



CHENGDE NANJIANG CO., LTD.
SEMI-ANNUAL REPORT 2014

August 2014

Section I. Important Notice, Contents and Paraphrase

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

All directors are attended the Board Meeting for report deliberation.

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

Li Weimin, Principal of the Company, Zhao Yongshen, person in charger of accounting works and Liu Fengguo, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2014 Semi-annual Report is authentic, accurate and complete.

Content

Semi-Annual Report 2014	1
Section I Important Notice, Contents and Paraphrase	1
Section II Company Profile	3
Section III Accounting data and summary of financial indexes	4
Section IV Report of the Board of Directors	6
Section V Important Events	12
Section VI Changes in shares and particular about shareholders.....	22
Section VII Preferred Stock.....	23
Section VIII Directors, Supervisors and Senior Executives	24
Section IX Financial Report.....	27
Section X Documents Available for Reference	118

Paraphrase

Items	Refers to	Contents
CSRC, SRC	Refers to	China Securities Regulatory Commission
SZ Stock Exchange, Exchange	Refers to	Shenzhen Stock Exchange
Company, The Company or Chengde Nanjiang	Refers to	Chengde Nanjiang Co., Ltd.
Nanjiang Investment	Refers to	Chengde Nanjiang Investment Co., Ltd.
Nanjiang Real Estate	Refers to	Chengde Nanjiang Real Estate Development Co., Ltd.
Chengde Morsh, Morsh Technology	Refers to	Chengde Morsh Technology Co., Ltd.
Nanjiang Ecological Agriculture, Ecological Agriculture, Agriculture Company	Refers to	Chengde Nanjiang Ecological Agriculture Co., Ltd.
<i>Company Law</i>	Refers to	Company Law of the People's Republic of China
<i>Securities Law</i>	Refers to	Securities Law of the People's Republic of China
<i>Rules Governing the Listing of Securities</i>	Refers to	<i>Rules Governing the Listing of Securities on Shenzhen Stock Exchange</i>
Yuan, 10 thousand Yuan	Refers to	RMB, RMB 10 thousand
Runhua RW, Tianjin Runhua RW	Refers to	Runhua Rural Water (Tianjin) International Trade Co., Ltd.
Material Assets Restructuring, the Restructuring	Refers to	The Company acquires 30 percent equity of the Runhua Rural Water (Tianjin) International Trade Co., Ltd. in cash

Section II Company profile

I. Company information

Short form for share	Nanjiang-B	Stock code	200160
Listing stock exchange	深圳证券交易所		
Chinese name of the Company	承德南江股份有限公司		
Abbr. of Chinese name of the Company(if applicable)	Nanjiang-B		
English name of the Company(if applicable)	CHENGDE NANJIANG CO.,LTD		
Abbr. of English name of the Company(if applicable)	NANJIANG-B		
Legal Representative	Li Weimin		

II. Person/Way to contact

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

III. Others

1. Way of contact

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

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2013.

2. Information disclosure and preparation place

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

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2013.

3. Registration changes of the Company

Whether registration has changed in reporting period or not

Applicable Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2013.

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

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

Yes No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	216,832,416.09	16,818,678.04	1,189.24%
Net profit attributable to shareholders of the listed company(RMB)	19,331,150.10	86,021,262.29	-77.53%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-11,202,241.58	-7,930,312.87	-41.26%
Net cash flow arising from operating activities(RMB)	-39,839,229.21	-162,574,578.72	75.49%
Basic earnings per share (RMB/Share)	0.03	0.12	-75.00%
Diluted earnings per share (RMB/Share)	0.03	0.12	-75.00%
Weighted average ROE (%)	8.81%	54.48%	-45.67%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	481,392,711.34	380,763,274.72	26.43%
Net assets attributable to shareholder of listed company(RMB)	229,032,632.87	209,701,482.77	9.22%

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

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

Applicable Not applicable

The Company has no difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles) in reporting period

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

Applicable Not applicable

The Company has no difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles) in reporting period

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

Applicable Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	34,647,779.07	--
Other non-operating income and expenditure except for the aforementioned items	-4,114,387.39	--
Total	30,533,391.68	--

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

Applicable Not applicable

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

Section IV. Report of the Board of Directors

I. Introduction

During the reporting period, the Company has continued to enhance the management level, constantly improve the governance structure, and actively promote the main business in accordance with the stated objectives so that the company has maintained the steady development. In the real-estate field, the company has spent a huge sum of money to build Nanjiang • Huijing Tiandi in the prime location of the county, and market response is good and the project goes well; in the ecological agriculture field, the company's production and management is stable, and the product supply and marketing is normal; in the field of new materials, the preparation work for "the functional coating of current collectors based on graphene applications" project is progressing smoothly.

During the reporting period, the Company achieved main operating income of 216,832,400 Yuan, representing year-on-year growth of 1,189.24%, including net profit attributable to parent company 19,331,200 Yuan, down 77.53% over the previous year. By the end of the reporting period, total assets reached 481,392,700 Yuan, including net assets 229,032,600 Yuan.

II. Main business analysis

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	216,832,416.09	16,818,678.04	1,189.24%	Runhua RW included in consolidation range in the Period
Operation cost	218,143,237.30	12,003,739.65	1,717.29%	Runhua RW included in consolidation range in the Period
Sales expenses	1,746,266.78	--	--	Runhua RW included in consolidation range in the Period
Administrative expenses	10,192,427.86	7,999,177.06	27.42%	Runhua RW included in consolidation range in the Period
Financial cost	-32,775.12	428,022.67	-107.66%	Expense of loan interest decreased in Period.
Income tax expense	-23,637.85	4,944,803.47	-100.48%	The taxable income decreased in the Period and make up the annual losses of previous years
Net cash flow arising from operation activities	-39,839,229.21	-162,574,578.72	75.49%	Housing money received in advance increased in Period.
Net cash flow arising from investment activities	28,646,487.02	195,376,676.06	-85.34%	Land assets recovered by the Government decreased in Period.

Net cash flow arising from financing activities	2,548,500.00	-30,300,000.00	108.41%	Repayment of loans decreased in Period.
Net increase of cash and cash equivalent	-8,644,242.19	2,502,097.34	-445.48%	Inventory increased in Period.

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Applicable Not applicable

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Review on the previous business plan and its progress during reporting period

Nil

III. Composition of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Agriculture	2,094,025.07	3,148,746.79	-50.37%	--	--	--
Business	213,935,345.40	214,526,444.89	-0.28%	--	--	--
According to products						
Agricultural products	2,094,025.07	3,148,746.79	-50.37%	--	--	--
Chemical materials	213,935,345.40	214,526,444.89	-0.28%	--	--	--
According to region						
Chengde	2,094,025.07	3,148,746.79	-50.37%	--	--	--
Tianjin	213,935,345.40	214,526,444.89	-0.28%	--	--	--

IV. Core competitive-ness analysis

Core competitive-ness of the Company has no major changes in the Period.

V. Investment analysis

1. Equity investment outside

(1) Investment outside

Applicable Not applicable

The Company has no investment outside in the Period

(2) Holding equity of financial enterprise

Applicable Not applicable

The Company has no equity of financial enterprise held in the Period

(3) Securities investment

Applicable Not applicable

The Company has no securities investment in the Period

2. Trust financing, investment of derivatives and entrustment loan

(1) Trust financing

Applicable Not applicable

The Company has no trust financing in the Period

(2) Investment of derivatives

Applicable Not applicable

The Company has no derivatives investment in the Period

(3) Entrustment loan

Applicable Not applicable

The Company has no entrustment loan in the Period

3. Main subsidiaries and joint-stock companies analysis

Applicable Not applicable

Main subsidiaries and joint-stock companies

In RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Chengde Nanjiang Real Estate Development	Subsidiary	Real Estate	Development and sales of real estate	10,000,000	270,401,400.33	199,780,491.43	335,000.00	-5,571,571.42	-5,549,293.57

Co., Ltd.									
Chengde Nanjiang Investment Co., Ltd.	Subsidiary	Investment	Industrial investment, investment management, investment consulting and import & export trading	90,000,000	99,921,454.03	89,783,677.33	--	-62,370.33	-62,370.33
Chengde Nanjiang Ecological Agriculture Co., Ltd.	Subsidiary	Agriculture	Cultivation and sales of field crop, edible mushrooms, fruit and vegetables as well as Chinese Herbs; breeding and sales of livestock	10,000,000	18,612,054.36	6,280,753.11	2,348,768.43	-2,306,744.15	-2,196,501.52
Chengde Morsh Technology Co., Ltd.	Subsidiary	New energy and new materials	R&D, manufacture and sales of grapheme, grapheme application materials, power cell & battery materials, high-performance membrane material and nano materials as well as the technology promotion and technical service for the above said products.	50,000,000	51,289,366.71	49,749,056.71	--	-38,470.10	-38,470.10
Runhua Rural Water (Tianjin) International Trade Co., Ltd.	Joint stock company	Trading	Import trade, domestic agents and distribution of the plastic raw materials of polyethylene (PE) and polypropylene (PP)	30,000,000	93,038,449.11	28,889,872.63	213,935,345.40	-3,002,347.61	-3,001,617.63
Chengde Huijing Property Service Co., Ltd.	Subsidiary	Property management service	Property management service	500,000	498,935.22	498,935.22	--	843.56	843.56
Nanjiang Asia	Subsidiary	Trade	International	US\$ 20	5,000,009.9	5,000,009.9	--	-156.74	-156.74

Investment Co., Ltd.	ary		investment and trading, sales and lease of the ship	million	0	0			
-------------------------	-----	--	-----------------------------------------------------------	---------	---	---	--	--	--

4. The significant progress of non-raised proceeds investment

Applicable Not applicable

In ten thousand Yuan

Name of the project	Total investment amount planned	Investment amount in the reporting period	Accumulation of actual investment amount ended of the reporting period-end	Progress of the project	Earnings of the project
Nanjiang Huijing Tiandi	57,000	7,594	23,754	--	--
Total	57,000	7,594	23,754	--	--

VI. Prediction of business performance from January – September 2014

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

Applicable Not applicable

VII. Explanation from the Board and Supervisory Committee for “Qualified Opinion” from the CPA of this year’s

Applicable Not applicable

VIII. Explanation on “Qualified Opinion” of previous year from the Board

Applicable Not applicable

IX. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

Applicable Not applicable

Previous year’s profit distribution plan was no profit distribution and shares converted from capital reserve either

X. Profit distribution and capitalization of capital reserves in the Period

Applicable Not applicable

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

XI. In the report period, reception of research, communication and interview

√Applicable □Not applicable

Time	Place	Way	Type	Reception	Contents discussed and material provided
2014-01-09	Security Department	Telephone communication	Individual	Investor	Foreign investment and progress of the Company, no materials required
2014-01-24	Security Department	Telephone communication	Individual	Investor	Routine operation status of the Company, no materials required
2014-03-10	Security Department	Telephone communication	Individual	Investor	Current condition of the Company, no materials required
2014-03-25	Security Department	Telephone communication	Individual	Investor	Operation performance of the Company, no materials required
2014-04-16	Security Department	Telephone communication	Individual	Investor	Operation performance of the Company, no materials required
2014-05-22	Security Department	Telephone communication	Individual	Investor	Current condition of the Company, no materials required
2014-06-12	Security Department	Telephone communication	Individual	Investor	Foreign investment of the Company, no materials required

Section V. Important Events

I. Corporate governance

During the reporting period, the Company constantly improves the corporate governance structure, regulates the operations strictly in accordance with the "Company Law", "Securities Law", "Listing Corporation Management Standards" and other laws, regulations and relevant provisions of the securities regulatory authorities.

During the reporting period, the preparations, organization and resolution disclosure for the general meeting of shareholders, board of directors and board of supervisors were all conducted according to the "Articles of Association" and "Assembly Rules of Shareholders of General Meeting", "Assembly Rules of Board of Directors and "Assembly Rules of Board of Supervisors". All the directors, supervisors, and senior management personnel can perform their duties with honesty, diligence. All these comply with requirements of normative documents for the listing Corporation governance issued by China Securities Regulatory Commission.

II. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

The Company has no significant lawsuits and arbitrations in Period

III. Questioned from media

Applicable Not applicable

No common media questioned for the Company in reporting period

IV. Bankruptcy reorganization

Applicable Not applicable

In reporting period, the Company has no bankruptcy reorganization occurred.

V. Assets trading

1. Acquisition of assets

Applicable Not applicable

The other party of transaction or final controller	Assets purchased	Purchase price(10 thousand Yuan)	Progress (Note 2)	Impact on operation of the Company (Note 3)	Impact on gains/losses of the Company (Note 4)	Ratio of net profit contributed to listed company in total net profit	Related transaction or not	The related relationship (applicable for related transaction)	Date of disclosure (Note5)	Index of disclosure
Chengde bureau of Land&Res	Land	648	The property rights with	The lands will constructed for the production and	--	--	No	Not applicable	2014-04-09	Hong Kong Commercial Daily,

ources			assets involved have not transferred totally	operation sits for Morsh Technology, and shows an active impact on operation of the Company							Securities Times and Juchao Website: http://www.cninfo.com.cn
--------	--	--	----------------------------------------------	---------------------------------------------------------------------------------------------	--	--	--	--	--	--	------------------------------------------------------------------------------------------------------

2. Sales of assets

Applicable Not applicable

The Company did not sell assets in the Period

3. Business combination

Applicable Not applicable

The Company has no business combined in the Period

VI. Implementation of the Company's equity incentive and the effects

Applicable Not applicable

No equity incentive in reporting period

VII. Significant related transaction

1. Related transaction connected to routine operations

Applicable Not applicable

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principal	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in the amount of the same transaction	Related transaction settlement mode	Similar trading market price available	Date of disclosure	Index of disclosure
Beijing Xiangeqi Co., Ltd.	Counterparty is the related legal person of the Company	Sales of goods	Child company of the Company, Eco-agriculture provided agriculture products	Market price	--	81.23	32.47%	Agreed in line with the agreement	81.23	2013-11-09	Hong Kong Commercial Daily, Securities Times and Juchao Website: http://ww

			to Beijing Xiangeqi ng for a long-term									w.cninfo. com.cn
Total				--	--	81.23	--	--	--	--	--	--
Detail of sales return with major amount involved				N/A								
Report the actual implementation of the normal related transactions which were projected about their total amount by types during the reporting period(if applicable)				N/A								
Reasons for major differences between trading price and market reference price(if applicable)				Not applicable								

2. Related transaction incurred by purchase or sales of assets

Applicable Not applicable

No related transaction incurred by purchase or sales of assets in Period

3. Related transaction from jointly investment outside

Applicable Not applicable

No related transaction from jointly investment outside occurred in Period

4. Credits and liability of related party

Applicable Not applicable

No credits or liability of related party occurred in Period

5. Other significant related transactions

Applicable Not applicable

The Company had no other significant related transactions in the reporting period

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

Applicable Not applicable

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

IX. Major contract and implantation

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

The Company had no trusteeship in the reporting period.

(2) Contract Applicable Not applicable

The Company had no contract in the reporting period.

(3) Leasing Applicable Not applicable

The Company had no leasing in the reporting period.

2. Guarantee Applicable Not applicable

The Company had no guarantee in the reporting period.

(1) Guarantee outside against the regulation Applicable Not applicable

No guarantee outside against the regulation in Period

3. Other material contracts Applicable Not applicable

The Company had no other material contracts in the reporting period.

4. Other material transactions Applicable Not applicable

The Company had no other material transactions in the reporting period.

X. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or occurred in the previous reporting period but continued to reporting period Applicable Not applicable

Commitments	Promise	Content of commitments	Commitment date	Commitment term	Implementation
Commitments in report of acquisition or equity change	Controlling shareholder	1. Commitments in aspect of independency of listed company: For the equity changes, that is 208,324,800 shares of Chengde Dalu Co., Ltd held by Chen Rong was transfer, Wang Dong guarantee there are no influence on the independent of employee, financial, institution, business and integrity of assets of Chengde Dalu Co., Ltd. After transaction, Chengde Dalu Co., Ltd still has the ability of independent operation and owes independent legal person, and continues to owes the independency of institution, assts, employees, production and financial. 2. Commitments for horizontal competition: after 208,324,800 shares of Chengde Dalu Co., Ltd held by Chen Rong was	2012-04-24	Duration of the Company	Implementing

		transfer, Wang Dong guarantee there are no or potential horizontal competition between the Chengde Dalu Co., Ltd and Wang Dong and related parties of Wang Dong			
Commitments in assets reorganization	Controlling shareholder	The performance compensation commitment: net profit (deducting non-recurring gains and losses) for 2012, 2013, 2014 and 2015 for Runhua RW (Tianjin) International Trade Co., Ltd. Respectively can't be less than 306,300 Yuan, 904,000 Yuan, 1,500,000 Yuan and 3,400,000 year. If the actual net profit is less than the promised, the controlling shareholders shall perform the obligations of profit compensation accordingly.	2013-04-10	2012-2015	Implementing normally
Other commitments for medium and small shareholders	Directors and senior executives	In order to prevent stock price from falling after its relisting and endanger status of the Company, the board of directors and the senior management make commitment: Based on Listing Rules of Shenzhen Stock Exchange and other applicable laws and regulations, we make a plan in next 12 months, increasingly hold shares of the Company in secondary market using own funds. The holding price will not exceed HK\$1.3 / shares. While the total amount of increase accumulated will not be less than HK\$10 million not more than HK\$40 million	2013-01-09	In later 12 months	Implemented
Completed on time(Y/N)	Y				
Detail reasons for un-complement and further plan (if applicable)	N/A				

XI. Engagement and non-reappointment of CPA

Whether the semi-annual report was audited or not

Yes No

VIII. Penalty and rectification

Applicable Not applicable

Name	Type	Reasons	Type of investigation and penalty	Conclusion (if applicable)	Disclosure date	Index of disclosure
Chengde Dalu Co., Ltd.	Other	Violation of securities laws and regulations	Initiated an investigation or administrative penalties by CSRC	N/A	2013-05-15	Hong Kong Commercial Daily, Securities Times, Juchao Website http://www.cninfo.com.cn

Particular about directors, supervisors, senior executives and shareholders with over 5% shares held suspected illegal dealings of the stock of the Company and earnings of illegal dealings taken back by the Company that disclosed

Applicable Not applicable

The Company had no particular about directors, supervisors, senior executives or shareholders with over 5% shares held suspected illegal dealings of the stock of the Company and earnings of illegal dealings taken back by the Company that disclosed in Period.

XIII. Risk disclosure of delisting with laws and rules violated

Applicable Not applicable

The Company has no delisting risks with laws and rules violated in Period

XIV. Explanation on other significant events

Applicable Not applicable

1. On 14th May 2013, because Chengde Dalu Co., Ltd. violated the related provisions of the securities laws and regulations, the Company received a notification of investigation (No. 2013 investigation notice Zi No.16) issued by the China Securities Regulatory Commission, who decided to register and investigate the company according to the relevant provisions of "The Securities Law of the People's Republic of China".

