

Beijing Orient Landscape & Environment Co., Ltd.

Audit Report and Financial Statement

Year 2017

Beijing Orient Landscape & Environment Co., Ltd.

Audit Report and Financial Statement

(From January 1, 2017 to December 31, 2017)

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Audit Report

XKSBZ [2018] No. ZB10823

To all shareholders of Beijing Orient Landscape & Environment Co., Ltd.

I Opinions

We have audited the attached financial statements of Beijing Orient Landscape & Environment Co., Ltd. (hereinafter referred to as “Orient Landscape”), including the Consolidated and Parent Company’s Balance Sheet as of December 31, 2017, the Consolidated and Parent Company’s Profit Statement, the Consolidated and Parent Company’s Cash Flow Statement, Consolidated and Parent Company’s Statement of Changes in Shareholder’s Equity and the Notes to Financial Statements of Year 2017.

In our opinion, the attached financial statements are in conformity with the relevant regulations of Accounting Standards for Business Enterprises, and reflect basically the consolidated and Orient Landscape's financial status as of December 31, 2017 and the consolidated and parent company's business achievements and cash flow of Year 2017.

II Basis for Forming Audit Opinions

We conducted our audit in accordance with Chinese CPA Standards on Auditing. The section “CPA's Responsibility for Audit of Financial Statements” in the audit report further provides for our responsibilities under these accounting standards. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of Orient Landscape and perform other duties in terms of professional ethics. We believe that we have obtained sufficient and appropriate audit evidences and our auditing work will provide reasonable foundation for the declaration of opinions and suggestions.

III Key Audit Matters

The key audit matters are the matters that we believe are the most important for the audit of the current financial statements based on professional judgment. The handling of these matters is based on the audit of the financial statements as a whole and the formation of an audit opinion. We will not comment on these matters separately. We confirm that the following matters are key audit matters that need to be communicated in the audit report.

Key Audit Matters	How is this matter handled in the audit?
(I) Recognition of income from construction contracts	
<p>The revenue of the Company is primarily from the construction contracts recognized with completion percentage method. In case the results of construction contract could be reliably estimated at balance sheet date, contract revenue and expenses is identified through percentage of completion of works, and completion percentage is determined on the basis of the ratio of the actual contract cost to estimated total contract cost. The percentage of completion method involves major judgment and estimates by the management, including estimate of the percentage of completion, estimated total contract cost, cost for uncompleted works, total contract revenue, and estimate of contract risks. In addition, the total</p>	<p>During the audit, the audit procedures we implemented mainly include: 1) test the Company's preparation of estimated total revenue and estimated total cost and related key internal control; 2) recalculate the percentage of completion of the construction contract in the construction contract ledger and compare it with the percentage of completion confirmed by the employer to verify its accuracy; 3) sample the construction contracts to check the construction contract and data for cost budgeting on which the management's estimated total revenue and estimated total cost are based, and thereby evaluate whether the management's estimate is reasonable and sufficiently based; 4) sample to</p>

<p>contract cost and total contract revenue may be different from the original estimate (sometimes significant) due to changes in circumstances, and should be continuously evaluated and revised during the execution of the contract. Therefore, we identify it as a key audit matter.</p>	<p>test the project construction costs incurred in the current year; 5) sample the construction contracts and conduct on-site inspection of image and progress of the project therein.</p>
<p>(II) Recoverability of accounts receivable</p>	
<p>As of December 31, 2017, the original book value of accounts receivable and bad debt reserves in the consolidated statements were RMB 8,576,326,795.86 and RMB 1,105,701,470.18 respectively. The recognition of estimated recoverable amount of accounts receivable requires the management of Orient Landscape to identify the projects that have been impaired and objective evidences, assess expected future cash flows and determine their present value, which involves the management applying significant accounting estimates and judgment and a large amount of money. Therefore, we identify the bad debt reserves of accounts receivable as a key audit matter.</p>	<p>The audit procedures we implemented for the recoverability of accounts receivable mainly include:</p> <ol style="list-style-type: none"> 1) Test the management's internal control related to the daily management of accounts receivable and assessment of recoverability of the same at the end of the period; 2) Audit the considerations and objective evidence of the management in the impairment test of account receivables, and pay attention to whether the management fully identifies the projects that have been impaired; 3) Sample the accounts receivables with the separate bad debt reserves, and audit the basis and rationality of the management's estimation of the expected future cash flow; 4) For the accounts receivable for which the bad debt reserves

	<p>are set aside by the management based on the credit risk characteristic combination, assess whether such provision determined by the management is reasonable;</p> <p>5) Implement the external certification procedures, and compare the results thereof with the amount recorded by the management; and</p> <p>6) Perform audit by taking into account A/D payment collection to assess the reasonableness of the bad debt reserves set aside by the management.</p>
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IV Other Information

The management of Orient Landscape (hereinafter referred to as "the management") is responsible for other information. Other information includes the information covered in Orient Landscape Yearly Report 2017, excluding the financial statements and our audit report.

