.06	31,288,535.20

4. Investment Income

1、Details of investment income

Item	This period	Last period
Investment income on long-term stockholder’s equity	---	17,328,070.03
Long-term equity (investment income accounted by cost)	---	36,240,654.50
Investment income from bank financial products	273,093.26	204,560.53
Total	273,093.26	53,773,285.06

XV. Supplemental information

1. Current non-recurring gains and losses

Items	This period	Notes
1 Losses/gains on disposal of non-current assets	-1, 192, 749. 81	---
2. Government subsidies included in the current profits and losses (government subsidies which are closely related to the Company' s business and received at national statutory standard and amount are excluded)	12, 451. 79	---
3. Gains or loss from delegation investment	---	---
4. Except for the effective hedging business related to the normal business of the company, the gains and losses from changes in fair value arising from the holding of trading financial assets and trading financial liabilities, as well as the disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets Investment income	436, 020. 07	Income of financial products
5.Gains or loss from the contingency irrelevant with normal operation	---	---
6.Other non-operating revenue and expense	-2, 584, 398. 13	---
7. Other non-recurring gains and losses	---	---
8. Effect of income tax on non-recurring losses and gains	---	---
Total	-3, 328, 676. 08	---

Notes: All non-recurring items are disclosed before taxation.

2. Return on equity and earnings per share

Profit in the reporting period	Weighted average of Return on equity（%）	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders holding ordinary shares of the Company	-22. 41	-0. 10	-0. 10
Net profit attributable to shareholders holding ordinary shares of the Company after deducting non-recurring gains and losses	-21. 38	-0. 10	-0. 10

3. Description of abnormal situation and cause of main accounting statement items

Item	Closing Balance	Opening Balance	Variable interest rate（%）	Reason
Prepayments	9, 117, 061. 66	61, 099, 009. 67	-85. 08	Mainly due to the carry-over of the prepaid engineering funds in this period
Other receivables	17, 921, 552. 05	8, 588, 597. 44	108. 67	Mainly due to the increase in current transactions
Fixed assets	306, 237, 939. 37	17, 302, 279. 65	1669. 93	Mainly due to the conversion of construction in progress projects to fixed assets
Construction in progress	---	101, 650, 833. 16	-100. 00	Mainly due to the conversion of construction in progress projects to fixed assets
Development expenditure	---	13, 346, 410. 47	-100. 00	Mainly due to the full expense of development expenditure in this period
Goodwill	---	1, 543, 786. 41	-100. 00	Mainly due to the full impairment of goodwill in the current period
Other non-current assets	496, 880. 00	120, 392, 369. 00	-99. 59	Mainly due to the carry-over of most of the prepaid engineering funds in this period
Advance payment	159, 359, 732. 60	16, 269, 319. 99	879. 51	Due to advance receipt of Tianxi house in this period
Staff payable	1, 767, 654. 79	981, 089. 59	80. 17	Mainly due to the increase of employees in the current period
Taxes payable	67, 933. 78	921, 967. 58	-92. 63	The current value-added tax and land value-added tax prepayment
Other payables	53, 827, 990. 36	118, 570, 218. 85	-54. 60	Mainly due to the settlement of engineering funds
Long term loan	175, 210, 000. 00	101, 710, 000. 00	72. 26	Due to the issuance of long-term loans in this period
Treasury stock	28, 826, 485. 70	19, 718, 613. 55	46. 19	Due to stock repurchases in the current period
Operating income	44, 121, 179. 41	123, 508, 083. 90	-64. 28	Mainly due to the decrease in sales of real estate in the current period
Operating cost	36, 607, 980. 92	108, 747, 731. 24	-66. 34	Mainly due to the decrease in sales of real estate in the current period
Taxes and surcharges	1, 987, 455. 08	-247, 832. 89	-901. 93	Mainly due to the land value-added tax refund in the previous period
Sales expense	10, 684, 423. 09	115, 346. 71	9162. 88	Mainly due to the accrual of sales agency fees in the current period
R & D expenses	32, 520, 368. 65	4, 748, 852. 86	584. 80	Mainly due to the full expense of development expenditure in this period

Item	Closing Balance	Opening Balance	Variable interest rate（%）	Reason
Financial expenses	-13,903.22	-385,552.98	-96.39	Mainly due to the increase in deposit interest income and the decrease in interest expense
Other income	12,451.79	2,896,903.64	-99.57	Due to the reduction of government subsidies received in this period
Investment income	438,690.61	19,646,046.57	-97.77	Mainly due to the disposal of subsidiaries in the previous period
Asset impairment losses	-3,081,861.98	-448,072.80	587.80	Mainly due to the increase in inventory depreciation reserves and goodwill impairment losses in the current period
Asset disposal income	-197,590.25	4,526,245.58	-104.37	Due to the decrease in the disposal of fixed assets in this period
Operating expenses	3,580,423.04	473,944.42	655.45	Mainly due to the increase in foreign donations in this period

Legal representative:

Person in charge of accounting work:

Person in charge of accounting institution:

Dongfeng Sci-Tech Group CO., LTD.

(Official seal)

April 28, 2020

统一社会信用代码

91110108590676050Q

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类　　型　特殊普通合伙企业

执行事务合伙人　杨雄，梁春

经营范围　审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记帐；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务；无（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

成立日期　2012年02月09日

合伙期限　2012年02月09日至　长期

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国家市场监督管理总局监制

会计师事务所

执业证书

名　　　　称：大华会计师事务所（特殊普通合伙）

首席合伙人：梁春

主任会计师：

经营场所：北京市海淀区西四环中路16号院7号楼12层

组织形式：特殊普通合伙

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首席合伙人：梁春

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姓　名 Full name

性　别 Sex

出生日期 Date of birth

工作单位 Working unit

身份证号码 Identity card No.

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姓名 Full name 颜利胜
性别 Sex 男
出生日期 Date of birth 1974-08-14
工作单位 Working unit 大华会计师事务所（特殊普通合伙）广州分所
身份证号码 Identity card No. 430421197408141030

证书编号：
No. of Certificate 110101480207

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