This investigation does not involve the company's current production and operating activities, and the company is operating normally. During the investigation, the company will actively cooperate with the investigation of the China Securities Regulatory Commission, and timely fulfill the obligation of information disclosure.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

In Share

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

Reasons for share changed

 Applicable Not applicable

Approval of share changed

 Applicable Not applicable

Ownership transfer of share changes

 Applicable Not applicable

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

 Applicable Not applicable

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

 Applicable Not applicable

Explanation on changes in aspect of total shares, shareholders structures as well as structure of assets and liability of the Company

 Applicable Not applicable

II. Number of shares and shares held

In Share

Total common shareholders at period-end	18,735	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)	0				
Particulars about shares held above 5% by shareholders and top 10 shareholders							
Full name of	Nature of	Proporti	Total	Changes in	Amount of	Amount of listed	Number of share

Shareholders	shareholder	on of shares held	shareholders at the end of report period	report period	un-listed shares held	shares held	pledged/frozen	
							State of share	Amount
Wang Dong	Domestic nature person	29.49%	208,324,800	0	208,324,800	0	--	--
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	13.72%	96,937,736	1,514,214	0	96,937,736	--	--
Everbright Securities (H.K.) Co., Ltd.	Overseas legal person	6.35%	44,866,976	6,897,289	0	44,866,976	--	--
Shanghai Wanguo (H.K) Securities	Overseas legal person	2.62%	18,532,274	1,671,550	0	18,532,274		
Chengde North Industrial Corporation	Domestic non-state owned legal person	2.62%	18,517,651	0	18,517,651	0	--	--
Wang Zhengsong	Domestic nature person	1.89%	13,327,891	0	13,327,891	0	--	--
Wang Wensheng	Domestic nature person	1.03%	7,258,007	0	0	7,258,007	--	--
Zhou Haihong	Domestic nature person	0.95%	6,708,495	0	0	6,708,495	--	--
Yu Sanxi	Domestic nature person	0.83%	5,888,900	0	0	5,888,900	--	--
Li Tianyun	Domestic nature person	0.73%	5,158,000	0	0	5,158,000	--	--
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	The Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by “management method for acquisition of listed company” among the above said shareholders.							
Particular about top ten circulated shareholders								
Shareholders' name	Amount of listed shares held at period-end	Type of shares						
		Type	Amount					
GUOTAI JUNAN	96,937,736	Domestically listed foreign	96,937,736					

SECURITIES(HONGKONG) LIMITED		shares	
Everbright Securities (H.K.) Co., Ltd.	44,866,976	Domestically listed foreign shares	44,866,976
Shanghai Wanguo (H.K) Securities	18,532,274	Domestically listed foreign shares	18,532,274
Wang Wensheng	7,258,007	Domestically listed foreign shares	7,258,007
Zhou Haihong	6,708,495	Domestically listed foreign shares	6,708,495
Yu Sanxi	5,888,900	Domestically listed foreign shares	5,888,900
Li Tianyun	5,158,000	Domestically listed foreign shares	5,158,000
Zhao Ziying	3,016,916	Domestically listed foreign shares	3,016,916
Peng Wei	2,978,525	Domestically listed foreign shares	2,978,525
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,677,475	Domestically listed foreign shares	2,677,475
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	The Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by “management method for acquisition of listed company” among the above said shareholders.		
Explanation on shareholders involving margin business (if applicable) (see note 4)	N/A		

Whether has a buy-back agreement dealing in reporting period

Yes No

The shareholders of the Company had no buy-back agreement dealing in reporting period.

III. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable Not applicable

Changes of actual controller in reporting period had no change in reporting period.

IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person

Applicable Not applicable

As far as the Company know, there are no share holding increasing plan proposed or implemented in Period from shareholder of the Company and its concerted action person

Section VII. Preferred Stock

I. Issuance and listing of preferred stock in Period

Applicable Not applicable

II. Number of shareholders with preferred stock held and shareholdings

Applicable Not applicable

III. Repurchase and conversion of preferred stock

1. Preferred stock repurchased

Applicable Not applicable

2. Preferred stock converted

Applicable Not applicable

IV. Preferred stock with voting rights recovered and executed

Applicable Not applicable

V. Accounting policy taken for preferred stock and reasons

Applicable Not applicable

Section VIII. Directors, Supervisors and Senior Executives

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

Applicable Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2013.

IV. Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Title	Type	Date	Reasons
Li Weimin	Secretary of the Board	Leave office	2014-07-03	Post adjustment
Li Wenying	Secretary of the Board	Appointment	2014-07-04	Appointment as secretary of the Board

Section IX. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

Yes No

The financial report of this semi-annual report was unaudited

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated balance sheet

Prepared by Chengde Nanjiang Co., Ltd.

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	78,234,149.03	89,426,891.22
Settlement funds	--	--
Lending funds	--	--
Tradable financial assets	--	--
Notes receivable	--	--
Accounts receivable	3,848,325.20	117,180.60
Prepayments	67,621,592.68	33,836,310.22
Premium receivable	--	--
Reinsurance accounts receivable	--	--
Reinsurance contract reserve receivable	--	--
Interest receivable	--	--
Dividend receivable	--	--
Other account receivable	13,297,141.73	4,976,108.67
Buying back the sale of financial assets	--	---
Inventory	258,149,828.81	190,569,964.32
Non-current assets due within one year	--	--

Other current assets	7,037,093.63	4,478,158.24
Total current assets	428,188,131.08	323,404,613.27
Non-current assets:		
Issuance of loans and advances	--	--
Financial assets available for Sale	--	--
Held-to-maturity investment	--	--
Long-term receivables	--	--
Long term equity investment	6,577,302.37	6,626,905.49
Investment real estate	--	--
Fixed asset	10,771,989.42	11,296,353.61
Project in progress	--	--
Project materials	--	--
Liquidation of fixed asset	--	--
Productive biological asset	705,116.63	258,190.34
Oil and gas asset	--	--
Intangible asset	22,641,388.24	28,721,653.41
Development expenditure	--	--
Goodwill	1,809,762.89	1,809,762.89
Long-term deferred expenditure	9,864,797.52	7,811,572.52
Deferred income tax asset	834,239.22	834,223.19
Other non-current asset	--	--
Total non-current asset	53,204,580.26	57,358,661.45
Total Assets	481,392,711.34	380,763,274.72
Current Liabilities:		
Short-term borrowing	--	--
Borrowing from the central bank	--	--
Deposits and interbank deposit	--	--
Borrowed capital	--	--
Transaction financial liabilities	--	--
Notes payable	19,500,000.00	26,000,000.00
Accounts payable	7,488,618.46	3,660,631.16
Account received in advance	153,840,376.73	53,821,113.16
Financial assets sold for repurchase	--	--

Fees and commissions payable	--	--
Salary payable	6,364,571.82	6,205,363.50
Taxes payable	9,344,881.67	18,026,904.58
Interest payable	--	--
Dividend payable	--	--
Other payables	30,623,813.29	36,044,983.70
Reinsurance payables	--	--
Reserves for insurance contracts	--	--
Agency securities trading	--	--
Agency securities underwriting	--	--
Non-current liabilities due within one year	--	--
Other current liabilities	--	--
Total current liabilities	227,162,261.97	143,758,996.10
Non-current liabilities		
Long-term loans	--	--
Bonds payable	--	--
Long-term payables	--	--
Special payables	--	--
Accrued liabilities	--	--
Deferred income tax liability	--	--
Other non-current liability	--	--
Total non-current liability	--	--
Total liability	227,162,261.97	143,758,996.10
Owners' equity (or Shareholder's equity):		
Paid-in capital(share capital)	706,320,000.00	706,320,000.00
Capital surplus	456,470,250.78	456,470,250.78
Less: treasury stock	--	--
Special reserve	--	--
Surplus reserve	76,791,550.17	76,791,550.17
Reserve for general risks	--	--
Retained profit	-1,010,549,168.08	-1,029,880,318.18
Converted difference in foreign currency Statements		--

Total owner's equity attributable to parent company	229,032,632.87	209,701,482.77
Interest of minority shareholders	25,197,816.50	27,302,795.85
Total owners' equity (or shareholders equity)	254,230,449.37	237,004,278.62
Total liabilities and owners' equity (or shareholders equity)	481,392,711.34	380,763,274.72

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

2. Balance Sheet of Parent Company

Prepared by: Chengde Nanjiang Co., Ltd.

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary fund	27,673,033.46	5,681,141.82
Tradable financial assets	--	--
Notes receivable	--	--
Accounts receivable	120,000.00	--
Prepayments	44,400,000.00	25,000,000.00
Interest receivable	--	--
Dividend receivable	--	--
Other account receivable	21,708,832.37	316,143.39
Inventory	237,545,564.50	161,600,661.40
Non-current assets due within one year	--	--
Other current assets	4,550,133.82	--
Total current assets	335,997,564.15	192,597,946.61
Non-current assets:		
Financial assets available for Sale	--	--
Held-to-maturity investment	--	--
Long-term receivables	--	--
Long term equity investment	157,284,836.37	152,284,669.73
Investment real estate	--	--
Fixed assets	1,283,117.24	1,314,384.81

Project in progress	--	--
Project materials	--	--
Liquidation of fixed assets	--	--
Productive biological asset	--	--
Oil and gas asset	--	--
Intangible assets	9,789,786.13	15,699,628.36
Development expenditure	--	--
Goodwill	--	--
Long-term deferred expenditure	--	--
Deferred income tax asset	750.00	750.00
Other non-current assets	--	--
Total non-current assets	168,358,489.74	169,299,432.90
Total assets	504,356,053.89	361,897,379.51
Current liabilities:		
Short-term borrowing		--
Transaction financial liabilities		--
Notes payable		--
Accounts payable	2,808,808.80	--
Account received in advance	131,928,060.17	40,423,500.00
Salary payable	258,190.22	--
Taxes payable	-341,032.61	-58,959.68
Interest payable	--	--
Dividend payable	--	--
Others payables	319,016,458.33	299,169,464.74
Non-current liabilities due within one year	--	--
Other current liabilities	--	--
Total current liabilities	453,670,484.91	339,534,005.06
Non-current liabilities:		
Long-term loans	--	--
Bonds payable	--	--
Long-term payables	--	--
Special payables	--	--
Accrued liabilities	--	--

Deferred income tax liability	--	--
Other non-current liability	--	--
Total non-current liability	--	--
Total liabilities	453,670,484.91	339,534,005.06
Owners' equity (or Shareholder's equity):		
Paid-in capital (share capital)	706,320,000.00	706,320,000.00
Capital surplus	449,365,886.69	449,365,886.69
Less: treasury stock	--	--
Special reserve	--	--
Surplus reserve	76,791,550.17	76,791,550.17
Reserve for general risks	--	--
Retained profit	-1,181,791,867.88	-1,210,114,062.41
Converted difference in foreign currency	--	--
Total owners' equity (or shareholders equity)	50,685,568.98	22,363,374.45
Total liabilities and owners' equity (or shareholders equity)	504,356,053.89	361,897,379.51

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

3. Consolidated Income Statements

Prepared by: Chengde Nanjiang Co., Ltd.

In RMB

Item	Current Amount	Amount of the Previous Period
I. Total operation revenue	216,832,416.09	16,818,678.04
Including: Operating revenue	216,832,416.09	16,818,678.04
Interest income		--
Earned premium		--
Fee and commission income		--
II Total Operating cost	230,284,671.75	19,894,604.22
Including: Operating costs	218,143,237.30	12,003,739.65
Interest costs		--

Fee and commission costs		--
Cash surrender		--
Net compensation expenses		--
Net extraction reserves for insurance contracts		--
Policy dividend payout		--
Reinsurance expense		--
Business tax and surcharge	235,514.93	911,510.90
Sales expenses	1,746,266.78	--
Administrative expenses	10,192,427.86	7,999,177.06
Financial expenses	-32,775.12	428,022.67
Asset impairment losses		-1,447,846.06
Add: gains from changes of fair value (Loss is listed with “-”)		--
Investment gain (Loss is listed with “-”)	121,396.88	77,868.49
Including: Investment gains on affiliated Company and joint venture		--
Exchange gains (Loss is listed with “-”)		--
III. Operating profits (Loss is listed with “-”)	-13,330,858.78	-2,998,057.69
Add: Non-operating income	34,837,468.38	94,235,507.01
Less: Non-operating expenditure	4,304,076.70	283,931.85
Including: Disposal loss on non-current liability		--
IV Total profits (Total loss is listed with “-”)	17,202,532.90	90,953,517.47
Less: Income tax expenses	-23,637.85	4,944,803.47
V. Net profit (Net loss is listed with “-”)	17,226,170.75	86,008,714.00
Including: Net profit generated by combined party before merged		--
Net profit attribute to owners of parent company	19,331,150.10	86,021,262.29
Minority interest	-2,104,979.35	-12,548.29
VI. Earnings per share(EPS)	--	--

(i) Basic Earnings per share(EPS)	0.03	0.12
(ii) Diluted Earnings per share(EPS)	0.03	0.12
VII. Other consolidated income		--
VIII. Total consolidated income	17,226,170.75	86,008,714.00
Total consolidated income attributable to owners of parent company	19,331,150.10	86,021,262.29
Total consolidated income attributable to minority shareholders	-2,104,979.35	-12,548.29

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

4. Profit Statement of parent company

Prepared by: Chengde Nanjiang Co., Ltd.

In RMB

Items	Current Amount	Amount of the Previous Period
I. Operation revenue	4,068,045.62	20,183.93
Less: Operating costs	468,045.62	16,666.64
Business tax and surcharge	198,000.00	--
Sales expenses	279,848.00	--
Administrative expenses	4,879,036.88	3,727,090.00
Financial expenses	344,699.66	-300.80
Asset impairment losses	--	--
Add: gains from changes of fair value(Loss is listed with "-")	--	--
Investment gain(Loss is listed with "-")	--	--
Including: Investment gains on affiliated Company and joint venture	--	--
III. Operating profits (Loss is listed with "-")	-2,101,584.54	-3,723,271.91
Add: Non-operating income	34,647,779.07	13,990.00
Less: Non-operating expenditure	4,224,000.00	5,000.00
Including: Disposal loss on non-current liability	--	--
III. Total profit (Loss is listed with "-")	28,322,194.53	-3,714,281.91

Less: Income tax expenses	--	--
IV. Net profit (net loss is listed with “-”)	28,322,194.53	-3,714,281.91
V. Earnings per share(EPS):	--	--
(i) Basic Earnings per share(EPS)	--	--
(ii) Diluted Earnings per share(EPS)	--	--
VI. Other consolidated income	--	--
VII. Total consolidated income	28,322,194.53	-3,714,281.91

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

5. Consolidated Cash Flow Statement

Prepared by: Chengde Nanjiang Co., Ltd.

In RMB

Items	Current Amount	Amount of the Previous Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	301,623,200.23	19,460,726.98
Net increase of customer deposit and interbank deposit	--	--
Net increase of loan from central bank	--	--
Net increase of capital borrowed from other financial institution	--	--
Cash received from original insurance contract fee	--	--
Net cash received from reinsurance business	--	--
Net increase of insured savings and investment	--	--
Net increase of disposal of transaction financial asset	--	--
Cash received from interest, commission charge and commission	--	--
Net increase of capital borrowed	--	--
Net increase of returned business	--	--

capital		
Write-back of tax received	151,568.94	--
Other cash received concerning operating activities	52,632,278.66	34,121,294.98
Subtotal of cash inflow arising from operating activities	354,407,047.83	53,582,021.96
Cash paid for purchasing commodities and receiving labor service	363,427,051.94	171,080,376.89
Net increase of customer loans and advances	--	--
Net increase of deposits in central bank and interbank	--	--
Cash paid for original insurance contract compensation	--	--
Cash paid for interest, commission charge and commission	--	--
Cash paid for bonus of guarantee slip	--	--
Cash paid to/for staff and workers	3,669,467.29	1,935,408.16
Taxes paid	14,510,446.47	11,507,173.62
Other cash paid concerning operating activities	12,639,311.34	31,633,642.01
Subtotal of cash outflow arising from operating activities	394,246,277.04	216,156,600.68
Net cash flows arising from operating activities	-39,839,229.21	-162,574,578.72
II. Cash flows arising from investing activities:		
Cash received from recovering investment		9,000,000.00
Cash received from investment income	171,000.00	77,868.49
Net cash received from disposal of fixed, intangible and other long-term assets	30,125,895.00	131,328,521.00
Net cash received from disposal of subsidiaries and other units	--	--

Other cash received concerning investing activities		57,483,537.07
Subtotal of cash inflow from investing activities	30,296,895.00	197,889,926.56
Cash paid for purchasing fixed, intangible and other long-term assets	1,650,407.98	2,513,250.50
Cash paid for investment	--	--
Net increase of mortgaged loans	--	--
Net cash paid for obtaining subsidiaries and other units	--	--
Other cash paid concerning investing activities	--	--
Subtotal of cash outflow from investing activities	1,650,407.98	2,513,250.50
Net cash flows arising from investing activities	28,646,487.02	195,376,676.06
III. Cash flows arising from financing activities		
Cash received from absorbing investment	--	5,000,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	--	--
Cash received from loans	--	--
Cash received from issuing bonds	--	--
Other cash received concerning financing activities	2,600,000.00	--
Subtotal of cash inflow from financing activities	2,600,000.00	5,000,000.00
Cash paid for settling debts	--	35,300,000.00
Cash paid for dividend and profit distributing or interest paying	--	--
Including: Dividend and profit of minority shareholder paid by subsidiaries	--	--
Other cash paid concerning financing activities	51,500.00	
Subtotal of cash outflow from financing	51,500.00	35,300,000.00

activities		
Net cash flows arising from financing activities	2,548,500.00	-30,300,000.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	--	--
V. Net increase of cash and cash equivalents	-8,644,242.19	2,502,097.34
Add: Balance of cash and cash equivalents at the period -begin	77,981,488.06	81,546,046.87
VI. Balance of cash and cash equivalents at the period -end	69,337,245.87	84,048,144.21

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

6. Cash Flow Statement of parent company

Prepared by: Chengde Nanjiang Co., Ltd.

In RMB

Item	Current Amount	Amount of the Previous Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	102,230,505.54	--
Write-back of tax received	--	--
Other cash received concerning operating activities	20,287,177.62	44,065,925.29
Subtotal of cash inflow arising from operating activities	122,517,683.16	44,065,925.29
Cash paid for purchasing commodities and receiving labor service	89,171,684.36	153,850,000.00
Cash paid to/for staff and workers	2,375,405.09	590,449.08
Taxes paid	5,804,152.68	3,823,299.85
Other cash paid concerning operating activities	61,627,291.75	2,943,238.52
Subtotal of cash outflow arising from operating activities	158,978,533.88	161,206,987.45
Net cash flows arising from operating	-36,460,850.72	-117,141,062.16

activities		
II. Cash flows arising from investing activities:		
Cash received from recovering investment	--	--
Cash received from investment income	--	--
Net cash received from disposal of fixed, intangible and other long-term assets	30,000,000.00	--
Net cash received from disposal of subsidiaries and other units	--	--
Other cash received concerning investing activities	--	--
Subtotal of cash inflow from investing activities	30,000,000.00	--
Cash paid for purchasing fixed, intangible and other long-term assets	47,091.00	737,062.00
Cash paid for investment	5,000,166.64	49,170,370.00
Net cash paid for obtaining subsidiaries and other units	--	--
Other cash paid concerning investing activities	--	--
Subtotal of cash outflow from investing activities	5,047,257.64	49,907,432.00
Net cash flows arising from investing activities	24,952,742.36	-49,907,432.00
III. Cash flows arising from financing activities		
Cash received from absorbing investment	--	--
Cash received from loans	43,700,000.00	167,348,870.00
Cash received from issuing bonds	--	--
Other cash received concerning financing activities	--	--
Subtotal of cash inflow from financing activities	43,700,000.00	167,348,870.00
Cash paid for settling debts	10,200,000.00	--

Cash paid for dividend and profit distributing or interest paying	--	--
Other cash paid concerning financing activities	35,000.00	--
Subtotal of cash outflow from financing activities	10,235,000.00	--
Net cash flows arising from financing activities	33,465,000.00	167,348,870.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	--	--
V. Net increase of cash and cash equivalents	21,956,891.64	300,375.84
Add: Balance of cash and cash equivalents at the period -begin	5,681,141.82	777,456.70
VI. Balance of cash and cash equivalents at the period -end	27,638,033.46	1,077,832.54

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

7. Consolidated Statement on Changes of Owners' Equity

Prepared by: Chengde Nanjiang Co., Ltd.