Our audit opinions to the financial statements do not cover such other information, and will not give authentication conclusions in any form on such other information.

Our responsibility is to read such other information together with our audit of the financial statements. In this process, we consider whether there is a material inconsistency or other material misstatement between such other information and the financial statements or what we have learned during the audit process.

If we determine that there is a material misstatement in such other information based on the work we have performed, we should report such material misstatement. In this regard, we have nothing to report.

V The Management and Governance Team’s Responsibilities for the Financial Statements

The management of the Company (hereinafter referred to as “the Management”) shall be responsible for compiling financial statements in accordance with the Accounting Standards for Business Enterprises for the true and fair presentation as well as designing, executing and protecting the internal control related to the compilation of financial statements so as to make the financial statements be free from any serious misstatement caused by frauds and errors.

In the preparation of the financial statements, the management is responsible for assessing the continued operation ability of Orient Landscape, disclosing the matters related to continued operations (if applicable), and applying the continued operations assumption unless it is planned to liquidate, terminate operations or make other necessary realistic choice.

The governance team is responsible for overseeing the financial reporting process of Orient Landscape.

VI CPA’s Responsibility for Auditing Financial Statements

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement due to frauds or errors and to present an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that the audit performed in accordance with audit standards can always identify all material misstatements. Misstatement may be caused by frauds or errors, and it is generally considered that the misstatement is significant if it is reasonably expected that the misstatement alone or aggregated may affect the economic decision of the financial statement user based on the financial statements

In the course of carrying out the audit work in accordance with the audit standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

(1) Identify and assess risks of material misstatement of the financial statements due to fraud or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for expressing audit opinions. Since frauds may involve collusion, falsification, intentional omission, misrepresentation or override of internal controls, the risk of failing to identify a material misstatement due to frauds is higher than the risk of failing to identify a material misstatement due to errors.

(2) Understand the internal control related to the compilation of the financial statements in order to design the appropriate auditing procedures but the aim is not to give opinions on the effectiveness of the internal control.

(3) Evaluate the appropriateness of the accounting policies selected and the reasonableness of the accounting estimates and relevant disclosure by the management;

(4) Draw conclusions on the appropriateness of continued operations assumptions used by the management. Conclude on whether a material uncertainty exists related to events or condition that may cast significant doubt on Orient Landscape's ability to continue as a going concern based on the audit basis acquired. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may cause Orient Landscape not to continued operation.

(5) Evaluate the overall presentation, structure, and content (including disclosures) of the financial statements, and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(6) Gain sufficient and appropriate audit evidence for the financial information of the entities' or business activities of Orient Landscape to express audit opinions on the financial statements. We are responsible for directing, supervising and executing audit of the Company, and assume full responsibility for the audit opinions.

We communicate with the governance team on the planned audit scope, timing, and major audit findings, including communication on the internal control deficiencies that we identified during the audit.

We also provide a statement to the governance team on compliance with ethical requirements related to independence, and communicate with the governance team on all relationships and other matters that may reasonably be considered to affect our independence and related preventive measures (if applicable).

From the matters on which we communicate with the governance team, we determine which matters are the most important for the audit of the financial statements for the current period and thus constitute the key audit matters. We describe these matters in our audit report, and unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating certain matters in the audit report will outweigh the benefits in the public interest, we determine that such matters should not be communicated in the audit report.