Current Amount

In RMB

Item	Current Amount									Interest of minority shareholders	Total owners' equity
	Owners' equity attributable to the parent company										
	Paid-in capital(s hare capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Other			
I. Balance at the end of last year	706,320,000.00	456,470,250.78	--	--	76,791,550.17	--	-1,029,880,318.18	--	27,302,795.85	237,004,278.62	
Add: Changes of accounting policy	--	--	--	--	--	--	--	--	--	--	
Error correction of previous period	--	--	--	--	--	--	--	--	--	--	
Others	--	--	--	--	--	--	--	--	--	--	
II. Balance at the beginning of	706,320	456,470,	--	--	76,791,	--	-1,029,8	--	27,302,79	237,004,27	

this year	,000.00	250.78			550.17		80,318.18		5.85	8.62
III. Increase/ Decrease in this year (Decrease is listed with "-")	--	--	--	--	--	--	19,331,150.10		-2,104,979.35	17,226,170.75
(i) Net profit	--	--	--	--	--	--	19,331,150.10		-2,104,979.35	17,226,170.75
(ii) Other consolidated income	--	--	--	--	--	--	--	--	--	--
Subtotal of (i)and (ii)	--	--	--	--	--	--	19,331,150.10		-2,104,979.35	17,226,170.75
(III) Owners' devoted and decreased capital	--	--	--	--	--	--	--	--	--	--
1. Owners' devoted capital	--	--	--	--	--	--	--	--	--	--
2. Amount calculated into owners' equity paid in shares	--	--	--	--	--	--	--	--	--	--
3. Others	--	--	--	--	--	--	--	--	--	--
(IV)Profit distribution	--	--	--	--	--	--	--	--	--	--
1. Withdrawal of surplus reserves	--	--	--	--	--	--	--	--	--	--
2. Withdrawal of general risk provisions	--	--	--	--	--	--	--	--	--	--
3. Distribution for owners (shareholders)	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(V) Carrying forward internal owners' equity	--	--	--	--	--	--	--	--	--	--
1. Capital reserves converted to capital (share capital)	--	--	--	--	--	--	--	--	--	--
2. Surplus reserves converted to capital (share capital)	--	--	--	--	--	--	--	--	--	--
3. Remedying loss with surplus reserve	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(VI) Special reserve	--	--	--	--	--	--	--	--	--	--
1. Withdrawal in this period	--	--	--	--	--	--	--	--	--	--
2. Usage in this period	--	--	--	--	--	--	--	--	--	--
(VII) Other	--	--	--	--	--	--	--	--	--	--

IV. Balance at the end of the report period	706,320,000.00	456,470,250.78	--	--	76,791,550.17	--	-1,010,549,168.08		25,197,816.50	254,230,449.37
---------------------------------------------	----------------	----------------	----	----	---------------	----	-------------------	--	---------------	----------------

Amount in last year

In RMB

Items	Amount in last year									
	Owners' equity attributable to the parent company								Interest of minority shareholders	Total owners' equity
	Paid-in capital(s hare capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Other		
I. Balance at the end of last year	706,320,000.00	456,470,250.78	--	--	76,791,550.17	--	-1,124,687,129.34	--	--	114,894,671.61
Add: retroactive adjustment arising from enterprise consolidation under the same control	--	--	--	--	--	--	--	--	--	--
Add: Changes of accounting policy	--	--	--	--	--	--	--	--	--	--
Error correction of previous period	--	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--	--
II. Balance at the beginning of this year	706,320,000.00	456,470,250.78	--	--	76,791,550.17	--	-1,124,687,129.34	--	--	114,894,671.61
III. Increase/ Decrease in this year (Decrease is listed with "-"")	--	--	--	--	--	--	94,806,811.16	--	27,302,795.85	122,109,607.01
(i) Net profit	--	--	--	--	--	--	94,806,811.16	--	5,128,045.96	99,934,857.12
(II) Other consolidated income	--	--	--	--	--	--	--	--	--	--
Subtotal of (i)and (ii)	--	--	--	--	--	--	94,806,811.16	--	5,128,045.96	99,934,857.12
(III) Owners' devoted and decreased capital	--	--	--	--	--	--	--	--	22,174,749.89	22,174,749.89
1. Owners' devoted capital	--	--	--	--	--	--	--	--	5,000,000.00	5,000,000.00
2. Amount calculated into owners' equity paid in shares	--	--	--	--	--	--	--	--	--	--

3. Others	--	--	--	--	--	--	--	--	17,174,749.89	17,174,749.89
(IV) Profit distribution	--	--	--	--	--	--	--	--	--	--
1. Withdrawal of surplus reserves	--	--	--	--	--	--	--	--	--	--
2. Withdrawal of general risk provisions	--	--	--	--	--	--	--	--	--	--
3. Distribution for owners (shareholders)	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(V) Carrying forward internal owners' equity	--	--	--	--	--	--	--	--	--	--
1. Capital reserves converted to capital (share capital)	--	--	--	--	--	--	--	--	--	--
2. Surplus reserves converted to capital (share capital)	--	--	--	--	--	--	--	--	--	--
3. Remedying loss with surplus reserve	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(VI) Special reserve	--	--	--	--	--	--	--	--	--	--
1. Withdrawal in this period	--	--	--	--	--	--	--	--	--	--
2. Usage in this period	--	--	--	--	--	--	--	--	--	--
(VII) Other	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the report period	706,320,000.00	456,470,250.78	--	--	76,791,550.17	--	-1,029,880,318.18	--	27,302,795.85	237,004,278.62

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

8. Statement on Changes of Owners' Equity of Parent Company

Prepared by: Chengde Nanjiang Co., Ltd.

Current Amount

In RMB

Items	Current Amount							
	Paid-in capital (share capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Total owners' equity
I. Balance at the end of last year	706,320,000	449,365,880	--	--	76,791,550	--	-1,210,114	22,363,374

	0.00	6.69			.17		062.41	.45
Add: Changes of accounting policy	--	--	--	--	--	--	--	--
Error correction of previous period	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--
II. Balance at the beginning of this year	706,320,00 0.00	449,365,88 6.69	--	--	76,791,550 .17	--	-1,210,114, 062.41	22,363,374 .45
III. Increase/ Decrease in this year (Decrease is listed with "-"")	--	--	--	--	--	--	28,322,194 .53	28,322,194 .53
(i) Net profit	--	--	--	--	--	--	28,322,194 .53	28,322,194 .53
(II) Other consolidated income	--	--	--	--	--	--	--	--
Subtotal of (i)and (ii)	--	--	--	--	--	--	28,322,194 .53	28,322,194 .53
(III) Owners' devoted and decreased capital	--	--	--	--	--	--	--	--
1. Owners' devoted capital	--	--	--	--	--	--	--	--
2. Amount calculated into owners' equity paid in shares	--	--	--	--	--	--	--	--
3. Others	--	--	--	--	--	--	--	--
(IV)Profit distribution	--	--	--	--	--	--	--	--
1. Withdrawal of surplus reserves	--	--	--	--	--	--	--	--
2. Withdrawal of general risk provisions	--	--	--	--	--	--	--	--
3. Distribution for owners (shareholders)	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--
(V) Carrying forward internal owners' equity	--	--	--	--	--	--	--	--
1. Capital reserves converted to capital (share capital)	--	--	--	--	--	--	--	--
2. Surplus reserves converted to capital (share capital)	--	--	--	--	--	--	--	--
3. Remedying loss with surplus reserve	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--

(VI) Special reserve	--	--	--	--	--	--	--	--
1. Withdrawal in this period	--	--	--	--	--	--	--	--
2. Usage in this period	--	--	--	--	--	--	--	--
(VII) Other	--	--	--	--	--	--	--	--
IV. Balance at the end of the report period	706,320,00 0.00	449,365,88 6.69	--	--	76,791,550 .17	--	-1,181,791, 867.88	50,685,568 .98

Amount in last year

In RMB

Item	Amount in last year							
	Paid-in capital(share capital)	Capital surplus	Less: treasury stock	Special reserve	Surplus reserve	Reserve for general risks	Retained profit	Total owners' equity
I. Balance at the end of last year	706,320,00 0.00	449,365,88 6.69	--	--	76,791,550 .17	--	-1,210,998, 899.43	21,478,537 .43
Add: Changes of accounting policy	--	--	--	--	--	--	--	--
Error correction of previous period	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--
II. Balance at the beginning of this year	706,320,00 0.00	449,365,88 6.69	--	--	76,791,550 .17	--	-1,210,998, 899.43	21,478,537 .43
III. Increase/ Decrease in this year (Decrease is listed with "-")	--	--	--	--	--	--	884,837.02	884,837.02
(i) Net profit	--	--	--	--	--	--	884,837.02	884,837.02
(II) Other consolidated income	--	--	--	--	--	--	--	--
Subtotal of (i) and (ii)	--	--	--	--	--	--	884,837.02	884,837.02
(III) Owners' devoted and decreased capital	--	--	--	--	--	--	--	--
1. Owners' devoted capital	--	--	--	--	--	--	--	--
2. Amount calculated into owners' equity paid in shares	--	--	--	--	--	--	--	--
3. Others	--	--	--	--	--	--	--	--
(IV) Profit distribution	--	--	--	--	--	--	--	--
1. Withdrawal of surplus reserves	--	--	--	--	--	--	--	--
2. Withdrawal of general risk provisions	--	--	--	--	--	--	--	--
3. Distribution for owners	--	--	--	--	--	--	--	--

(shareholders)								
4. Others	--	--	--	--	--	--	--	--
(V) Carrying forward internal owners' equity	--	--	--	--	--	--	--	--
1. Capital reserves converted to capital (share capital)	--	--	--	--	--	--	--	--
2. Surplus reserves converted to capital (share capital)	--	--	--	--	--	--	--	--
3. Remedying loss with surplus reserve	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--
(VI) Special reserve	--	--	--	--	--	--	--	--
1. Withdrawal in this period	--	--	--	--	--	--	--	--
2. Usage in this period	--	--	--	--	--	--	--	--
(VII) Other	--	--	--	--	--	--	--	--
IV. Balance at the end of the report period	706,320,000.00	449,365,886.69	--	--	76,791,550.17	--	-1,210,114,062.41	22,363,374.45

Legal Representative: Li Weimin

Person in Charge of Accounting: Zhao Yongsheng

Person in Charge of Accounting Department: Liu Fengguo

III. Company profile

(I) Historical development of the Company

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

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

According to the resolution of the shareholder's general meeting on March 12, 2002, the Company allotted 43,000,000 bonus shares to all of the shareholders according to the proportion of 2 free shares for every 10 shares, and meanwhile increased 107500000 shares to all of the shareholding by transferring from capital reserve according to 5 shares free for every 10 shares. The registered capital of the company was changed to RMB 365,500,000 after it allotted bonus shares and increased by transferring.

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

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

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

According to the resolution of the shareholder's general meeting on June 8, 2006, the Company allotted 117,720,000 bonus shares to all of the shareholders according to the proportion of 2 free shares for every 10 shares,

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

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

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

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

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

(II) Nature of business

Nanjiang engaged in the operation and development of real estate, subsidiary of the Company engaged in real estate industry, international trading and agricultural farming industry

(III) Business scope

R&D and sales of new energy, and new material products as well as technology promotion and technical service; scientific research of modern eco-agriculture and technology promotion service, wholesales of eco-agriculture products; import and export trade of goods and technology; development and construction as well as sales and operation of general residential and supporting commercial facilities for the two lands of Nanjiang ·Huijing Tiandi (2013-12 and 2013-13); property management.

(IV) Main products and labor service

Sales of the real estate development products, trading of plastic raw materials and product sales of animal and plant breeding

(V) Basic framework of the Company

The high authority of the Company is shareholders' general meeting, implemented the general-manager responsibility system under the leadership of the Board. Set up the functional department of security, administrative, H&R, financial, auditing, and sales, business department and research center etc. according to the requirement of business development.

IV. Main Accounting policy, estimate and previous errors

1. Basis Preparation of the Financial Statements

The financial statements of the Company is prepared based on the going-concern in accordance with the actually occurred transactions and events and the "Accounting Standards for Business Enterprises – Basic Standards" and 38 specific accounting standards promulgated by the ministry of finance on 15th, Feb., 2006, the subsequently promulgated application guide and interpretation of the accounting standards for business enterprises and other relevant provisions (hereinafter collectively referred to as "ASBE"), and China Securities Regulatory Commission

“information disclosure regulations No.15 for the companies publicly issuing securities - general provisions of financial reports” (2010 Revision)

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

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

3. Fiscal period

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

4. Book-keeping currency

The Company adopts RMB (CNY) as the currency when preparing this financial statement.

5. Accounting treatment for business merge under the common/different control

(1) Business merger under the common control

(1) Individual financial statements

For the merger of enterprises under the same control, with payment of cash, transfer of non-cash assets or bearing debt and issuance of equity securities as the consideration of the merger, the initial cost of the long-term equity investment shall be recognized at the share of the book value of the owner's equity of the merged enterprise. The difference between the initial cost of the long-term equity investment and the payment of merger consideration shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

All directly relevant expenses incurred to the Company for the merger of enterprises, including auditing fees and assessment fees and legal fees, shall be included in the current profit and loss at occurrence. In case that there is consolidated financial statement of the party consolidated, the initial investment cost of long term equity investment shall be determined based on the owners' equity in the consolidated financial statement of such party as at the merger date.

(2) Consolidated financial statement

The assets and liability obtained by merging party in business merge should be measured by the book value of the merged party at date of business merger. In case of different accounting policy adopted by the parties in business merger, the Company shall adjusted on consolidation date in line with the accounting policy of the Company, and recognized on that basis according to the Accounting Standards for Business Enterprises (ASBE).

(2) Business merger under the different control

As for the business merger under the different control, the merger costs refers to the assets paid by the acquirer for obtaining the control rights of the acquiree on the acquisition date, the liabilities incurred or assumed, and the fair value of the issued equity securities. If there is agreement on such future events that may affect consolidated cost

in the consolidation contract and if it is estimated that such event may happen on acquisition date, the affected consolidated costs which could be measured reliably shall be recorded in consolidated cost.

As for the Company, the intermediary fees such as auditing, legal services and consulting services costs and other administrative costs incurred by the business merger are charged to the current profit and loss; The transaction costs of the equity securities or debt securities issued as the combination consideration by the Company are reckoned in the initially recognized amount of the equity securities or debt securities.

The balance of which the merger costs are more than the net identifiable assets' fair value share of the acquiree obtained in the merger is recognized as goodwill. For those whose merger costs are less than the net identifiable assets' fair value share of the acquiree obtained in the merger, while those whose merger costs are still less than the net identifiable assets' fair value share of the acquiree obtained in the merge after rechecking, reckon its the balance in the current profit and loss.

As for the business merger under different control achieved in stages by multiple exchanges and transactions, relevant accounting treatment shall be made by distinguishing the individual financial statement and consolidated financial statement:

(1) In individual financial statement, the total of book value of equity investment held by the acquiree before acquisition date and the investment cost, which has increased, shall be consider as the initial investment cost for the investment; If the equity of acquiree party held before acquisition date related to other consolidated income(such as the parts reckoned into capital reserves from the variation of fair value of financial assets available for sales, the same below), the other consolidated income shall transfer to current investment income while disposed the investment.

(2) In consolidated financial statement, re-measured the fair value of the equity on acquisition dated for those equity of acquiree party held before acquisition date, the difference of the fair value and its book value shall reckoned into current investment income; If the equity of acquiree party held before acquisition date related to other consolidated income, other consolidated income related with them shall transfer to investment income of the period while acquisition date occurred.

6. Relevant specific accounting policy for equity disposal on step-by-step basis to lose control

(1) A principle of judgment of "Package Deal"

Make the clauses, conditions and economic impact of all transactions that meet with one or more of the following circumstances in the process of realizing the business combination step by step, and take multiple transactions as a package deal and do the accounting treatment.

(2) Accounting method for “Package Deal”

Dispose the clauses, conditions and economic impact of all transactions to the equity investment of the subsidiaries that meet with one or more of the following circumstances, and take multiple transactions as a package deal and do the accounting treatment: ① These transactions are made simultaneously or in considering the effects of each other; ② Only these overall transactions can reach a complete business results; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ It is uneconomical to see a transaction alone, but economical to consider along with all the others. All transactions disposing the equity investment of the subsidiaries until losing the control right are a package deal, distinguish the individual financial statements from the consolidated financial statements and do the relevant accounting treatment: ① In the individual financial statements, take all transactions as one that disposes the subsidiaries and loses the control right and do the accounting treatment, the company disposes the investments in subsidiaries, and the balance between the disposal costs and the book value corresponding to the disposal of investment should be recognized as the current investment income in the parent company's individual financial statements; ② In the consolidated financial statements, the balance between each disposal cost and the share of the net assets of this subsidiary corresponding to the disposal of investment before losing the control right should be recognized as other consolidated income, and be transferred into the current profit and loss when losing control right.

(3) Accounting method for Non “Package Deal”

The enterprises that lose the control right of the subsidiaries due to the disposal of some equity investment or other reasons, which doesn't belong to a package deal, should do the accounting treatment by distinguishing the individual financial statements and the consolidated financial statements: ① In the individual financial statements, the equity to be disposed should get accounting treatment in accordance with the provisions of "Accounting Standards For Business Enterprises No. 2 - long-term equity investment"; at the same time, the residual equity should be recognized as the long-term equity investment or other related financial assets according to the book value. The residual equity that can carry out a joint control or have a significant impact on the existing subsidiaries after the disposal should get the accounting treatment according to the related regulations of transferring the cost method to the equity method. ② In the consolidated financial statements, the residual equity should be re-measured in accordance with its fair value on the date of losing the control right. The balance by subtracting the sum of the consideration achieved by disposing the stock rights and the fair value of the residual equity from the share of the net assets of the original subsidiary being calculated according to the original shareholding ratio since the purchase date should be reckoned in the current investment income at the period of losing the control right. The other consolidated income related to the equity investment of the original subsidiary should be transferred into the current investment income when losing the control right. The enterprise should disclose the fair value of the residual equity on the date losing the control right after disposal in the annotations, and re-measure the generated gains or the lost amount according to the fair value.

7. Preparing method of consolidated financial statements

(1) Preparing method of consolidated financial statements

When preparing the consolidated financial statements, for the accounting policies adopted by the subsidiaries and the Company being inconsistent during the accounting time period, adjust in accordance with the accounting policies of the Company and the financial statements of the subsidiaries during the accounting time period.

The consolidated financial statements are prepared by the Company based on the individual financial statement of the Company and subsidiaries by reference to other related information after adjustment to the long term equity investments of the subsidiaries at equity method.

The influence on consolidated balance sheet, consolidated profit statement, consolidated cash flow statement and consolidated changes of owners' equity from inner transactions shall be neutralized between the Company and its subsidiaries and between the subsidiaries while prepared the consolidated financial statement.

Reduce the minority interest for those that the subsidiaries' losses shared by the minority shareholders exceed the shares that the minority shareholders gained from the owner's equity at the beginning period of this subsidiary.

In reporting period, for the subsidiaries increased by the business merger under the common control, opening amount of the consolidated balance sheet shall be adjusted; the revenue, expenses and profit of the subsidiary from the beginning period of the merger to end of the Period shall included in the consolidated profit statement; and the cash flow statement of the subsidiary from the beginning period of the merger to end of the Period shall included in consolidated cash flow statement.

In reporting period, for the subsidiaries increased by the business merger under the different control, don't adjust the opening amount of the consolidated balance sheet; the revenue, expenses and profit of the subsidiary from the purchase date to end of the Period shall included in the consolidated profit statement; and the cash flow statement of the subsidiary from the purchase date to end of the Period shall included in consolidated cash flow statement.

In reporting period, as for the disposed subsidiaries, the revenue, expenses and profit of the subsidiary from the beginning of the Period to disposal date shall included in the consolidated profit statement; and the cash flow statement of the subsidiary from the beginning of the Period to disposal date shall included in consolidated cash flow statement.

When losing the control rights of the original subsidiaries because of disposing some equity investment or other reasons, in consolidated financial statement, re-measure the residual equity in accordance with its fair value on the date of losing the control rights. Use the sum of the consideration obtained by disposing the stock rights and the fair value of the residual equity to minus the balance among the net assets' shares of the original sub companies continuously calculated since the acquisition date in accordance with the original shareholding ratio, and then reckon in the current investment income when losing the control rights. Transfer the other consolidated incomes related to the equity investment of the original subsidiaries to the current investment income when losing the control rights.

(2) Disclosure of related accounting method for buy-and-resell or sell-and-repurchase of equities in the same subsidiary within two successive accounting years

8. Determination criteria of cash and cash equivalent

When prepared the cash flow statement, the stock cash and deposits available for payment at any time of the Company are recognized as cash. The investment with the follow characters obtained at the same time is recognized as cash equivalent: short term (expire within 3 months commencing from purchase day), active liquidity, easy to convert to already-known cash, and small value change risks.

9. Foreign currency business and foreign currency statement translation

(1) Foreign currency business

The foreign currency business shall be translated to the RMB amount at the spot exchange rate on the transaction date.

For the foreign currency monetary items translated at the spot exchange rate, all differences are included in the current gains/losses except for the differences arising from foreign currency borrowings related to the acquisition or construction of fixed assets which are qualified for capitalization. The foreign currency non-monetary items measured at historical cost shall still be measured by the functional currency translated at the spot exchange rate on the date of the transaction without its book-keeping currency changed. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value, the translation differences occurred will included in the current gains/losses or capital reserves.

(2) Foreign currency statement translation

The assets and liabilities items in the balance sheet are translated at the spot rate of the balance sheet date; as for owners' equity items, items are translated at the spot rate of the occurrence date other than the item of "retained profit". In profit statement, revenue and expense items are translated at the spot rate of the transaction occurrence date. The balance arising from the translation of foreign currency financial statements on above-mentioned, such balance are separately listed in the owners' equity in balance sheet.

When disposal of any overseas business, the balance arising from the translation of foreign currency financial statements, which related to the overseas business, listed under the owners' equity in balance sheet shall transfer to disposal of current gains/losses from item of owners' equity; while part of the overseas business disposed, the balance arising from the translation of foreign currency financial statements shall transfer to disposal of current gains/losses by disposal proportion.

10. Financial instruments

Financial instruments including financial assets, financial liability and equity instrument

(1) Classification of financial instruments

In terms of purposes of obtained and holding the financial assets and financial liability undertake, the Company divides them into financial assets and financial liability, measured by fair value and with variation of fair value reckoned into current gains/losses, which including transactional financial assets or financial liability (and financial assets and financial liability, measured by fair value and with variation of fair value reckoned into

current gains/losses appointed directly); held-to-maturity investment, account receivables, financial assets available for sales and other financial liability etc.

(2) Recognition basis and measurement method for financial instruments

(1) Financial assets (financial liability) measured by fair value and with variation of fair value reckoned into current gains/losses

Amount is initially measured by the fair value while obtained (deducted cash dividend which has announced without paid or bond interest expired without received), relevant transaction expenses reckoned into current gains/losses.

The interest or cash dividend obtained in period of holding are recognized as investment income, the changes of fair value shall included in current gains/losses at end of the period.

In case of disposal, the difference between the fair value and initial book-keeping amount shall recognize as investment income, and gains/losses from change of the fair value shall be adjusted at the same time.

(2) Held-to-maturity investment

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

Interest income in period of holding shall be calculated base on amortized cost and real interest rates, and included in investment income. The real interest rates are recognized while obtained and remain the same in expected duration or in an applicable shorter period.

In case of disposal, the difference between the amount while obtained and book value of the investment shall reckon into investment income.

(3) Account receivable

Account receivables represent the creditor's right receivables formed from sales of goods and provision of labor services, and claims of debt instrument of other enterprise held by the Company, excluding the debt instrument that quoted in an active market, including account receivable and other account receivable etc, and are initially measured at the contract or agreement amount receivable from the purchaser; for those which has nature of financing, initially measured at the present value.

When recovered or disposed, the difference between the amount received and the carrying value of the account receivables shall be recorded in current profit and loss.

(4) Financial assets available for sale

Amount is initially measured by the sum of fair value (deducted cash dividend which has announced without paid or bond interest expired without received) while obtained and relevant transaction expenses.

Interest or cash dividend obtained in period of holding shall be recognized as investment income. At end of the period, measured by fair value and the changes of fair value reckoned into capital reserves (other capital reserves).

When disposed, the difference between the amount received and the carrying value of the financial assets shall be recorded in gains/losses of investment; the portion of the accumulative amount of changes in the fair value originally recorded in the owners' equity which corresponds to the portion whose has been disposed, reckoned

into investment gain/loss at the same time.

(5) Other financial liability

Amount is initially measured by the sum of fair value and relevant transaction expenses. The Company subsequently stated at amortized cost.

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

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

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

(3) Recognition and measurement of transfers of financial asset

In case of financial assets transfer, financial assets shall be derecognized if the financial asset, along with substantially all the risk and return arising from the ownership of the financial asset, has been transferred to the transferee; if the financial asset, along with substantially all the risk and return arising from the ownership of the financial asset has reserved, the financial assets shall not be derecognized.

In judging whether the financial assets transfer satisfy the abovementioned derecognized condition, principle of substance over form shall prevail. The Company distinguishes the transfer of financial assets as transfer totally or transfers partially. If the transfer of financial asset totally occurred meets de-recognized condition, the balance between the followed two amounts shall reckoned into current gains/losses:

- (1) Carrying value of the financial assets transferred;
- (2) Sum of the consideration, obtained due to transfer, and the accumulative amount of changes in fair value originally recorded in the owners' equity (applicable to the financial assets available for sale involved in the transfer of financial assets).

If the transfer of financial asset partially occurred meets de-recognized condition, the carrying value of all transfer of financial assets shall be amortized separately based on relatively fair value between the parts which has been de-recognized and those parts which has not been de-recognized, the balance between the followed two amount shall reckoned into current gains/losses:

- (1) Carrying value of the parts de-recognized;
- (2) Sum of the consideration from the de-recognized parts, and the accumulative amount of changes in fair value

originally recorded in the owners' equity which corresponds to the portion whose has been de-recognized (applicable to the financial assets available for sale involved in the transfer of financial assets).

Transfer of financial assets meets no de-recognizes condition, the financial assets shall continue to confirm, the consideration obtained shall recognized as financial liability.

(4) Recognition condition for termination of financial liability

When the prevailing obligations of a financial liability are relieved in all or in part, the recognition of the financial liability shall be terminated in all or partly; Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognized the new financial liability.

Where an enterprise makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminated the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liability it has assumed) shall included into the profits and losses of the current period.

Where the Company buys back part of its financial liabilities, it shall distribute, on the repo day, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed shall be recorded into the profits and losses of the current period.

(5) Recognition method for fair value of financial assets and financial liabilities

In case of an active market, fair value of the financial assets or financial liabilities are recognized by the quotation in active market; in case of absence of an active market, the Company recognizes fair value by reference to valuation technology (including reference to the price adopted by parties who are willing to make business and knowing conditions quite well in their latest transactions, reference to prevailing fair values of other financial instruments with similar essence, discount cash flow method and option pricing pattern etc.); as for the financial assets initially obtained or produced at source at the financial liabilities assumed, the fair value thereof shall be determined on the basis of the transaction price of the market.

(6) Impairment test method and impairment provision method for financial assets (not including account receivables)

On balance sheet date, the Company conducts inspection on carrying values of financial assets, except for those

measured by fair value and its variation of fair value recorded into current gains/losses. If there is objective evidence indicating that impairment has happened to financial assets, impairment reserve then shall be provided.

The objective evidence of the impairment of financial assets, including but not limited to:

The issuer or debtor has serious financial difficulties;

The issuer or debtor breaches the contract terms, for example, breaks his promise to pay the interests or the principle or exceeds the time limit, etc.

The creditor makes a concession to the debtor having the financial difficulties in considering the economy or law;

The debtor is likely to go into liquidation or make other financial restructuring;

The financial assets cannot enliven the market and continue trading as the issuer has significant financial difficulties;

When it cannot be identified whether the cash flow of an asset in one group of financial assets has been reduced, but found that the future cash flow of this group of financial assets since the initial recognition has already reduced and could be measured after making the comprehensive evaluation according to the open data, for instance, the payment ability of the debtor of this group of financial assets goes down, or the unemployment rate in the country or region where the debtor lives increases, or the price of the guaranty in the debtor's area declines dramatically, or the industry is in the recession, etc.

The technology, market, economy or legal environment of the issuer of the equity instruments have significant adverse changes, which makes the investor of the equity instrument may not be able to take back the investment cost;

The fair value of the investment of equity instruments drops dramatically or non temporarily;

The specific impairment methods of the financial assets are as follows:

(1) Provision for impairment of available-for-sale financial assets:

Evaluate the impairment loss of the available-for-sale financial assets by adopting the individually affirmed way, thereinto, the objective evidences showing the available-for-sale equity instruments have impairment in investment include the fair value of the equity instruments investment depreciates seriously or non-temporally, the specific quantitative criteria include: the Company respectively inspects the investment of each available-for-sale equity instrument on the balance sheet date, if the fair value of the investment of equity instrument on the balance sheet date is lower than its initial investment cost of more than 50% (including 50%) or the duration that the fair value is lower than its initial investment cost exceeds 12 months (including 12 months), then it indicates the impairment occurs.

When the available-for-sale financial assets have impairment, even though the financial assets are not derecognized, the Company will transfer the accumulated losses of the initially reckoned owner's equity that are generated by the depreciation of fair value from the owner's equity, and reckon in the current profit and loss. The transferred accumulated losses are equal to the balance after deducting the recovered principal, amortized amount, current fair value and impairment loss initially reckoned in the profit and loss from the initial acquisition cost of available-for-sale financial assets

For the available-for-sale debt instruments, whose impairment loss has been recognized, if the fair value has gone up and objectively concerned with the matters occurred after recognizing the initial impairment loss in the subsequent accounting periods, the previously recognized impairment loss shall be reversed and reckoned in the

current profit and loss; the impairment loss of the investments of available-for-sale equity instruments shall be reversed through the equity when the price of equity instruments rises; for the investments of equity instruments that have no offer in an active market or its fair value cannot be measured reliably, or the impairment loss that has connection with this equity instrument and must be generated by paying the financial derivative settled by this equity instrument cannot be reversed.

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

If there has objective evidence of impairment on held-to-maturity investment, the impairment losses shall be recognized by the gap between its carrying value and estimated future cash flow; if there has evidence of return for the values, the impairment losses recognized originally can be turned back, and reckoned into current gains/losses, however, the returned carrying value should not exceed the amortized cost of the financial assets on the date of provision reversal if assets impairment provision had not been made.

Judging standards for vary impairment of financial assets available for sale

(7)As for reclassification of un-matured held-to-maturity investments into financial assets available for sale, explain the holding purposes or references for change of ability

11. Recognition standards and accrual method for bad debt provision for accounts receivable

(1) Bad debt provision for accounts receivable with single major amount

Determine basis or amount standards for single significant amount	Amount with one million above
withdrawal method for account with single significant amount and withdrawal single item bad debt provision	Conducts and impairment test independently, accrual bad debt reserve on the difference between the present values of estimated future cash flow, which is lower than its carrying value, than reckoned into current gains/losses. For those account receivable without impairment been found after testing, accrual bade debt reserves included in the corresponding group

(2) Accounts whose bad debts provision was accrued by combination

Combination	Methods on withdrawal of bad debt provision based on combination	Basis for combination recognized
Age combination	Age analysis method	As for the receivable with single amount of over one million Yuan without impairment being found after testing individually, and those minor receivable below one million Yuan, adopts age analysis accrual the bad debt provision

In combination, accounts whose bad debts provision was accrued by age analysis:

Applicable Not-applicable

Account age	Rate for receivables	Rate for other receivables
Within one year (one year	5.00%	5.00%

included)		
1—2 years	20.00%	20.00%
2—3 years	50.00%	50.00%
Over 3 years	100.00%	100.00%

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

Applicable Not-applicable

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

Applicable Not-applicable

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

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

12. Inventories

(1) Classification of inventories

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

(2) Valuing of the delivered inventory

Valuing method: Other

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

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

Making an overall check of the inventory at end of the year, withdrawal the lower one according to the cost or the net realizable value, or adjusted the provision for inventory impairment. Withdrawal the impairment provisions for the single inventory at end of the year.

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

(4) Inventory System

Inventory system: perpetual inventory system

(5) Amortization method for the low-value consumables and wrappage

Low-value consumables

Amortization method: one-off amortization method

Wrappage

Amortization method: one-off amortization method

13. Long-term equity investment

(1) Determination of investment cost

1) Long-term equity investment arising from enterprise combination, more accounting policy found in the accounting treatment for enterprise combined (not) under the same control

2) Long-term equity investment acquired by other methods.

The initial investment cost of a long-term equity investment obtained by making payment in cash shall be accounted for its actual cash paid.

The initial investment cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

The initial investment cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement (deducted the declared but not yet paid cash dividends or profits received) except the unfair value stipulated in the contract or agreement.

The initial investment cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement except the unfair value stipulated in the contract or agreement. Under the conditions that the exchange of non-monetary assets is characterized with business essence, and the fair value of the assets received or surrendered can be accounted in a reliable way, the book value of assets received is defined on basis of the fair value of assets surrendered, except there are conclusive evidences for the stronger reliability of the fair value of assets received. For the exchange of non-monetary assets not meeting the above premises, the book value of assets surrendered and related taxes shall be accounted as cost of assets received and the profits and losses shall not be concluded.

The initial investment cost of long-term equity investment obtained by recombination of liabilities shall be accounted at fair value.

(2) Subsequent measurement and recognition of profit or loss

1) Subsequent measurement

Long-term equity investments of the Company in its subsidiaries are accounted for at cost method and adjusted at equity method when preparing the consolidated financial statements.

Investments on the subsidiary company of an investing enterprise, investees not under common control or significant influence, and long-term equity investments not quoted in an active market and where its fair value cannot be measured reliably shall be accounted by the cost method.

Long-term equity investments under common control or significant influence shall be accounted by the equity method. If the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the investee's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of a long-term equity investment is lower than the investing enterprise's attributable share of the fair value of the investee's identifiable net assets for the investment, the difference shall be included in the profit or loss for the current period

Treatment for other changes in owners' equity other than the net profit or loss of the investee: where any change is made to the owners' equity other than the net profits and losses of the investee, the book value of the long-term equity investment shall be adjusted and be included in the owners' equity, and the capital reserves (other capital reserves) shall be accordingly adjusted, in accordance with the attributable share of the net profits or losses of the investee.

2) Recognition of profit (gains) and losses

For long-term equity investment measured in the cost method, except for the declared but unpaid cash dividends or profits contained in the payment or consideration actually made at the time of investment, the Company shall recognize the cash dividends or profits declared to be paid by an investee as investment yield as an investment income.

Under the equity method, when the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: firstly, the book value of the long-term equity investment shall be reduced; secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of long-term equity which form net investment in the investee in substance and the book value of long-term account receivables shall be reduced; finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, accrual liabilities are recognized and included into current investment loss according to the obligations estimated to undertake.

If the investee achieves profit in subsequent periods, the treatment is in the reversed sequence described above, i.e. after deduct any unrecognized investment losses, reduce book value of estimated liabilities recognized, restore book values of other long-term equity which form net investment in the investee in substance, and of long-term equity investment, and recognize investment income at the same time.

(3)Basis of determining joint control or significant influence

Jointly control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of investee but is not control or joint control over those policies.

(4) Testing and provision method of impairment

Balance sheet date, when the long-term equity investment has the sign of decrease in value due to the continuous depreciation of market price or the deteriorating operation state of the investor, the recoverable amount of the long-term equity investment is determined by choosing the higher one from the net amount that is calculated by

subtracting the disposal cost from the fair value of the single long-term equity investment and the present value of the predicted future cash flow of the long-term equity investment. When the recoverable amount of the long-term equity investment is less than the book value, write down the book value of the assets to the recoverable amount, recognize the write-down amount as the assets impairment loss and reckon in the current profit and loss, and withdraw the corresponding provision for impairment of assets at the same time.

The long-term equity investment that is under the significant impact, has no offer in the active market and has fair value cannot be measure reliably, of which the impairment loss is recognized according to the balance between its book value and the present value which is determined by the market return of the similar financial assets at that time discounting the future cash flow.

For the long-term equity investments having the sign of decrease in value, except for the business reputation formed due to the business combination, if the measurement results of the recoverable amount show that the recoverable amount of this long-term equity investment is less than its book value, the balance can be recognized as the impairment loss.

For the long-term equity investment calculated by adopting the cost method, it should be considered whether it will have a decrease in value after the investees declaring to assign cash dividends or profits and confirm the investment income.

The impairment loss of long-term equity investment cannot be reversed once recognized.

14. Investment real estate

Investment real estate of the company are those held for rental income or capital appreciation, or both, including land use rights already leased out, land use rights held for sale after capital appreciation and buildings already leased out.

Investment real estate of the Company is accounted value by its cost. Cost of purchased-in investment real estate consists of payment for purchase, relevant taxes and other expenditure which is attributable to the assets directly; while cost of self-built investment real estate is formed with all necessary expenditures occurred before construction completion of the assets arriving at the estimated utilization state.

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

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

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

Indication of impairment is assessed, the recoverable amount shall be estimated and the impairment shall be

recognizing while the recoverable amount lower than its book value.

Impairment loss once recognized shall not be reversed.

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

15. Fixed assets

(1) Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one fiscal year. Fixed assets will only be recognized when all the following criteria are satisfied:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (2) The costs of the fixed assets can be measured reliably.

(2) Basis of recognition and method of measurement of fixed assets by financing lease

(3) Method of provision for impairment of fixed assets

The fixed assets are depreciated at straight-line-method, and the depreciation rates are determined as follows based on the results from estimated net residual values (0% - 10% of original values) deduction by original value and estimated service life:

Category	Estimated useful life (Year)	Estimated residual rate	Annual depreciation rate
Houses and buildings	20-28	0-10.00%	3.56-4.5
Machinery equipment	4-5	0-10.00%	18-22.04
Electronic equipment	4.5-5	0-10.00%	18-22.04
Transportation equipment	5-20	0-10.00%	6.33-23.75

(4) Testing and provision methods of impairment of fixed assets

Balance sheet date, the fixed assets are valued according to the lower one of its book value and the recoverable amount. If the recoverable amount of the fixed assets is less than the book value, write down the book value of the assets to the recoverable amount, the write-down amount is recognized as the assets impairment loss and reckoned in the current profit and loss, and withdraws the corresponding provision for impairment of assets at the same time. The impairment loss of the fixed assets cannot be reversed in the subsequent accounting periods once recognized.

(5) Other explanation

16. Construction in progress

(1) Category of construction in progress

Construction in progress is measured on an individual basis.

(2) Criteria and timing for conversion of construction in progress into fixed assets

Construction-in-progress is transferred into fixed assets when it is ready for its intended use based on actual cost. When a construction-in-progress is ready for its intended use but the actual cost is not yet determined, the estimated cost incurred up to the date when the construction-in-progress is ready for its intended use should be transferred into fixed asset and depreciated according to the company's accounting policy. The cost of the fixed asset will be adjusted when the actual cost of the fixed asset is determined; however, no adjustments will be made with regard to the amount depreciated since the construction-in-progress is transferred into fixed asset.

(3) Testing and provision methods of impairment of construction in progress

Balance sheet date, the Company measures the construction in process according to the lower one of its book value and the recoverable amount, withdraws the provision for impairment of construction in process according to the balance between the book value and the recoverable amount of the single assets and reckons in the current profit and loss, and withdraws the corresponding provision for impairment of assets at the same time. The impairment loss of construction in process cannot be reversed in the subsequent accounting periods once recognized.

17. Borrowing costs

(1) Recognition principles of capitalization of borrowing costs

The borrowing costs of the Company which can be directly attributable to the purchase or production of the assets qualifying for capitalization shall be capitalized and recorded in related assets cost; other borrowing expenses are confirmed as expenses upon occurrence according to the occurrence amount and recorded in current profit and loss.

Assets qualifying for capitalization represent those fixed assets, investment property and inventory etc. which require quite a long time of purchase or production activities to reach the conditions for planned use or be ready for sale.

Borrowing costs start to capitalize when the following conditions are met:

- (1) Assets expenditures, which include the expenditures occurred for purchasing or producing assets qualifying for capitalization through payment of cash, transfer of non cash assets or assuming interest debts, have occurred;
- (2) Borrowing costs have occurred;
- (3) Purchase or production activity for reach of the conditions for planned use or ready for sale has occurred.

If abnormal interruption occurs during the purchasing or producing assets qualifying for capitalization and the

interruption lasts over 3 months consecutively, the borrowing expenses shall stop capitalization temporarily.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

If part items are completed and available for use separately when purchasing or producing assets qualifying for capitalization, such part of assets shall stop capitalization in respect of their borrowing expenses.

(2) Capitalization period of borrowing costs

Capitalization period refers to the period from the beginning of capitalization to the cease of capitalization, excluding the period of capitalization suspension of borrowing costs.

(3) Period of capitalization suspend

(4) Calculation method of capitalization amount of borrowing costs

Interest expenses (after deduction of the interest income obtained from the unused borrowing capitals as saved in bank or investment income obtained from temporary investment) and auxiliary expenses of special borrowings are capitalized when the assets qualifying for conditions purchased or produced reach conditions for planned use or be ready for sale.

The interest of general borrowings which should be capitalized is calculated based on the weighted average number of the capital expenditure that the accumulative assets expenditure exceeding special borrowings multiplies the capitalization rate taken in general borrowings. Capitalization rate is calculated based on the weighted average interest rate of general borrowings.

For discount or premium of borrowings, the Company determines the discount or premium amount that shall be amortized in each accounting period under effective interest method and adjusts the interest amount for each period.

18. Biological assets

The biological assets of the Company refer to consumptive biological assets and productive biological assets. The consumptive biological assets including young and livestock etc., productive biological assets including eggs etc. Biological assets are recognized upon satisfaction of the following conditions: pup

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

Acquisition and disposal of biological assets: cost of biological assets upon change of use is determined based on the carrying value when use changes; the disposal income arising from disposal, damage or inventory losses of biological assets less the carrying value and related taxes shall be recorded in current profit and loss.