**Lixin Certified Public
Accountants
(Special General
Partnership)**

**Chinese Certified Public Accountant:
Liao Jiahe (Engagement Partner)**

**Chinese Certified Public Accountant:
Feng Xue**

Shanghai, China

April 19, 2018

Beijing Orient Landscape & Environment Co., Ltd.
Consolidated Balance Sheet
December 31, 2017
(All amounts expressed in RMB unless otherwise stated)

Assets	Note V	Ending balance	Opening balance
Current assets:			
Monetary Resources	(I)	3,403,192,777.95	2,788,591,526.45
Settlement provisions			
Loans to other banks			
Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of the current period			
Derived financial assets			
Notes Receivable	(II)	126,647,530.03	80,087,992.93
Accounts receivable	(III)	7,470,625,325.68	5,123,746,526.10
Advance Payment	(IV)	77,121,035.82	45,772,343.36
Premiums receivable			
Reinsurance receivables			
Reinsurance contract reserve receivable			
Interests Receivable	(V)		1,107,951.41
Dividends receivable	(VI)	1,878,768.71	
Other accounts receivable	(VII)	347,754,932.83	392,128,381.41
Bought-for-resale financial assets			
Inventories	(VIII)	12,432,886,591.16	8,782,717,265.10
Assets held for sale			
Non-current Assets Coming Due within One Year	(IX)	23,762,368.57	15,193,755.93
Other Current Assets	(X)	126,892,519.73	77,879,799.65
Total current assets		24,010,761,850.48	17,307,225,542.34
Non-current assets:			
Loans and advances			
Available-for-Sale Financial Assets	(XI)	468,644,267.29	134,902,884.25
Held-to-maturity investments			
Long-Term Accounts Receivable	(XII)	31,081,303.95	29,333,429.37
Long-term Equity Investments	(XIII)	134,282,376.78	168,365,646.89
Investment Real Estate			
Fixed assets	(XIV)	929,785,737.50	883,251,712.65
Construction in Progress	(XV)	168,273,567.89	41,058,528.32
Engineering materials			
Disposal of fixed assets			
Productive biological assets			
Oil-gas assets			
Intangible assets	(XVI)	591,914,897.03	539,279,230.03
Development expenditure	(XVII)	2,047,654.91	
Goodwill	(XVIII)	1,671,783,697.73	2,118,150,034.21
Long-term Deferred Expenses	(XIX)	16,737,822.20	18,576,951.49
Deferred income tax assets	(XX)	180,651,264.26	127,005,355.73
Other Non-current Assets	(XXI)	6,908,372,358.84	2,643,353,117.92
Total non-current assets		11,103,574,948.38	6,703,276,890.86
Total assets		35,114,336,798.86	24,010,502,433.20

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative: Chief Accountant: Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Consolidated Balance Sheet (cont.)
December 31, 2017
(All amounts expressed in RMB unless otherwise stated)

Total Liabilities and Owners' Equity	Note V	Ending balance	Opening balance
Current liabilities:			
Short-term Loans	(XXII)	2,231,482,030.24	1,236,446,752.51
Borrowings from central banks			
Receipt of deposits and deposits from other banks			
Loans from other banks			
Financial liabilities measured with fair value and having the change of fair value recorded in the gain or loss of the current period			
Derived financial liabilities			
Notes Payable	(XXIII)	2,660,849,854.18	1,290,746,591.17
Accounts payable	(XXIV)	8,610,129,227.91	4,914,033,385.57
Items Received in Advance	(XXV)	2,598,143,014.12	1,047,789,652.31
Fee for sold-for-buyback financial assets			
Handling charge and commission payable			
Payroll Payable	(XXVI)	85,357,014.42	40,032,604.32
Taxes Payable	(XXVII)	397,993,239.24	334,486,164.71
Interest Payable	(XXVIII)	145,435,823.11	93,845,986.57
Dividends payable			
Other accounts payable	(XXIX)	481,735,624.25	582,525,920.07
Reinsurance premiums payable			
Insurance contract provisions			
Fee for agency transaction of securities			
Fee for agency underwriting of securities			
Held-for-sale liabilities			
Non-current liabilities coming due within one year	(XXX)	588,606,734.85	1,196,634,496.83
Other Current Liabilities	(XXXI)	3,493,515,889.27	169,427,011.98
Total current liabilities		21,293,248,451.59	10,905,968,566.04
Non-current liabilities:			
Long-Term Loans	(XXXII)	200,125,722.30	852,626,702.67
Bonds Payable	(XXXIII)	2,185,779,721.04	2,736,030,284.62
Including: Preferred stock			
Perpetual bond			
Long-term accounts payable			
Long-term payroll payable			
Special accounts payable			
Accrued Liabilities			
Differed Income	(XXXIV)	31,727,212.68	17,744,588.56
Deferred income tax liabilities	(XX)	33,284,639.80	55,447,237.63
Other non-current liabilities			
Total non-current liabilities		2,450,917,295.82	3,661,848,813.48
Total liabilities		23,744,165,747.41	14,567,817,379.52
Owner's equity			
Capital Stock	(XXXV)	2,682,778,484.00	2,677,360,406.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital Reserve	(XXXVI)	1,783,939,740.16	1,762,534,545.45
Less: Treasury stock			
Other composite benefits			
Special reserve			
Surplus Reserve	(XXXVII)	601,150,510.53	434,095,855.60
General risk reserve			
Undistributed Profit	(XXXVIII)	6,246,659,340.47	4,316,113,125.31
Total owner's equity attributed to the parent company		11,314,528,075.16	9,190,103,932.36
Minor shareholders' equity		55,642,976.29	252,581,121.32
Total owner's equity		11,370,171,051.45	9,442,685,053.68
Total liabilities and owner's equity		35,114,336,798.86	24,010,502,433.20