The productive biological assets are initially measured according to the cost. The cost of the outsourcing

productive biological assets includes purchase cost, related taxes and dues, transportation charge, insurance expenses and other expenses directly belonging to the purchase of this asset. The book value of the productive biological assets of the investors is measured by adding the value on the investment contract or the value stipulated by agreement to the payable taxes and dues, but if the contract or agreement appoints the value as unfair, the actual cost is determined by the fair value. The cost of the progenitive productive biological assets is determined according to the necessary expenses occurred before achieving the anticipated production and management purposes, including the feed cost, labor cost and indirect expenses to be shared, etc.

The closing or the management and feeding costs occurred after achieving the predetermined production and management purposes of the productive biological assets of the Company are reckoned in the current profit and loss.

The Company withdraws and depreciates the productive biological assets, and the depreciation adopts the straight-line depreciation method. The Company determines its service life and anticipated net residual value according to the nature and service condition of the productive biological assets and the anticipated implementation way of the related economic interests. At the end of the year, the Company re-checks the service life, anticipated net residual value and depreciation method of the productive biological assets, and adjusts correspondingly if it differs from the original assessment.

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

Category	Estimated useful life (Year)	Estimated residual rate	Annual depreciation rate
Eggs	1	5%	95%

Balance sheet date, the Company measures the productive biological assets in accordance with the lower one of its book value and the recoverable amount, withdraws the provision for impairment of productive biological assets according to the balance between the book value and the recoverable amount of the single assets. The impairment loss of the productive biological assets cannot be reversed in the subsequent accounting periods once recognized.

Gain and disposal of the biological assets: The cost of the biological assets after changing the purposes are recognized according to the book value at the time when changing the purposes; when the biological assets being sold, damaged or having inventory losses, reckon the balance after deducting the book value and related taxes and dues from the disposal consideration in the current profit and loss.

19. Intangible assets

(1) Measurement of intangible assets

(1) The Company initially measures intangible assets at cost on acquisition;

The cost of an externally acquired intangible asset comprises its purchase price, related taxes and surcharges and any other directly attributable expenditure of preparing the asset for its intended use. If the deferred payment of purchase price of intangible assets exceeding normal credit terms is substantially of financial nature, the cost of intangible assets should be recognized at the present value of the purchase price.

The intangible assets which the debtor uses to pay back the debt in debt restructuring should be recognized at the

fair value of the intangible assets. The difference between the book value of restructured debts and the fair value of intangible assets used to pay back the debt should be recorded into the current profit and loss;

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in or out can be measured reliably, the intangible assets traded in by the trade of non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes payable should be recognized as the cost of the intangible assets traded in, with gains or losses not recognized.

The intangible assets obtained by the absorption and merger of an enterprise under common control are recognized at the book value of the merged enterprise; the intangible assets obtained by the absorption and merger of an enterprise not under common control are recognized at the fair value.

Costs of intangible assets developed internally and independently include: the costs of materials and labor services used to develop the intangible assets, the registration fee, the amortization of other patents and franchise used in the process of development, the interest of capitalization, and other direct expenses for preparing the intangible assets for their intended use.

(2) Subsequent measurement

The useful life of intangible asset is analyzed on acquisition.

As for intangible assets with limited useful lives, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets should be deemed as those with indefinite useful lives and should not be amortized.

(2) Estimation of useful life of intangible assets with limited useful life

Every end of the year, re-checking the useful life and amortization method for intangible assets with limited useful life

Being checking, the useful life and amortization method shows no difference with the previous estimation

Item	Expected useful life	References for expected useful life
Patent right, trademark right, non-patents and outsourcing software	5 years	Within the terms of contractual rights or other statutory rights
Land Use Right	50 years	Within the terms of contractual rights or other statutory rights

(3) Judgment basis for the intangible assets with indefinite useful lives

Re-checking the useful life of intangible assets with indefinite useful lives at every end of the year

Being checking, there is no intangible assets with indefinite useful lives been found

(4) Provision of impairment reserve for intangible assets

Balance sheet date, the Company measures the intangible assets in accordance with the lower one of its book value and the recoverable amount, withdraws the provision for impairment of intangible assets according to the balance between the book value and the recoverable amount, the corresponding asset impairment loss is reckoned in the current profit and loss. The intangible assets impairment loss cannot be reversed in the subsequent accounting periods once recognized.

(5) Specific criteria for the division of research phase and development phase for internal research and development projects of the Company

Research phase: Scheduled innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development phase: Apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

The expenses occurred during the research stage of internal R&D projects are accounted into profits and losses of the current period.

(6) Calculation of expenditure for internal R&D projects

Expenditure in the research stage of inner research development project should be included in the profit or loss for the current period in which they are occurred.

Expenditure in the development stage should be recognized as intangible assets when all of the following conditions are met:

- (1) It is technically feasible that the intangible assets are completed for the purpose of their uses or sales;
- (2) The Company has an intention to complete the intangible assets for their uses or the sale;
- (3) The way of how the intangible assets generate economic benefits including the ability to prove the products generated by the intangible assets have a market or the intangible assets itself have a market, and the ability to prove its serviceability if the intangible assets will be used internally;
- (4) The Company has sufficient technical and financial resources and other supporting resources to complete the research and development of such intangible assets and is capable of using or selling such intangible assets;
- (5) Expenditure occurred in the development stage of such intangible assets can be accurately calculated;

20. Long-term Deferred Expenses

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

21. Accrual liability

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

(1) Recognition criteria of accrued liability

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

- This obligation is a present obligation of the Company;
- The performance of such obligation is likely to result in outflow of economic benefits from the Company; and
- The amount of the obligation can be measured reliably.

(2) Method of measuring the estimated liabilities

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

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

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

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

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

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

22. Share-based payment and equity instrument**(1) Category of share-based payment**

Share-based payment represents the transaction pursuant to which the Company grants equity instruments or bears the liabilities as determined based on the equity instrument for the purposes of provision of services by its employees and other parties, including two methods namely equity-settled and cash-settled.

(2) Recognition method for fair-value of equity instrument

For equity instruments which are settled at equity for exchange of services provided by employees, it shall be measured based on the fair value of equity instruments granted to employees; for exchange of services provided by others, it shall be measured based on its fair value as of the acquisition date. If the fair value of others' service

can not be measured reliably, it shall be measured based on the fair value of the services as of the acquisition date. Fair value of equity instruments is determined under the following methods:

- (1) If active market exists, determined based on the quotation in the active market;
- (2) If no active market exists, determined under evaluation technology, including taking references to the price used by willing parties for the latest transactions, the prevailing fair value of other financial instruments in substantially same nature, cash flow discount method and option pricing model.

(3) Basis of best estimation for vesting equity instrument

The Company determines the best estimate of exercisable equity instrument based on the subsequent information such as the latest available change of number of exercisable employees.

(4) Relevant accounting treatment for implementation, amendment and termination of shares payment plan

23. Revenue

(1) Criteria of time for good sales recognized

When the Company has transferred significant risks and rewards of ownership of the goods to the buyer; the Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold; the relevant amount of revenue can be measured reliably; it is highly likely that the economic benefits associated with the transaction will flow into the enterprise; and the relevant amount of cost incurred or to be incurred can be measured reliably, revenue from sales of goods shall be recognized.

(2) Recognition basis of revenue from transferring the use right of assets

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

(3) Recognition criteria of revenue from rendering of service

- (1) Amount of the revenue can be measured reliably;
- (2) Relevant economic profit probably flows into the enterprise;
- (3) Progress of completion of the transaction can be measured reliably;
- (4) Cost occurred during transactions and those is about to occurred can be measured reliably

(4) Recognition basis and method of construction progress completion while recognize revenue from labor service providing and from construction contract by percentage of completion method

24. Government grants

(1) Category

Government subsidies are monetary assets and non-monetary assets acquired free of charge by the Company from the government. Government subsidies are classified into government subsidies related to assets and government subsidies related to income.

(2) Accounting treatment

Government subsidies related to acquisition and construction of fixed assets, intangible assets and other long-term assets are recognized as deferred income, and included in non-operating income by stages within the useful life of the assets acquired and constructed;

The government grants related to earnings are recognized as deferred earnings while obtained if they are used for compensating the relevant expenses or losses of the Company in subsequent periods, and are recorded in the profit or loss in the period of recognition of relevant expenses; if they are used to compensate the relevant expenses or losses occurred of the Company, they are directly recorded in the non-operation revenue of the current period while obtained.

25. Deferred income tax assets and deferred income tax liabilities**(1) Recognition basis for the deferred income tax assets**

The deferred income tax assets arising from deductible temporary difference shall be recognized to the amount of taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference.

(2) Recognition basis for the deferred income tax liabilities

The Company shall recognize the accrued taxable temporary differences of the current period and prior periods as a deferred income tax liability. Excluding the temporary difference arising from the transaction by goodwill and through non-business combination which, at the time of transaction, the accounting profits will not be affected, nor will be taxable amount is affected.

26. Operation lease and financing lease**(1) Accounting treatment of operation lease**

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

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

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

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

(2) Accounting treatment of financing lease

(1) Assets leased by financing lease: the Company accounts the leased assets at the lower of the fair value of leased assets and present value of the minimum lease payment on the inception date of the lease, and the minimum lease payment is deemed as the accounting value of long term account payables, and the difference is taken as unrealized financing expenses.

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

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

(3) Accounting treatment of sale and leaseback

27. Changes of main accounting policy and estimate

Whether main accounting policy and estimate of the Company changed in the Period or not

Yes No

No changes in principal accounting policies and estimates in reporting period

(1) Changes of accounting policies

Whether there have changes of major accounting policies in the Period or not

Yes No

(2) Changes in accounting estimates

Whether have changes in accounting estimates in report period

Yes No

28. Error correction of previous accounting

Whether has error correction of previous accounting occurred in this period

Yes No

No error correction of previous been found

(1) Retrospective restatement method

Whether has accounting errors of previous period with retrospective restatement method in reporting period or not

Yes No

(2) Prospective application method

Whether has accounting errors of previous period with prospective application method in reporting period or not

Yes No

29. Other major accounting policy, accounting estimation and preparation method for financial statement**V. Taxes****1. Main tax category and tax rate:**

Tax category	Tax calculation evidence	Tax rate
VAT	Taxable added value	17%
Business tax	Taxable turnover	5%
Urban maintenance and construction tax	Turnover tax payable	5%
Enterprise income tax	Taxable income	25%
Land appreciation tax	Appreciation value or pre-requisitioned	Progressive rates
Property tax	Rental income or original value of the property	12% or 1.2%

Income tax rate for vary branches and plants

2. Tax preference and approvals

Approved by "CXGSSYGZi[2013]No.004", Chengde Nanjiang Ecological Agriculture Co., Ltd. can get the privilege of deducting the income from the agriculture, forestry, animal husbandry and fishery by rule.

3. Other explanation**VI. Business Combination and Consolidated Financial Statements****1. Subsidiaries****(1) Subsidiaries acquired by means of establishment or investment**

In RMB

Full name	Type	Registration place	Nature of business	Registrar capital	Business scope	Actual investment amount at	Other balance of items constitute net investment	Proportion of shares held	Proportion of voting right	Consolidation or not	Minority equity	The sum of money in minority equity which is	The balance after the parent company's owner's equity writing down the excess of the
-----------	------	--------------------	--------------------	-------------------	----------------	-----------------------------	--------------------------------------------------	---------------------------	----------------------------	----------------------	-----------------	----------------------------------------------	--------------------------------------------------------------------------------------

						period -end	ent in subsidi ary actually					used to write down the minority interest	current loss undertaken by minority shareholders of eth subsidiary over the share enjoyed by minority shareholders in the original owners' equity of the subsidiary
Cheng de Nanjia ng Invest ment Co., Ltd.*1	Wholl y-own ed subsidi ary	Cheng de City	Industr ial invest ment	90,000 ,000.0 0	Investment on industry of new energy, new materials, mining and dressing, modern agriculture, real industry and construction engineering; investment management; investment consultation; import-export trading	90,00 0,000. 00	--	100.0 0%	100. 00%	Y	--	--	--
Cheng de Nanjia ng Ecolog ical Agricu lture Co., Ltd.*2	Wholl y-own ed sub-su bsidiar y	Cheng de City	Agricu ltural cultiva tion and crop farmin g	10,000 ,000.0 0	Cultivation and sale of cereals, edible mushrooms, fruits and vegetables and herbs; livestock breeding and sales	10,00 0,000. 00	--	100.0 0%	100. 00%	Y	--	--	--
Cheng de Xingy e Paper	Wholl y-own ed subsidi ary	Cheng de City	Paper- makin g industr y	US\$ 2 50 millio n	Production and sales of the high-end coated paper and serial of kraft board paper	75,00 0,000. 00	--	100.0 0%	100. 00%	Y	--	--	--

making making g Co., Ltd. *3													
Nanjia ng Asia Invest ment Co., Ltd. *4	Wholly own ed subsidi ary	Hon Kon China	Tradin g	US\$ 2 0 millio n	International investment and trading	797,5 38.34	--	100.0 0%	100. 00%	Y	--	--	--
Cheng de Morsh Techn ology Co., Ltd.*5	Holdin g sub-su sidiar y	Cheng de City	R&D of energy	50,000 ,000.0 0	Research and development of grapheme and its application materials, power batteries and battery materials, high performance membrane materials, nano-materials.	50,00 0,000. 00	--	90.00 %	90.0 0%	Y	4,974, 905.67	--	--
Cheng de Huijin g Proper ty Servic e Co., Ltd. *6	Wholly own ed sub-su sidiar y	Cheng de City	Proper ty manag ement service	500,00 0.00	Property management service	500,0 00.00	--	100.0 0%	100. 00%	Y	--	--	--

Other explanation on subsidiary obtained by establishment or investment:

*1. Chengde Nanjiang Investment Co., Ltd (shorted as Nanjiang Investment) was founded by Rongyida on 9th Oct. 2012. Original register capital was RMB 50 million wholly invested by shareholder Rongyida. Since Rongyida transferred 100% equity worth RMB50 million to Nanjiang Company, Nanjiang Company held 100% equity of Nanjiang Investment after the transfer. On 6th Jan. 2013, Nanjiang Company added RMB40 million to Nanjiang Investment thus the register capital reached RMB90 million.

*2. Chengde Nanjiang Ecological Agriculture Co., Ltd (shorted as Ecological Agriculture) was founded by Nanjiang Investment on 24th Oct. 2012 with original capital of RMB5 million which was wholly invested by Nanjiang Investment. On 18th Apr. 2013, Nanjiang Investment added RMB5 million to Ecological Agriculture thus register capital reached RMB10 million .

*3. Chengde Xingye Papermaking making Co., Ltd (shorted as Xingye Papermaking) was founded jointly by Nanjiang Company and (Hong Kong) Zhanxi International Group Co., Ltd (hereinafter referred to as Hong Kong Zhanxi) on 26th Oct. 2001 authorized by the ‘Approval Certificate’ issued by WJMZSAZ[2001] NO. 0065. Ruled by the Response to Joint Operation on Fund-Adding to Chengde Xingye Papermaking making Co., Ltd, which was issued on 28th Oct. 2002 by Ministry of Foreign Trade and Economic Cooperation of the Republic of China (former Commerce Ministry) authorized by WJMZEH[2001]NO. 969, register capital has to be raised to US\$ 250 million from US\$ 100 million; newly added register capital should be paid out within 3 years since operation certificate was changed in accordance with methods both parties ruled according to the contract and article of association. The paid-up capital of Xingye Papermaking was US\$ 100 million. Its register capital didn’t paid out within required period though shareholder had investment involved taking up 40% of the whole register capital, including Nanjiang Company gave US\$75 million with 75% equity and Hong Kong Zhanxi invested US\$ 25 million with 25% equity. In December of 2006, affected by smuggler affair on the largest shareholder Wang Shuxian and other senior directors of Nanjiang Company, Xingye Papermaking suspended all its business, which led sharp loss to business. On 8th Dec. of 2008, Hebei Province Chengde Intermediate People’s Court confirmed liquidation for Xingye Papermaking raised by Chengde Yonghe and Cement Co., Ltd, by the Civil Ruling (2008) CMPZ NO. 13. On 11th of Mar. 2009, Hebei Province Chengde Intermediate People’s Court approved reconciliation request raised by Xingye Papermaking by the Civic Ruling (2008) CMPZ NO. 13-2. On 23rd of Apr 2009, Hebei Province Chengde Intermediate People’s Court confirmed that largest shareholder of Xingye ever stole the name of Hong Kong Zhanxi and set up a false foreign-capital corporation, by the Criminal Ruling (2009) JXEZZ NO. 44. On 10th May of 2009, Hebei Province Chengde Intermediate People’s Court confirmed that Xingye Papermaking had reconciled with its creditor on 8th of May 2009 and ended the reconciliation procedure, by the Civil Ruling (2008) CMPZ NO. 13-3. In Oct of 2012, the Chengde Intermediate People’s Court issued Civil Mediation Agreement (2011) CMCZ NO. 76 which showed that Wang Shuxian reached a reconciliation agreement with Nanjiang Company and that Wang Shuxian coordinated small shareholders of Xingye Papermaking to give up their own equity as well as interests. As return, Nanjiang Company agreed to transfer its 20% equity from Suning Banhe, land of industry-park (34.03 acres), plant (25596.87sqm) and No. 131 land (44.4 acres) to Wang Shuxian. After reconciliation, Nanjiang Company wholly owns Xingye Papermaking .

*4. Nanjiang Asia Investment o., Ltd (shortened as Nanjiang Asia) was founded by Nanjiang Company on 14th Nov. 2013, located in Hong Kong, with register capital of US\$ 20 million, the paid-up was US\$ 797, 583.34.

*5. Chengde Morsh Technology Co., Ltd (shortened as Morsh Technology) was founded jointly by Nanjiang Investment and Ningbo Morsh Technology on 24th Jan. 2013 with register capital of RMB50 million, including Nanjiang Investment invested RMB45 million taking up 90% of the total investment; Ningbo Morsh Technology invested RMB5 million taking up 10%.

*6. Chengde Huijing Property Service Co., Ltd (shortened as Huijing Property) was founded by Nanjiang Investment on 18th Nov. 2013 with register capital of RMB500,000. Shareholder Nanjiang Investment invested RMB500,000 wholly owning it.

(2) Subsidiaries acquired by business combination under the common control

In RMB

Name	Type	Registration place	Business nature	Registered capital	Business scope	Investment amount actual at period-end	Balance of other items materially forming net investment to subsidiary	Holding proportion	Voting right proportion	State	Minority interest	Amount in minority interest used for writing down minority gain and loss	The balance after the parent company’s owner’s equity writing down the excess of the current loss undertaken by minority shareholders of the subsidiary over the share enjoyed by minority
------	------	--------------------	-----------------	--------------------	----------------	----------------------------------------	------------------------------------------------------------------------	--------------------	-------------------------	-------	-------------------	--------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

														shareholders in the original owner's equity of the subsidiary
Chengde Nanjiang Real Estate Development Co., Ltd.*	Wholly-owned subsidiary	Chengde City of Real estate	Development of Real estate	10,000,000.00	Development of Real Estate; import and export business of text ware, apparel manufacturing and clothing; rental service	1.00	--	100.00%	100.00%	Y	--	--	--	--

Other explanation on subsidiary obtained by enterprise combines under the common control

*Chengde Nanjiang Real Estate Development Co., Ltd (previously named Chengde Rongyida Real Estate Development Co., Ltd) was set up on 20th Feb. 2009 with register capital of RMB 10 million, including Wang Fei invested RMB9 million taking up 90% of the total capital. The rest RMB one million was raised by Chen Liping, taking up 10%. On 27th July 2009, Wang Fei and Chen Liping transferred all their shares to the controlling shareholder Chen Rong. At the same time, Chen Rong transferred 100% shares to Nanjiang Holding with RMB1.00. After the transfer, Nanjiang Holding wholly owned the Company. On 14th March 2014, as approved by Chengde County Commercial Bureau, the Company changed its name to Chengde Nanjiang Real Estate Development Co., Ltd.

(2) Subsidiaries acquired by business combination not under the common control

In RMB

Name	Type	Registration place	Business nature	Registered capital	Business scope	Investment amount actual at period-end	Balance of other items materially forming net investment to subsidia	Holding proportion	Voting right proportion	State	Minority interest	Amount in minority interest used for writing down minority gain and loss	The balance after the parent company's owner's equity writing down the excess of the current loss undertaken by minority shareholders of the subsidiary over the
------	------	--------------------	-----------------	--------------------	----------------	----------------------------------------	----------------------------------------------------------------------	--------------------	-------------------------	-------	-------------------	--------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------

							ry						share enjoyed by minority shareholders in the original owner's equity of the subsidiary
Runhua Rural Water (Tianjin) International Trade Co., Ltd. *	Holding subsidiary	Tianjin	International trading	30,000,000.00	International trading of plastic raw materials	9,000,000.00	--	30.00%	53.43%	Yes	20,222,910.83	--	--

Other explanation on subsidiary obtained by enterprise combines not under the same control

*Runhua Rural Water (Tianjin) International Trade Co., Ltd (shortened as Runhua RW) was founded on 28th Aug. 2008 after Tianjin Binhai New District Commercial Administration Bureau registered and approved, with corporation Certificate with registration No. 120192000028688. Original register capital was RMB30 million, including, Runhua RW Industrial Development Company invested RMB 4 million with 13.34% ratio, Yang Shengbao invested RMB one million with ratio of 3.33%, Wang Qianying invested RMB2 million with ratio of 6.67%, Ren Peiwen invested RMB2.01 million with ratio of 6.7%, Zhang Xiaofan invested RMB one million with ratio of 3.33%, Lan Chunhong invested RMB9.03 million with ratio of 30.10%, Zhao Qinghua invested RMB7 million with ratio of 23.33%, Jia Zhenghong invested RMB3 million with ratio of 10.00% and Li Kai invested RMB960,000 with ratio of 3.2%.

On 25th June 2013, in accordance with the signed equity transfer agreement, Lan Chunhong and Zhao Qinghua respectively transferred 6.67% and 23.33% of shares they held from the Company to Nanjiang Holding. After transfer Nanjiang Holding invested RMB9 million taking up 30% of the register capital. After this change, investment ratio of shareholders particularized as: Runhua RW Development invested RMB4 million with ratio of 13.34%, Yang Shengbao invested RMB one million with ratio of 3.33%, Wang Qianying invested RMB2 million with ratio of 6.67%, Ren Peiwen invested RMB2.01 million with ratio of 6.7%, Zhang Xiaofan invested RMB one million with ratio of 3.33%, Lan Chunhong invested RMB7.03 million with ratio of 23.43%, Jia Zhenghong invested RMB3 million with ratio of 10.00%, Li Kai invested RMB960,000 with ratio of 3.2%. Nanjiang holding invested RMB9 million with ratio of 30%.

2. Explanation on changes of consolidation range

Explanation on changes of consolidation range

Applicable Not-applicable

VII. Notes to major items in consolidated financial statements

1. Monetary fund

In RMB

Item	Closing amount			Opening amount		
	Amount in foreign currency	Converting rate	Amount in RMB	Amount in foreign currency	Converting rate	Amount in RMB
Cash:	--	--	234,434.02	--	--	19,146.58
RMB	--	--	234,434.02	--	--	19,146.58
Bank savings:	--	--	69,102,811.85	--	--	77,962,341.48
RMB	--	--	62,514,882.90	--	--	75,093,993.26
USD	1,070,720.48	6.1528	6,587,928.95	470,460.11	6.0969	2,868,348.22
Other monetary fund:	--	--	8,896,903.16	--	--	11,445,403.16
RMB	--	--	8,896,903.16	--	--	11,445,403.16
Total	--	--	78,234,149.03	--	--	89,426,891.22

Separate explanation is required for accounts with restricted application purposes, deposited overseas and of potential recovery risks arising from pledge, mortgage or frozen:

Item	Closing amount	Opening amount
Margin for housing mortgage	1,096,903.16	1,045,403.16
Margin for note payable	7,800,000.00	10,400,000.00
Total	8,896,903.16	11,445,403.16

The margin unable to use at any time are excluded in the cash flow statement while prepared by the Company

2. Account receivables

(1) Classified by categories

In RMB

Categories	Closing amount				Opening amount			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Account receivable of bad debt provision withdrawal by combination								
Age group	3,854,492.6	100.00%	6,167.40	100.00%	123,348.0	100.00%	6,167.40	100.00%

	0				0			
Subtotal of group	3,854,492.60	100.00%	6,167.40	100.00%	123,348.00	100.00%	6,167.40	100.00%
Total	3,854,492.60	--	6,167.40	--	123,348.00	--	6,167.40	--

Explanation for category of account receivables:

Account receivable with single significant amount and withdrawal bad debt provision separately at period-end

Applicable Not-applicable

Account receivable provided for bad debt reserve under aging analysis method in the groups:

Applicable Not-applicable

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion		Amount	Proportion	
within 1 year						
Including:	--	--	--	--	--	--
Subtotal of within 1 year	3,854,492.60	100.00%	6,167.40	123,348.00	100.00%	6,167.40
Total	3,854,492.60	--	6,167.40	123,348.00	--	6,167.40

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

Applicable Not-applicable

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

Applicable Not-applicable

Account receivable with minor single amount but with withdrawal bad debt provision for single item at period-end

Applicable Not-applicable

(2) Account receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

In RMB

Name	Closing amount		Opening amount	
	Book balance	Bad debt provision accrual	Book balance	Bad debt provision accrual

(3) Top 5 account receivable

In RMB

Name	Relationship with the	Amount	Terms	Proportion in total

	Company			account receivables (%)
Beijing Bo Lu Jing Hua Technology Co., Ltd.	Non- related party	2,635,500.00	Within 1 year	68.37%
Beijing Xiangeqing Industry & Trade Co., Ltd.	Associated corporate	738,676.00	Within 1 year	19.16%
Shanghai Guozhe Trading Co., Ltd.	Non- related party	322,130.00	Within 1 year	8.36%
Dou Yujun	Non- related party	120,000.00	Within 1 year	3.11%
Electricity Authority of Chengde County	Non- related party	25,575.60	Within 1 year	0.66%
Total	--	3,841,881.60	--	99.66%

(4) Account receivables due from related parties

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total account receivables (%)
Beijing Xiangeqing Industry & Trade Co., Ltd.	Associated corporate	738,676.00	19.16%
Total	--	738,676.00	19.16%

3. Other account receivables

(1) Classify by category

In RMB

Categories	Closing amount				Opening amount			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Other receivable with single significant amount and withdrawal bad debt provision separately	1,209,273.00	7.24%	1,209,273.00	34.57%	1,209,273.00	14.42%	1,209,273.00	34.57%
Other account receivable of bad debt provision withdrawal by combination								
Age group	13,639,063.61	81.64%	341,921.88	10.03%	5,318,030.55	63.42%	341,921.88	10.03%
Subtotal of group	13,639,063.61	81.64%	341,921.88	10.03%	5,318,030.55	63.42%	341,921.88	10.03%

	1							
Other account receivable with minor single amount but withdrawal bad debt reserves on a single basis	1,857,951.91	11.12%	1,857,951.91	54.50%	1,857,951.91	22.16%	1,857,951.91	54.50%
Total	16,706,288.52	--	3,409,146.79	--	8,385,255.46	--	3,409,146.79	--

Explanation for category of other receivables:

Other receivable with single significant amount and withdrawal bad debt provision separately at period-end

Applicable Not-applicable

In RMB

Other receivable	Book balance	Bad debt	Accrual proportion	Reasons
Claims obtained from auction	1,209,273.00	1,209,273.00	100.00%	Over 3 years
Total	1,209,273.00	1,209,273.00	--	--

In combination, accounts whose bad debts provision was accrued by age analysis: Other receivable

Applicable Not-applicable

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:						
	13,401,152.61	98.25%	242,138.52	5,085,113.76	95.62%	242,138.52
Subtotal of within 1 year	13,401,152.61	98.25%	242,138.52	5,085,113.76	95.62%	242,138.52
1-2 years	233,911.00	1.72%	97,783.36	228,916.79	4.30%	97,783.36
2-3 years	4,000.00	0.03%	2,000.00	4,000.00	0.08%	2,000.00
Total	13,639,063.61	--	341,921.88	5,318,030.55	--	341,921.88

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

Applicable Not-applicable

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

Applicable Not-applicable

Other receivable with single minor amount while withdrawal bad debt provision separately at period-end

Applicable Not-applicable

In RMB

Other receivable	Book balance	Bad debt reserve	Accrual proportion	Accrual reasons
Wang Ansheng	141,000.00	141,000.00	100.00%	Un-collectible by estimated
Bao Degang	356,838.00	356,838.00	100.00%	Un-collectible by estimated
Yan Qizhong	200,000.00	200,000.00	100.00%	Un-collectible by estimated
Liu Chengquan	300,000.00	300,000.00	100.00%	Un-collectible by estimated
Li Tianhong	217,424.66	217,424.66	100.00%	Un-collectible by estimated
Zhou Haihong	642,689.25	642,689.25	100.00%	Un-collectible by estimated
Total	1,857,951.91	1,857,951.91	--	--

(2) Other receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

In RMB

Name	Closing amount		Opening amount	
	Book balance	Bad debt amount accrual	Book balance	Bad debt amount accrual

(3) Nature or content of other receivables with significant amount

In RMB

Name	Amount	Nature or content of the amount	Proportion in total other receivable
County housing and Urban&Rural Planning bureau	3,420,000.00	Migrant worker's margin	20.47%
Chengde Great Wall Construction Group	1,970,000.00	Security fee	11.79%
Shanxi Zhuozhong Trade Co., Ltd.	1,800,000.00	Open credit	10.77%
Authority of County Non-Tax Income	1,500,000.00	Margin for land purchased	8.98%
Total	8,690,000.00	--	52.01%

Explanation

(4) Top 5 other receivable

In RMB

Name	Relationship with the Company	Amount	Terms	Proportion in total other receivable
County housing and Urban&Rural Planning bureau	Non- related party	3,420,000.00	Within 1 year	20.47%
Chengde Great Wall Construction Group	Non- related party	1,970,000.00	Within 1 year	11.79%
Shanxi Zhuozhong Trade Co., Ltd.	Non- related party	1,800,000.00	Within 1 year	10.77%
Authority of County Non-Tax Income	Non- related party	1,500,000.00	Within 1 year	8.98%
Xingcheng Company	Non- related party	750,000.00	Within 1 year	4.49%
Total	--	9,440,000.00	--	56.50%

(5) Account receivable from related parties

In RMB

Name of the company	Relationship with the Company	Amount	Proportion in total other receivables (%)
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	Related party	670,000.00	4.01%
Total	--	670,000.00	4.01%

4. Payment in advance**(1) Payments in advance by aging**

In RMB

Age	Closing amount		Opening amount	
	Amount	Proportion	Amount	Proportion
Within 1 year	62,315,227.15	92.15%	28,533,344.69	84.33%
1-2 years	105,000.00	0.16%	101,600.00	0.30%
2-3 years	5,201,365.53	7.69%	5,201,365.53	15.37%
Total	67,621,592.68	--	33,836,310.22	--

Explanation for aging analysis of payments in advance:

(2) Top 5 of payments in advance

In RMB

Name	Relationship with the Company	Amount	Time	Reason for unsettlement
Chengde Great Wall Construction Group	Non- related party	42,000,000.00	Within 1 year	Engineering amount paid in advance
SABIC (Shanghai) Trading Co., Ltd.	Non- related party	16,709,916.31	Within 1 year	Amount of goods paid in advance
Tianjin Jishang Investment Co., Ltd.	Non- related party	5,201,365.53	2-3 years	Amount of housing purchased paid in advance
Chengde Yongwang Constructional Engineering Co., Ltd.	Non- related party	1,900,000.00	Within 1 year	Engineering amount paid in advance
Handan Hanyi Architectural Engineering Co., Ltd.	Non- related party	500,000.00	Within 1 year	Engineering amount paid in advance
Total	--	66,311,281.84	--	--

Explanation for major units paid in advance:

(3) Shareholders holding 5% (5% included) or above voting shares of the Company in payments in advance during the reporting period

In RMB

Name	Closing amount		Opening amount	
	Book balance	Bad debt amount accrual	Book balance	Bad debt amount accrual

(4) Explanation on account paid in advance**5. Inventory****(1) Classification**

In RMB

Item	Closing amount			Opening amount		
	Book balance	Depreciation provision	Carrying value	Book balance	Depreciation provision	Carrying value
Raw materials	736,985.37	--	736,985.37	836,393.84	--	836,393.84

Stock products	7,351,296.58	--	7,351,296.58	15,270,790.02	--	15,270,790.02
Revolving materials	18,498.40	--	18,498.40	18,498.40	--	18,498.40
Consumptive biological assets	2,613,775.70	--	2,613,775.70	2,113,905.42	--	2,113,905.42
Development cost	239,513,564.50	--	239,513,564.50	163,568,661.40	--	163,568,661.40
Development products	7,734,161.18	--	7,734,161.18	7,642,776.18	--	7,642,776.18
Development cost	181,547.08	--	181,547.08	1,118,939.06	--	1,118,939.06
Total	258,149,828.81	--	258,149,828.81	190,569,964.32	--	190,569,964.32

(2) Inventory impairment provision

In RMB

Kinds of inventories	Opening book balance	Provision for this period	Decrease during this period		Closing book balance
			Reversal	Closing book balance	

(3) Particular about inventory impairment provision

Item	Accrual basis for inventory impairment provision	Reason for reversal during the period	Proportion of the reversal amount during the year in the period-end balance of the inventory (%)

Explanation on inventory

6. Other current assets

In RMB

Item	Closing amount	Opening amount
Overpaid VAT	1,318,700.52	3,362,445.37
Land VAT paid in advance	2,352,147.44	1,115,712.87
business tax in advance	3,366,245.67	
Total	7,037,093.63	4,478,158.24

Explanation on other current assets

7. Investment for affiliated enterprise and joint ventures

In RMB

Invested company	Equity proportion held by the Company (%)	Proportion of voting rights in invested company (%)	Total assets at period-end	Total liability at period-end	Total net assets at period-end	Total operation revenue in this period	Net profit in this period
I. Joint venture							

II. Associated company							
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	49.00%	49.00%	78,528,622.09	69,643,272.04	8,885,350.05	188,186,435.30	-178,934.54
Runhua RW (Tianjin) Water-saving Technology Co., Ltd.	31.75%	31.75%	12,915,253.15	5,911,480.25	7,003,772.90	5,083,107.74	119,935.75

Explanation on major accounting policy and accounting estimation in joint venture and affiliated enterprises difference from the policy and estimation of the Company:

8. Long-term equity investment

(1) Details of long-term equity investment

In RMB

Invested company	Calculation method	Investment cost	Balance at period-begin	Increase/decrease(+,-)	Balance at period-end	Proportion of share holding in invested company	Proportion of voting rights in invested company	Explanation on the incongruity in share holding proportion and voting proportion in invested company	Impairment provision	Impairment provision of accruing this year	Cash bonus this period
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	Equity	4,410,000.00	4,441,499.45	-87,677.92	4,353,821.53	49.00%	49.00%	--	--	--	--
Runhua RW (Tianjin) Water-saving	Equity	2,000,000.00	2,185,406.04	38,074.80	2,223,480.84	31.75%	31.75%	--	--	--	--

Technology Co., Ltd.											
Total	--	6,410,000.00	6,626,905.49	-49,603.12	6,577,302.37	--	--	--	-	--	--

(2) Limited ability for capital transfer to investment enterprise

In RMB

Long-term equity investment that has limited ability of capital transfer to investment enterprise	Restriction reasons	un-recognized investment losses accumulative in period
---------------------------------------------------------------------------------------------------	---------------------	--------------------------------------------------------

Explanation on long-term equity investment

(1) Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd had risen up the register capital of shareholders on 21st Dec. 2012, totaling RMB 9 million included, Shanxi Wuchan Minfeng Chemistry Co., Ltd invested RMB 4.59 million with ratio of 51%. Subordinate Runhua RW invested RMB 4.41 million with ratio of 49%.

(2) Runhua RW (Tianjin) Water-Saving Technology Co., Ltd obtained the corporation certificate on 14th Oct. 2011 with register capital of RMB 6.3 million included, Runhua RW Industrial Development invested RMB 3 million with ratio of 47.619%. Subsidiary Runhua RW invested RMB 2 million with ratio of 31.746%. Langfang Chunyuan Minor Watering Engineer Co., Ltd invested RMB one million with ratio of 15.873. Zhang Heping invested RMB300,000 with ratio of 4.7619%.

9. Fixed assets

(1) Particular about fixed assets

In RMB

Item	Book balance at period-begin	Increase in this period		Decrease in this period	Book balance at period-end
I. total of book balance:	13,856,628.90	47,091.00		--	13,903,719.90
Including: Houses and buildings	8,095,437.08	--		--	8,095,437.08
Machinery equipment	1,208,815.43	--		--	1,208,815.43
Transportation tools	3,836,318.14	--		--	3,836,318.14
Other equipment	716,058.25	47,091.00		--	763,149.25
--	Book balance at period-begin	Increase during this period	Accrual in this period	Decrease in this period	Balance at period-end
II. total of accumulated depreciation:	2,560,275.29	--	571,455.19	--	3,131,730.48
Including: Houses and buildings	1,230,506.40	--	153,813.30	--	1,384,319.70

Machinery equipment	52,877.32	--	60,044.82	--	112,922.14
Transportation tools	1,073,148.07	--	267,149.86	--	1,340,297.93
Other equipment	203,743.50	--	90,447.21	--	294,190.71
--	Book balance at period-begin		--		Balance at period-end
III. total net value of fixed assets	11,296,353.61		--		10,771,989.42
Including: Houses and buildings	6,864,930.68		--		6,711,117.38
Machinery equipment	1,155,938.11		--		1,095,893.29
Transportation tools	2,763,170.07		--		2,496,020.21
Other equipment	512,314.75		--		468,958.54
Other equipment			--		
V. total book value of fixed assets	11,296,353.61		--		10,771,989.42
Including: Houses and buildings	6,864,930.68		--		6,711,117.38
Machinery equipment	1,155,938.11		--		1,095,893.29
Transportation tools	2,763,170.07		--		2,496,020.21
Other equipment	512,314.75		--		468,958.54

Depreciation in this period amounting to 571,455.19 Yuan; original price transfer from construction in progress to fixed assets amounting as Yuan

(2) Fixed assets leasing-out by operational lease

In RMB

Types	Closing book value
Houses and buildings	1,208,512.05

(3) Fixed assets without property certificates

Item	Reasons for un-completed certificate	Times expected for certificate completed
Houses and buildings	Assets have released the mortgage, ownership procedure still in process	Un-estimated

Explanation on fixed assets:

Plants architecture was listed as mortgage for bank loan of previous Dixian Holding and its bankrupt subsidiary. It had been transferred to the Company during restructure and bankruptcy process. Though Hebei Chengde Intermediate Court issued the Note to People's Court to Assist Execution to Chengde Housing Urban and Rural Construction Bureau, which required it to assist transfer the housing right of architecture of No.000196 and No.000108 to the Company, various involving departments' engagement led delay of the transfer of relevant assets, still being in process.