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Balance Sheet
December 31, 2017
(All amounts expressed in RMB unless otherwise stated)

Assets	Note XV	Ending balance	Opening balance
Current assets:			
Monetary Resources		2,919,024,630.43	2,234,433,313.30
Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of the current period			
Derived financial assets			
Notes Receivable		110,700,000.00	17,680,000.00
Accounts receivable	(I)	6,057,968,132.84	4,263,188,645.54
Advance Payment		3,592,637.10	1,039,869.59
Interests Receivable			1,107,951.41
Dividends receivable		1,878,768.71	527,603.98
Other accounts receivable	(II)	1,686,789,258.59	1,380,159,761.38
Inventories		10,284,117,552.24	7,090,770,855.66
Assets held for sale			
Non-current Assets Coming Due within One Year		7,570,422.16	6,386,879.16
Other Current Assets		24,727,360.21	18,270,581.85
Total current assets		21,096,368,762.28	15,013,565,461.87
Non-current assets:			
Available-for-Sale Financial Assets		411,285,714.29	15,285,714.29
Held-to-maturity investments			
Long-Term Accounts Receivable			
Long-term Equity Investments	(III)	3,421,368,763.67	3,886,049,338.26
Investment Real Estate			
Fixed assets		505,702,960.40	502,980,413.16
Construction in Progress			
Engineering materials			
Disposal of fixed assets			
Productive biological assets			
Oil-gas assets			
Intangible assets		7,019,482.45	7,757,106.39
Development expenditure		1,629,682.65	
Goodwill			
Long-term Deferred Expenses		10,969,046.40	17,171,661.20
Deferred income tax assets		143,906,379.44	103,442,292.02
Other Non-current Assets		6,045,222,033.52	1,956,037,321.63
Total non-current assets		10,547,104,062.82	6,488,723,846.95
Total assets		31,643,472,825.10	21,502,289,308.82

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Balance Sheet (cont.)
December 31, 2017
(All amounts expressed in RMB unless otherwise stated)

Total Liabilities and Owners' Equity	Notes	Ending balance	Opening balance
Current liabilities:			
Short-term Loans		1,571,673,453.24	550,000,000.00
Financial liabilities measured with fair value and having the change of fair value recorded in the gain or loss of the current period			
Derived financial liabilities			
Notes Payable		2,392,979,171.31	1,190,648,629.07
Accounts payable		7,938,612,207.78	4,612,276,698.05
Items Received in Advance		2,350,503,595.86	870,586,897.40
Payroll Payable		56,942,747.90	22,020,698.74
Taxes Payable		273,782,368.44	198,004,667.35
Interest Payable		144,525,263.93	92,309,027.78
Dividends payable			
Other accounts payable		780,149,287.03	804,122,454.27
Held-for-sale liabilities			
Non-current liabilities coming due within one year		499,681,300.57	1,172,761,199.50
Other Current Liabilities		3,369,883,726.73	154,717,453.35
Total current liabilities		19,378,733,122.79	9,667,447,725.51
Non-current liabilities:			
Long-Term Loans			696,000,000.00
Bonds Payable		2,185,779,721.04	2,680,754,745.12
Including: Preferred stock			
Perpetual bond			
Long-term accounts payable			
Long-term payroll payable			
Special accounts payable			
Accrued Liabilities			
Differed Income		3,398,000.00	2,242,000.00
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,189,177,721.04	3,378,996,745.12
Total liabilities		21,567,910,843.83	13,046,444,470.63
Owner's equity			
Capital Stock		2,682,778,484.00	2,677,360,406.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital Reserve		1,783,922,004.76	1,759,848,676.81
Less: Treasury stock			
Other composite benefits			
Special reserve			
Surplus Reserve		601,150,510.53	434,095,855.60
Undistributed Profit		5,007,710,981.98	3,584,539,899.78
Total owner's equity		10,075,561,981.27	8,455,844,838.19
Total liabilities and owner's equity		31,643,472,825.10	21,502,289,308.82