10. Productive biological assets

(1) Measured by cost

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this period	Book balance at period-end
I. Plantation				
II. Livestock				
Layer	144,010.71	383,580.04	--	527,590.75
Rural layer	114,179.63	63,346.25	--	177,525.88
III. Forestry				
IV. Marine industry				
Total	258,190.34	446,926.29	--	705,116.63

11. Intangible assets

(1) Particular about intangible assets

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this period	Book balance at period-end
I. Total original book value	31,855,457.22	--	6,400,126.17	25,455,331.05
Land Use Right	31,627,457.22	--	6,400,126.17	25,227,331.05
Software	228,000.00	--	--	228,000.00
II. Total accumulated amortization	3,133,803.81	304,544.24	624,405.24	2,813,942.81
Land Use Right	2,990,803.81	281,744.24	624,405.24	2,648,142.81
Software	143,000.00	22,800.00	--	165,800.00
III. Total net book value of intangible assets	28,721,653.41	-304,544.24	5,775,720.93	22,641,388.24
Land Use Right	28,636,653.41	-281,744.24	5,775,720.93	22,573,918.86
Software	85,000.00	-22,800.00	--	62,200.00
Land Use Right	--	--	--	--

Software	--	--	--	--
Total carrying amount of intangible assets	28,721,653.41	-304,544.24	5,775,720.93	22,641,388.24
Land Use Right	28,636,653.41	-281,744.24	5,775,720.93	22,579,188.24
Software	85,000.00	-22,800.00	--	62,200.00

The amount amortized in this period accounting as 304,544.24 Yuan

12. Goodwill

In RMB

Name of invested company or items formed goodwill	Opening balance	Increase during the period	Decrease during this period	Closing balance	Closing impairment provision
Combined goodwill arising from subsidiary purchased	1,809,762.89	--	--	1,809,762.89	--
Total	1,809,762.89	--	--	1,809,762.89	--

Explain the impairment testing method and withdrawal method for impairment provision of goodwill:

13. Long-term deferred expense

In RMB

Item	Opening amount	Increase in this period	Amortization during this period	Other decrease	Closing amount	Reasons for other decrease
Renovation costs	7,811,572.52	2,845,963.72	792,738.72	--	9,864,797.52	--
Total	7,811,572.52	2,845,963.72	792,738.72	--	9,864,797.52	--

Explanation on long-term deferred expense:

14. Deferred income tax assets and deferred income tax liabilities

(1) Net amount of deferred income tax assets and deferred income tax liabilities before deduction

Deferred income tax assets and deferred income tax liability that recognized

In RMB

Item	Closing amount	Opening amount
Deferred income tax assets:		
Assets depreciation reserves	834,239.22	834,223.19
Subtotal	834,239.22	834,223.19
Deferred income tax liability:		

Details of un-recognized deferred income tax assets

In RMB

Item	Closing amount	Opening amount
Deductible temporary differences	72,254.02	72,254.02
Deductible losses	137,486,697.69	137,486,697.69

Total	137,558,951.71	137,558,951.71
-------	----------------	----------------

The deductible losses of un-recognized deferred income tax assets are expired in the follow year:

In RMB

Year	Closing amount	Opening amount	Note
2014	114,543,457.05	114,543,457.05	--
2015	--	--	--
2016	--	--	--
2017	22,943,240.64	22,943,240.64	--
Total	137,486,697.69	137,486,697.69	--

Details of taxable difference and deductible differences

In RMB

Item	Amount of temporary differences	
	Amount at period-end	Amount at period-begin
Items of taxable differences		
Item of deductible differences		

(2) Net amount of deferred income tax assets and deferred income tax liabilities after deduction

Item of deferred income tax assets and liability after mutual offset

In RMB

Item	Deferred income tax assets and liability after mutual offset at period-end	Deductible of temporary differences of payable taxes after mutual offset at period-end	Deferred income tax assets and liability after mutual offset at period-begin	Deductible of temporary differences of payable taxes after mutual offset at period-begin
Deferred income tax assets	834,239.22	--	834,223.19	--

Details of deferred income tax assets and liability after mutual offset

In RMB

Item	Current mutual offset amount

Explanation on deferred income tax assets and deferred income tax liability

15. Details of asset impairment provision

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this period		Book balance at period-end
			Reversal	Written-off	
I. Bad debt reserve	3,415,314.19	--	--	--	3,415,314.19
Total	3,415,314.19	--	--	--	3,415,314.19

Explanation on asset impairment provision:

16. Note payable

In RMB

Type	Closing amount	Opening amount
Bank acceptance	19,500,000.00	26,000,000.00
Total	19,500,000.00	26,000,000.00

Amount expired in next accounting period: 0.00 Yuan

Explanation on note payable:

17. Account payables**(1) Account payables**

In RMB

Item	Closing amount	Opening amount
Within 1 year	7,189,487.12	3,361,499.82
More than one year to two years	286,757.79	286,757.79
More than two years to three years	100.00	100.00
Over 3 years	12,273.55	12,273.55
Total	7,488,618.46	3,660,631.16

(2)Accounts payable to shareholders holding 5% (5% included) or above voting shares of the Company

In RMB

Name	Closing amount	Opening amount

(3) Explanation on major account payable with over one year age:

Name	Amount	Reasons on unsettled	Note
Chengde Licheng Construction and Installation Work Co., Ltd.	281,157.79	Final payment of the project	---

18. Account received in advance**(1) Account received in advance**

In RMB

Item	Closing amount	Opening amount
Within 1 year	153,840,376.73	53,821,113.16
More than one year to two years	--	--
More than two years to three years	--	--
Over 3 years	--	--
Total	153,840,376.73	53,821,113.16

(2)Accounts received in advance to shareholders holding 5% (5% included) or above voting shares of the Company

In RMB

Name	Closing amount	Opening amount
------	----------------	----------------

(3) Explanation on major account received in advance with over one year age:**19. Wages payable**

In RMB

Item	Book balance at period-begin	Increase in this period	Decrease in this period	Book balance at period-end
I. Wage, bonus, allowance and subsidy	76,950.00	3,688,450.07	3,507,838.07	257,562.00
III. Social insurance charge	30,686.90	513,674.07	533,365.97	10,995.00
Basic medical insurance premium	20,424.20	145,564.20	152,437.40	13,551.00
Basic old-age insurance premiums	9,047.50	303,318.90	314,638.40	-2,272.00
Unemployment insurance expense	599.80	28,315.82	29,199.62	-284.00
Industrial injury insurance premium	215.50	22,659.85	22,875.35	--
Birth insurance premium	399.90	13,815.30	14,215.20	--
IV. Housing fund		133,913.00	136,013.00	-2,100.00
VI. Other	6,097,726.60	6,577.43	6,189.21	6,098,114.82
Total	6,205,363.50	4,342,614.57	4,183,406.25	6,364,571.82

No arrears in wages payable

Outlay for labor union and staff educational charge amounting as 0.00 Yuan; no non-monetary welfare and no compensation for dismiss of labor relationship

The wages payable expected to pay and the amount for payment:

20. Tax payable

In RMB

Item	Closing amount	Opening amount
------	----------------	----------------

VAT	-267,225.23	132,688.59
Business tax	-3,366,245.67	67,762.28
Enterprise income tax	3,953,440.14	12,078,983.62
Personal income tax	777.65	35,510.93
City maintenance and construction tax	-168,161.67	19,182.58
Land appreciation tax	2,993,193.91	2,753,192.71
Educational surcharge	-100,903.50	7,871.26
Stamp tax	109,390.35	34,936.86
Local educational surcharge	-67,307.42	5,247.55
Property tax	2,888,250.17	2,888,250.17
Embankment protection fees	1.56	3,278.03
Other	3,425.71	
Total	5,978,636.00	18,026,904.58

Explanation on tax payable: if the local taxation bureau agrees mutual adjustment between vary branches and plants, explain taxation calculation:

21. Other payables

(1) Other payables

In RMB

Item	Closing amount	Opening amount
Within 1 year	30,025,895.72	35,447,066.13
More than one year to two years	119,168.49	119,168.49
More than two years to three years	47,779.91	47,779.91
Over 3 years	430,969.17	430,969.17
Total	30,623,813.29	36,044,983.70

(2) Others payable due to shareholders units holding over 5% (5% included) voting shares of the Company

In RMB

Name	Closing amount	Opening amount

(3) Explanation on other account payable with over one year age

(4) Explanation on unit of major connected amount for other account payable

Name	Amount	Nature or content
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	17,500,000.00	Current amount
Shanxi Zhuozhong Trade Co., Ltd.	1,319,199.72	Futures investment amount agent
Chengde Chengjin Commere & Trade Co., Ltd.	800,000.00	Current amount
Chengde Yongwang Construction Engineering Co., Ltd.	518,593.95	Quality assurance of engineering

Da Hua CPA	250,000.00	Auditing fee
------------	------------	--------------

22. Share capital

In RMB

	Opening amount	Increased (decreased) in this year					Closing amount
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total shares	706,320,000.00	--	--	--	--	--	706,320,000.00

Explanation on share capital changes, if there has capital increase/decrease in reporting period, disclosed the CPA's name and verification documents; for company limited within 3 years operation, explain the net assets before establishment; for those company limited changed from limited liability company, explain the verification condition while established.

23. Capital reserves

In RMB

Item	Opening amount	Increase in this period	Decrease in this period	Closing amount
Capital premium (share premium)	390,597,031.55	--	--	390,597,031.55
Other capital reserves	65,873,219.23	--	--	65,873,219.23
Total	456,470,250.78	--	--	456,470,250.78

Explanation on capital reserve

24. Surplus reserves

In RMB

Item	Opening amount	Increase in this period	Decrease in this period	Closing amount
Statutory surplus reserves	76,791,550.17	--	--	76,791,550.17
Total	76,791,550.17	--	--	76,791,550.17

Explanation on surplus reserve, if share capital converted from surplus reserve, remedy deficit and dividend distributed, explain relevant resolutions:

25. Retained profits

In RMB

Item	Amount	Withdrawal or allocation ratio
Retained profits at the end of last year before adjustment	-1,029,880,318.18	--
Retained profits at the beginning of the year after adjustment	-1,029,880,318.18	--

Add: The net profits belong to owners of patent company of this period	19,331,154.91	--
Retained profits at the end of the period	-1,010,549,163.27	--

Details about adjusting the retained profits at the beginning of the year:

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

The undistributed profits explain that the company initial public offering bonds should clearly state if the accumulated profits are decided to be shared by old and new shareholders by general meeting of stockholders before issuing; while the company should clearly disclose that the profits in the dividends payable belong to old shareholders after auditing if the general meeting of stockholders decides the accumulated profits are allocated and shared by old shareholders before issuing

26. Operating income and cost

(1) Operating income and cost

In RMB

Item	Amount of this period	Amount of last period
Main operating income	216,029,370.47	16,572,925.76
Other operating income	803,045.62	245,752.28
Operating cost	218,143,237.30	12,003,739.65

(2) Main business (By industries)

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Agriculture	2,094,025.07	3,148,746.79	--	--
Business	213,935,345.40	214,526,444.89	--	--
Real estate	--	--	16,572,925.76	11,839,675.80
Total	216,029,370.47	217,675,191.68	16,572,925.76	11,839,675.80

(3) Main business (By products)

In RMB

Products	Amount of this period	Amount of last period
----------	-----------------------	-----------------------

	Operating income	Operating cost	Operating income	Operating cost
Agricultural products	2,094,025.07	3,148,746.79	--	--
Chemical materials	213,935,345.40	214,526,444.89	--	--
Real estate sales	--	--	16,572,925.76	11,839,675.80
Total	216,029,370.47	217,675,191.68	16,572,925.76	11,839,675.80

(4) Main business (By districts)

In RMB

District	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Chengde	2,094,025.07	3,148,746.79	16,572,925.76	11,839,675.80
Tianjin	213,935,345.40	214,526,444.89	--	--
Total	216,029,370.47	217,675,191.68	16,572,925.76	11,839,675.80

(5) The operating income of the top five customers of the Company

In RMB

Customer name	Primary business income	The percentage in all operating income of the Company
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	121,847,191.24	56.19%
Beijing Bo Lu Jing Hua Technology Co., Ltd.	8,362,179.49	3.86%
Guangdong Huarunfeng Investment Co., Ltd.	5,698,777.72	2.63%
Yuanda Petrification Co., Ltd.	3,941,025.64	1.82%
Hebei Zhonglian Plastic Technology Development Co., Ltd.	2,655,410.26	1.22%
Total	142,504,584.35	65.72%

Explanation on operating income

27. Business tax and surcharges

In RMB

Item	Amount of this period	Amount of last period	Calculating and payment standards
Business tax	157,927.92	828,646.28	5%
City maintenance and construction	6,991.68	41,432.31	5%

tax			
Educational surtax	6,991.67	41,432.31	3%, 2%
Land VAT	63,603.66		Progressive rates
Total	235,514.93	911,510.90	--

Explanation on business tax and surcharges

28. Sales expense

In RMB

Item	Amount of this period	Amount of last period
Transport charge	1,056,036.04	--
Lump sum	192,222.35	--
工资 Salary	143,778.73	--
Production costs of panel model	125,142.00	--
Agency fee	59,528.49	--
Printing costs	16,388.00	--
Repair charge	11,761.02	--
Advertising fees	4,200.00	--
Storage fee	4,284.45	--
Other	132,925.70	--
Total	1,746,266.78	--

29. Administration expenses

In RMB

Item	Amount of this period	Amount of last period
Wages	2,578,207.47	1,402,682.26
Tenure tax	1,620,097.64	1,282,051.08
Business entertainment	847,398.76	1,080,986.77
Business-travel expense	691,122.01	391,394.40
Welfare expenses	478,858.62	229,856.80
Interabettor agency	632,223.81	1,238,637.12
Office allowance	602,910.60	276,619.94
Depreciation	453,503.99	607,310.45
Amortization of intangible assets	304,544.24	326,314.56
Material consumption	163,047.65	147,581.18

Amortization of low value consumables	154,716.43	171,033.00
Repair charge	117,343.98	46,786.30
Basic pension	262,718.49	113,883.60
Medical insurance	136,350.88	50,954.70
Employment injury insurance	16,230.25	8,586.60
Unemployment insurance	23,031.82	10,938.36
Maternity insurance	12,975.30	5,334.18
Housing fund	110,717.00	69,602.16
Utilities	83,333.06	113,155.90
Stamp duty	239,314.26	161,159.40
Long-term deferred expenses	39,648.00	39,648.00
Insurance expenses	35,798.47	11,618.94
Property tax	9,576.08	4,488.04
Advertising fee	8,930.00	--
Union due	6,577.43	1,441.78
Vehicle and vessel use tax	6,280.00	4,120.00
Organization costs	--	30,580.00
Travelling expenses	--	21,983.00
Other	556,971.62	150,428.54
Total	10,192,427.86	7,999,177.06

30. Financial expenses

In RMB

Item	Amount of this period	Amount of last period
Interest expenses		730,671.89
Interest income	-152,529.12	-313,277.34
Profit/loss on exchange	25,975.42	--
Other	93,778.58	10,628.12
Total	-32,775.12	428,022.67

31. Investment income

(1) Particulars about investment income

In RMB

Item	Amount of this period	Amount of last period
Long-term equity investment income calculated on equity method	-49,603.12	--
Other	171,000.00	77,868.49
Total	121,396.88	77,868.49

32. Asset impairment loss

In RMB

Item	Amount of this period	Amount of last period
I. Bad debt loss	--	-1,447,846.06
Total	--	-1,447,846.06

33. Non-operating income

(1) Non-operating income

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
Total income from disposal of non-current assets	34,647,779.07	94,211,992.12	34,647,779.07
Including: income from disposal of fixed assets	--	26,348,307.45	--
Income from disposal of intangible assets	34,647,779.07	67,863,684.67	34,647,779.07
Other	189,689.31	23,514.89	189,689.31
Total	34,837,468.38	94,235,507.01	34,837,468.38

Explanation on non-operating income

In accordance with Chengde People's Government's specialized note [2013] No.12 and county government's note [2012] No.59, we transferred lands of CXGY(2012)Z NO.31 and CXGY(2013)Z NO.33 and got gains from disposal of non-circulating assets RMB34,647,779.07.

34. Non-operating expenditure

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring
------	-----------------------	-----------------------	--------------------------------------------

			gains/losses
Donating	1,000,000.00	--	1,000,000.00
Other	3,304,076.70	283,931.85	3,304,076.70
Total	4,304,076.70	283,931.85	4,304,076.70

Explanation on non-operating expenditure

On 4 May 2014, with purpose of implementing social responsibility and charitable giving, the Company donated one million Yuan to Nanjiang Education Fund of Chengde Education Bureau, donations are used to support the poverty-stricken students with good character as well as the excellent teachers

35. Income tax expense

In RMB

Item	Amount of this period	Amount of last period
Current income tax calculated by tax laws and relevant regulations	-23,637.85	4,944,803.47
Total	-23,637.85	4,944,803.47

36. Calculation of basic earnings per share and diluted earnings per share

The earning per share calculated in line with the No.9-Specific Provisions on Information Disclosure for Companies Offering Their Securiteis to the Public -Calcualtion and Disclosure on ROE and EPS (2010 Revise) (CSRC Annoucement No. [2010] No.2) and Explanatory Annoucement No.1 on Information Disclosure for Companies Offering Their Securiteis to the Public – Extraordinary Profit and Loss (2008) (CSRC Annoucement No. [2008] No.43) are as:

1. Calculation results

Current profit	Current Period		Last Period	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net profits belong to common stock stockholders of the Company (I)	0.03	0.03	0.12	0.12
Net profits belong to common stock stockholders of the Company after deducted non-recurring gains/losses (II)	-0.02	-0.02	-0.01	-0.01

2. Calculation of EPS

Item	Serial	Current period	Last period
Net profit attributable to ordinary shareholders of the Company	1	19,331,154.91	86,021,262.29
Non-recurring gains/losses attributable to ordinary shareholder of parent company after deducted income tax impact	2	30,533,391.68	93,951,575.16
Net profit attributable to ordinary shareholders of the Company after deducted non-recurring gains/losses	3=1-2	-11,202,236.77	-7,930,312.87

Total shares amount at period-begin	4	706,320,000.00	706,320,000.00
Number of increased shares due to reserve's conversion into share capital or distribution of dividends in Period	5	---	---
Number of increased shares due to issue of new shares or debt-to-equity in Period	6	---	---
Number of months from next month with shares increased due to new shares offering or debt-to-equity swap to end of the reporting period	7	---	---
Number of decreased shares due to repurchase in Period	8	---	---
Number of accumulated months from the next month of shares decrease to the end of the reporting period	9	---	---
Number of contraction of shares in the reporting period	10	---	---
Number of months in the reporting period	11	6	6
The weighted average number of ordinary shares outstanding (II)	$12=4+5+6\times7\div11-8\times9\div11-10$	706,320,000.00	706,320,000.00
Weighted average of outstanding ordinary shares that adjusted due to enterprise combined under the same control (I) Note: (directly entered the amount of previous line if no need to adjusted)	13	706,320,000.00	706,320,000.00
Basic EPS (I)	$14=1\div13$	0.03	0.12
Basic EPS (II)	$15=3\div12$	-0.02	-0.01
Interest of dilutive potential ordinary share with expenses recognized and other influence factors	16	---	---
Income tax rate	17	---	---
Conversion charge	18	---	---
Number of shares increased due to conversion or exercise from convertible bonds, warrant and stock option etc.	19	---	---
Diluted EPS (I)	$20=[1+(16-18)\times(100\%-17)]\div(13+19)$	0.03	0.12
Diluted EPS (II)	$21=[3+(16-18)\times(100\%-17)]\div(12+19)$	-0.02	-0.01

37. Notes to statement of cash flow

(1) Other cash received in relation to operation activities

In RMB

Item	Amount
Accounts current	51,648,801.00
Interest income	152,529.12
Other	830,948.54
Total	52,632,278.66

Explanation on other cash received in relation to operation activities

(2) Other cash paid in relation to operation activities

In RMB

Item	Amount
Disbursement costs	7,884,655.36
Donation costs	1,000,000.00
Accounts current	160,000.00
Other	3,594,655.98
Total	12,639,311.34

Explanation on other cash paid in relation to operation activities

(3) Cash received from other investment activities

In RMB

Item	Amount
Margin of bank paper collected	2,600,000.00
Total	2,600,000.00

Explanation on cash received from other investment activities

(4) Cash paid related with other financing activities

In RMB

Item	Amount
Margin of housing mortgage loan paid	51,500.00
Total	51,500.00

Explanation on cash paid related with other financing activities

38. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	Amount in this period	Amount in last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	17,226,186.78	86,008,714.00
Add: assets impairment losses		-1,447,846.06
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	1,165,311.98	653,935.37
Amortization of intangible assets	304,544.24	326,314.56
Amortization of long-term deferred expenses	792,738.72	119,824.21
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-")	-34,754,036.24	-94,211,992.12
Financial expenses (gain is listed with "-")		729,196.33

Investment losses(gain is listed with “-”)	-121,396.88	-77,868.49
Decrease of inventory (increase is listed with “-”)	-67,579,864.49	-157,683,244.61
Decrease of operating receivable accounts (increase is listed with “-”)	19,683,358.07	4,903,207.58
Increase of operating payable accounts (decrease is listed with “-”)	23,443,944.64	-1,894,819.49
Net cash flow arising from operating activities	-39,839,229.21	-162,574,578.72
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	69,337,245.87	84,048,144.21
Less: Balance of cash equivalent at year-begin	77,981,488.06	81,546,046.87
Net increase of cash and cash equivalents	-8,644,242.19	2,502,097.34

(2) Constitution of cash and cash equivalent:

In RMB

Item	Closing amount	Opening amount
I. Cash	69,337,245.87	77,981,488.06
Including: stock cash	234,434.02	19,146.58
Bank deposit available for payment at any time	69,102,811.85	77,962,341.48
III. Balance of cash and cash equivalent at year-end	69,337,245.87	77,981,488.06

Explanation on constitution of cash and cash equivalent:

VIII. Related Parties and Transactions**1. Parent company of the Company**

Parent company	Relationship	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held to the Company (%)	Proportion of voting right to the Company (%)	Final controller of the Company	Organization code

Explanation on parent company of the enterprise

The Company has no parent company, actual controller of the Company also is the largest shareholder of the Company –Mr. Wang Dong, he holds 29.49 percent shares of the Company.

2. Subsidiary of the Company

Subsidiary of the Company	Type	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held (%)	Proportion of voting right (%)	Organization code
Nanjiang Real Estate	Holding subsidiary	Limited liability	Chengde City	Zhao Yongsheng	Real Estate development	10 million Yuan	100.00%	100.00%	68434235-0

Runhua RW	Holding subsidiary	Limited liability	Tianjin	Shi Xiangkun	International trading	30 million Yuan	30.00%	53.43%	67941456-7
Asia Investment	Holding subsidiary	Limited liability	H.K.	---	International investment	US\$ 20 million	100.00%	100.00%	---
Morsh Technology	Holding subsidiary	Limited liability	Chengde City	Zhao Yongsheng	Production and sales of grapheme	50 million Yuan	90.00%	90.00%	06335124-6
Huijing Property	Holding subsidiary	Limited liability	Chengde City	Zhao Yongsheng	Property management	0.5 million Yuan	100.00%	100.00%	08269716-2
Xingye Papermaking industry	Holding subsidiary	Limited liability	Chengde City	Wang Shuxian	Paper-making	US\$ 250 million	100.00%	100.00%	60125211-5
Ecological Agriculture	Holding subsidiary	Limited liability	Chengde City	Zhao Yongsheng	Stock farming	10 million Yuan	100.00%	100.00%	05549562-9
Nanjiang Investment	Holding subsidiary	Limited liability	Chengde City	Zhao Yongsheng	Industrial	90 million Yuan	100.00%	100.00%	05545532-8

3. Details of joint-venture and affiliated enterprise of the Company

Invested company	Type	Register place	Legal rep.	Business nature	Register capital	Equity proportion held by the Company	Proportion of voting rights in invested company	Relationship	Organization code
I. Joint venture									
II. Associated company									
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	Commerce	Tianjin City	Zhao Guomin	International trading, development and transfer of technology	9,000,000.00	49.00%	49.00%	Y	05874083-7
Runhua RW (Tianjin) Water-saving Technology Co., Ltd.	Industry	Tianjin City	Shi Xiangkun	Development and transfer of technology	6,300,000.00	31.75%	31.75%	Y	58327621-9

4. Particulars about other related parties

Other related parties	Relationship with the Company	Organization code
Beijing Xiangeqing Group Co., Ltd.	Associated corporate	1772721-5

Explanation on other related parties:

5. Related transaction

(1) Statement of commodity purchased and labor service received

In RMB

Related party	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions	Amount	Ratio in similar transactions
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	Agent of import goods	Market price	9,827,322.60	3.80%	--	--

Statement of commodity sales and labor service provided

In RMB

Related party	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions	Amount	Ratio in similar transactions
Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	Sales of goods	Market price	121,847,191.24	56.19%	--	--
Beijing Xiangeqing Co., Ltd.	Sales of goods	Market price	679,276.00	28.92%	--	--

(2) Related trusteeship/contract

Statement of trusteeship/contract

In RMB

Client/contractee	Trustee/contractor	Assets type	Start date	Expiry date	Pricing basis of earnings from trusteeship/contract	Earnings recognized in Period
-------------------	--------------------	-------------	------------	-------------	-----------------------------------------------------	-------------------------------

Statement of delegated management /package

In RMB

Client/contractee	Trustee/contractor	Assets type	Start date	Expiry date	Pricing basis of trustee fee/contract fee	Trustee fee and contract fee recognized in Period
-------------------	--------------------	-------------	------------	-------------	-------------------------------------------	---------------------------------------------------

Explanation on related trusteeship/contract

(3) Related leasing

Statement of rent out

In RMB

Lessor	Lessee	Assets type	Start date	Expiry date	Pricing basis of leasing earnings	Leasing earnings recognized in Period
--------	--------	-------------	------------	-------------	-----------------------------------	---------------------------------------

Statement of accepting leases

In RMB

Lessor	Lessee	Assets type	Start date	Expiry date	Pricing basis of rent	Rent recognized in Period
--------	--------	-------------	------------	-------------	-----------------------	---------------------------

Explanation on related leasing

(4) Related guarantee

In RMB

Guarantor	Secured party	Guarantee amount	Start date	Expiry date	Whether the guarantee implemented or not
Runhua RW Industrial Development Co., Ltd.	Runhua Rural Water (Tianjin) International Trade Co., Ltd.	20,000,000.00	2013-10-24	2014-10-24	No
Lan Chunhong	Runhua Rural Water (Tianjin) International Trade Co., Ltd.	22,000,000.00	2013-10-24	2014-10-24	No

Explanation on related guarantee

(1) On 17th of Oct. 2012, Binhai New District branch of China CITIC Bank Corporation Limited credited the Company RMB 20 million (contract code: 2013JYZBZ NO.BS0956, duration: 24th of Oct. 2013 to 24th of Oct. 2014). Runhua RW Industrial Development Company guaranteed for the Company a series of debts rising from the above credit (including but not limited to various borrowings, notes, guarantees, letters of credit etc. businesses).

(2) On 21st of Oct. 2013, Binhai New District branch of China CITIC Bank Corporation Limited credited the Company RMB 22 million (contract code: 2013JYZBZ NO. BS0956-1, duration: 24th of Oct. 2013 to 24th of Oct. 2014). The second-largest shareholder Lan Chunhong guaranteed for the Company a series of debts rising from the above credit (including but not limited to various borrowings, notes, guarantees, letters of credit etc. businesses).

(5) Borrowed funds from related party

In RMB

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

(6) Assets transfer, debt restructure of related party

In RMB

Related party	Transaction type	Content	Pricing principle	Amount of this period		Amount of last period	
				Amount	Ratio in similar transactions	Amount	Ratio in similar transactions

(7) Other related transactions**6. Account receivable/payable for related parties**

Account receivable from related parties

In RMB

Item	Related party	Period-end		Period-begin	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Other receivables	Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	670,000.00	--	670,000.00	--
Payment advance	Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	15,518.38	--	1,945,944.00	--
Accounts receivables	Beijing Xiangeqing Co., Ltd.	738,676.00	--	--	--

Account payable for related parties

In RMB

Item	Related party	Amount at period-end	Amount at period-begin
Other account payable	Wuchan Minfeng (Tianjin) Chemical Trade Co., Ltd.	17,500,000.00	31,000,000.00

IX. Contingency**1. Contingent liability and its financial influence formed by un-settle lawsuits or arbitration****2. Contingent liability and its financial influence formed from debt guarantee offered to other units**

Other contingent liability and its financial influence

X. Commitments**1. Material commitments****2. Commitments made previously****XI. Subsequent events of balance sheet****1. Explanation on major event after balance sheet date**

In RMB

Item	Content	Impact amount on financial status and operation results	Reasons of impact amount unable to estimated

2. Profit distribution after balance sheet date

In RMB

3. Other explanation after balance sheet date

On 5 August 2014, the Ludian County, Shaotong City, Yunnan Province suffered a 6.5 magnitude earthquake. In aspect of the attention and support for the stricken brothers, being discussion by the management of the Company, the Company donated 500,000 Yuan to the disaster area via the disaster relief donation account of Civil Affairs Bureau of Chengde County, Hubei Province.

XII. Other major event**1. Other**

(1) Due to that Nanjiang Holding didn't reported an accounting error which was supposed to be disclosed before 2012, until the 2012 annual financial report. Securities Authority decided to investigate Dalu Holding for this issue. The case is that: on 6th of April 2012, original shareholder of the Company Chen Rong and Wang Dong signed equity transfer agreement which demonstrated that Chen Rong transferred his 208,324,800 of shares holding from Nanjiang Holding with ratio of 29.49% in the overall capital to Mr. Wang Dong. Nanjiang Holding recognized the managing level. The new management revised the pervious accounting errors. Since previous management and shareholders had left Nanjiang Holding and errors had been disclosed, the investigation may not cause influential to Nanjiang Holding.

(2) On 18th of May 2014, in accordance with Chengde People's Government Special note [2014] No. 10, County Government withdrew the actual land of 26.0464 acres with number of CXGY2013 NO.019 which was owned by subsidiary Rongyida without charge, allocating it to County Cultural and Sport & TV and Broadcast Bureau for cultural and sport activities center. Book value of this land was RMB821, 343.02.

(3) On 9th of Apr. 2014, Mosh Technology bided the use right for national construction land with number of CXTGZ [2014] NO.03 during a listing activity held by Chengde National Land Bureau. This land was located in Liugou Toan, Beishuiquan and Pingtai Village, with area of 35953.42 sqm, for purpose of industry, charged at RMB 6,480,000.

XIII. Principle notes of financial statements of parent company**1. Accounts receivable****(1) Accounts receivable**

In RMB

Type	Amount at period-end				Amount at period-begin			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Receivable of bad debt provision withdrawal by combination								
Age combination	120,000.00	100.00%	--	--	--	--	--	--
Subtotal of group	120,000.00	100.00%	--	--	--	--	--	--
Total	120,000.00	--	--	--	--	--	--	--

Explanation on types of accounts receivable:

account receivable with single significant amount and withdrawal bad debt provision separately at period-end

Applicable Not-applicable

In combination, accounts whose bad debts provision was accrued by age analysis: accounts receivable

Applicable Not-applicable

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

Applicable Not-applicable

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

Applicable Not-applicable

Account receivable with minor single amount but with withdrawal bad debt provision for single item at period-end

Applicable Not-applicable

(2) account receivables due from the shareholders holding 5% (5% included) or above voting shares of the Company during the reporting period

In RMB

Name	Amount at period-end		Amount at period-begin	
	Book balance	Bad debt amount accrual	Book balance	Bad debt amount accrual

2. Other accounts receivable

(1) Other accounts receivable

In RMB

Type	Amount at period-end				Amount at period-begin			
	Book balance		Bad debt reserve		Book balance		Bad debt reserve	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Other receivable of bad debt provision withdrawal by combination								
Age combination	21,712,832.37	99.68%	4,000.00	5.41%	320,143.39	82.06%	4,000.00	5.41%
Subtotal of group	21,712,832.37	99.68%	4,000.00	5.41%	320,143.39	82.06%	4,000.00	5.41%
Other account receivable with minor single amount but withdrawal bad debt reserves on a single basis	70,000.00	0.32%	70,000.00	94.59%	70,000.00	17.94%	70,000.00	94.59%
Total	21,782,832.37	--	74,000.00	--	390,143.39	--	74,000.00	--

Explanation on types of other accounts receivable:

Other account receivable with single significant amount and withdrawal bad debt provision separately at period-end

Applicable Not-applicable

In combination, accounts whose bad debts provision was accrued by age analysis: other accounts receivable

Applicable Not-applicable

In RMB

Age	Amount at period-end			Amount at period-begin		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:	--	--	--	--	--	--
	21,692,832.37	99.91%	--	300,143.39	93.75%	--
Subtotal of within 1 year	21,692,832.37	99.91%	--	300,143.39	93.75%	--
1-2 years	20,000.00	0.09%	4,000.00	20,000.00	6.25%	4,000.00
Total	21,712,832.37	--	4,000.00	320,143.39	--	4,000.00

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

Applicable Not-applicable

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

Applicable Not-applicable

Other account receivable with minor single amount but with withdrawal bad debt provision for single item at period-end

Applicable Not-applicable

In RMB

Other receivables	Book balance	Bad debt amount	Accrual proportion	Reasons
Yan Qizhong	70,000.00	70,000.00	100.00%	Estimated unable to collected
Total	70,000.00	70,000.00	--	--

(2) Other account receivables due from the shareholders holding 5% (5% included) or above voting shares of the Company during the reporting period

In RMB

Name	Amount at period-end		Amount at period-begin	
	Book balance	Bad debt amount accrual	Book balance	Bad debt amount accrual

(3) Nature or content of other receivables with significant amount**(4) Top 5 other account receivable**

In RMB

Name	Relationship with the Company	Amount	Terms	Proportion in total other account receivables
Chengde Nanjiang Investment Co., Ltd.	Wholly-owned	10,137,776.70	Within 1 year	46.54%
Department of housing and urban & rural planning bureau of county	No relationship	3,420,000.00	Within 1 year	15.70%
Chengde Nanjiang Ecological Agriculture Co., Ltd.	Wholly-owned	2,811,705.38	Within 1 year	12.91%
Great Wall Group Company	No relationship	1,970,000.00	Within 1 year	9.04%
Chengde Morsh Technology Co., Ltd.	Controlling of subsidiary	1,040,310.00	Within 1 year	4.78%
Total	--	19,379,792.08	--	88.97%

(5) Other account receivables due from related parties

In RMB

Name	Relationship with the Company	Amount	Proportion in total other account receivables
Chengde Nanjiang Investment Co., Ltd.	Wholly-owned	10,137,776.70	46.54%
Chengde Nanjiang Ecological Agriculture Co., Ltd.	Wholly-owned	2,811,705.38	12.91%
Chengde Morsh Technology Co., Ltd.	Controlling of subsidiary	1,040,310.00	4.78%
Total	--	13,989,792.08	64.23%

3. Long-term equity investment

In RMB

Company name	Calculating methods	investment costs	Balance at	Increase	Balance at period-end	Share holding percentage in invested	Vote percentage in invested units	Description of inconformity of share holding percentage and vote	Provision	Counting and drawing impairm	Cash dividends at the
--------------	---------------------	------------------	------------	----------	-----------------------	--------------------------------------	-----------------------------------	------------------------------------------------------------------	-----------	------------------------------	-----------------------

			period-be gin	and decre ase chang es		units		percentage in invested units	reser ve	ent reserves at the current period	current period
Nanjiang Real Estate Company	Cost	53,114,29 9.73	53,114,29 9.73	--	53,114,29 9.73	100.00%	100.00%	--	--	--	--
Nanjiang Investment	Cost	90,000,00 0.00	90,000,00 0.00	--	90,000,00 0.00	100.00%	100.00%	--	--	--	--
Xingye Papermak ing making	Cost	626,567,3 28.03	626,567,3 28.03	--	626,567,3 28.03	100.00%	100.00%	--	626, 567, 328. 03	--	--
Runhua Rural Water	Cost	9,170,370 .00	9,170,370 .00	--	9,170,370. 00	30.00%	53.43%	--	--	--	--
ASIA Investment	Cost	5,000,166 .64		5,000 ,166. 64	5,000,166. 64	100.00%	100.00%	--	--	--	--
Total	--	783,852,1 64.40	778,851,9 97.76	5,000 ,166. 64	783,852,1 64.40	--	--	--	626, 567, 328. 03	--	--

Explanation on long-term equity investment

On 25th of June 2013, Nanjiang Holding purchased RMB 9 million shares from Runhua RW, 30% of its whole shares, becoming the largest shareholder. All shareholders of Runhua RW approved to recognize the board of directors. 3 out of 5 directors came from Nanjiang Holding. The second largest shareholder Lan Chunhong who held RMB 7.03 million shares from Runhua RW with ratio of 23.43% reached concerted action agreement with Nanjiang Holding. Lan Chunhong transferred part of her rights of shares to Nanjiang Holding (except the dividend and right to transfer). Hence, Nanjiang Holding held 53.43% shares of voting and decision rights from Runhua RW.

4. Operating income and cost

(1) Operating income

In RMB

Item	Amount of this period	Amount of last period
Other operating income	4,068,045.62	20,183.93
Total	4,068,045.62	20,183.93
Operating cost	468,045.62	16,666.64

(2) Main business (by industry)

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost

(3) Main business (by product)

In RMB

Product	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost

(4) Main business (by districts)

In RMB

Districts	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost

(5) The operating income of the top five customers of the Company

In RMB

Customer name	Primary business income	The percentage in all operating income of the Company
Nanjiang Real Estate Company	3,600,000.00	88.49%
Total	3,600,000.00	88.49%

Explanation on operating income

5. Supplementary information of cash flow statement

In RMB

Supplementary information	Amount of this period	Amount of last period
1. Adjust the net profits to be cash flow for operating activities	--	--
Net profits	28,322,194.53	-3,714,281.91
Fixed assets depreciation, oil-and-gas assets loss , productive living beings depreciation	78,358.57	47,579.39
Intangible assets amortization	134,121.30	212,171.58
losses from handling fixed assets, intangible assets and assets(profits fill with "--")	-34,647,779.07	--
Financial costs(profits fill with "--")	352,000.00	--
Stock decreases(increases fill with "--")	-75,944,903.10	-157,612,750.00
Operating receivables decrease(increases fill with "--")	-30,774,912.28	81,940.97

Operating payables increase(decreases fill with “-“)	76,020,069.33	43,844,277.81
Net cash flow generated by operating activities	-36,460,850.72	-117,141,062.16
2. Significant investment financial activities not involving and cash deposit and withdrawal	--	--
3. Net changes of cash and cash equivalents	--	--
Ending balance of cash	27,638,033.46	1,077,832.54
Less: opening balance of cash equivalents	5,681,141.82	777,456.70
Net increase of cash and cash equivalents	21,956,891.64	300,375.84

XIV. Supplementary Information

1. Current non-recurring gains/losses

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	34,647,779.07	--
Other non-operating income and expenditure except for the aforementioned items	-4,114,387.39	--
Total	30,533,391.68	--

Explain recognition reasons item-by-item if the government subsidy reckoned into current gains/losses was the recurring gains/losses

Applicable Not-applicable

2. ROE and EPS

In RMB

Profit in the Period	Weighted average ROE	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to common shareholders of the Company	8.81%	0.03	0.03
Net profit attributable to common shareholders of the Company after deducting non-recurring gains/losses	-5.11%	-0.02	-0.02

3. Abnormalities and reasons of the accounting statement items of the Company

Balance sheet	Closing balance	Opening balance	Variable-ratio (%)	Reason for change
Account receivable	3,848,325.20	117,180.60	3184.10%	Sales increased in the period.
Advance payment	67,621,592.68	33,836,310.22	99.85%	

				Project funds paid in advance increased in the period.
Other account receivable	13,297,141.73	4,976,108.67	167.22%	The current amount received from units increased in the Period
Inventory	258,149,828.81	190,569,964.32	35.46%	Development costs of real estate business increased in the period.
Other Liquid assets	7,037,093.63	4,478,158.24	57.14%	Tax in advance increased in the period
Productive biological asset	705,116.63	258,190.34	173.10%	Purchase of laying hens etc. biological asset increased in the period.
Account payable	7,488,618.46	3,660,631.16	104.57%	Accounts payable to goods purchasing increased in the period.
Advance receivable	153,840,376.73	53,821,113.16	185.84%	Housing fund received in advance increased in the period.
Taxes payable	9,344,881.67	18,026,904.58	-66.83%	Payment of tax.
Profit sheet	Currunt period	Last period	Variable-ratio (%)	Reason for change
Operation revenue	216,832,416.09	16,818,678.04	1189.24%	Runhua RW included in consolidated range in the period
Operation cost	218,143,237.30	12,003,739.65	1717.29%	Runhua RW included in consolidated range in the period
Business tax and surcharges	235,514.93	911,510.90	-74.16%	Real estate business tax decreased y-o-y in the period.
Financial cost	-32,775.12	428,022.67	-107.66%	Payment of loan interest decreased in the period.
Non-operating income	34,837,468.38	94,235,507.01	-63.03%	Gains from disposal of intangible assets decreased in the period.
Non-operating expenditure	4,304,076.70	283,931.85	1415.88%	Donation and non-operating other expenditure increased in the period.
Income tax expense	-23,637.85	4,944,803.47	-100.48%	Taxable income decreased in the period.
Cash flow sheet	Currunt period	Last period	Variable-ratio (%)	Reason for change
Net cash flow arising from operation activities	-39,839,229.21	-162,574,578.72	75.49%	Amount received in advance for housing sales increased in the Period
Net cash flow arising from investment activities	28,646,487.02	195,376,676.06	-85.34%	Land assets recovered by the government decreased in the period.
Net cash flow arising from financing activities	2,548,500.00	-30,300,000.00	108.41%	Payment of loans decreased in the Period
Net increase of cash and cash equivalent	-8,644,242.19	2,502,097.34	-445.48%	Inventory increased in the period.

Section X. Documents available for reference

1. Financial statement carried with the signature and seal of the Person in charge of the Company, person in charge of the accounting works and accountant in charge.
2. Text and original draft of the notice that disclosed in reporting period on newspapers appointed by CSRC;