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Consolidated Income Statement
Year 2017
(All amounts expressed in RMB unless otherwise stated)

Items	Note V	Amount incurred of current period	Amount incurred of last period
I. Total business income		15,226,101,711.79	8,563,996,968.87
Including: Business income	(XXXIX)	15,226,101,711.79	8,563,996,968.87
Interest income			
Insurance premiums earned			
Handling charges and commission income			
II. Total business costs		12,560,732,085.93	7,026,806,419.97
Including: Business costs	(XXXIX)	10,421,364,764.29	5,752,495,467.62
Interest expenditure			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commission on insurance policies			
Cession charges			
Taxes and Surcharge	(XL)	74,825,771.28	51,127,188.17
Selling Expenses	(XLI)	41,771,032.21	21,506,293.37
Management Expenses	(XLII)	1,232,550,072.98	696,866,147.99
Financial Expenses	(XLIII)	398,516,362.42	302,718,046.57
Asset Impairment Loss	(XLIV)	391,704,082.75	202,093,276.25
Plus: Gain on change of fair value (loss represented with "—")			
Gain on investment (loss represented with "—")	(XLV)	-124,899,693.57	29,127,580.63
Including: Gain on investments in jointly-run enterprises and joint ventures		-4,400,906.14	-3,318,924.54
Proceeds from asset disposal (loss is represented with "-")	(XLVI)	-17,489,486.17	13,441.46
Gain or loss on foreign exchange transactions (loss filled with "-")			
Other Income	(XLVII)	93,934,632.45	
III. Operating profit (loss represented with "—")		2,616,915,078.57	1,566,331,570.99
Plus: Non-operating income	(XLVIII)	1,381,294.15	71,492,206.95
Less: Non-operating expenditure	(XLIX)	3,552,282.16	479,153.74
IV. Total profit (total loss represented with "—")		2,614,744,090.56	1,637,344,624.20
Less: Expense of income tax	(L)	394,118,228.69	256,497,064.11
V. Net profit (net loss represented with "—")		2,220,625,861.87	1,380,847,560.09
(I) Classified by business continuity			
1. Net profit from continued operations (net loss is represented with "-")		2,220,625,861.87	1,380,847,560.09
2. Net profit from discontinued operations (net loss is represented with "-")			
(II) Classified by ownership			
1. Minor stockholder's gain or loss		42,704,179.60	85,496,992.51
2. Net profits attributable to the Shareholders of the Parent Company		2,177,921,682.27	1,295,350,567.58
VI. After-tax net amount of other composite benefits			
After-tax net amount of other composite benefit attributed to the parent company's owner			
(I) Other composite benefits unavailable to reclassify into gain or loss in future			
1. Change as a result of re-measurement of net liabilities or net assets of defined benefit plan			
2. Shares enjoyed in the other composite benefits which cannot be reclassified into gain or loss of invested units under equity method			
(II) Other composite benefits which will be reclassified into gain or loss in future			
1. Shares enjoyed in the other composite benefits which will be reclassified into gain or loss of invested units under equity method			
2. Gain or loss on the change of fair value of available-for-sale financial assets			
3. Gain or loss on held-to-maturity investments reclassified into available-for-sale financial assets			
4. Effective part of gain or loss on hedging of cash flow			
5. Balance from conversion of foreign-currency financial statements			
6. Others			
After-tax net amount of other composite benefits attributed to minor shareholders			
VII. Total amount of composite benefits		2,220,625,861.87	1,380,847,560.09
Total amount of composite benefits attributed to the parent company's owner		2,177,921,682.27	1,295,350,567.58
Total amount of composite benefits attributed to minor shareholders		42,704,179.60	85,496,992.51
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/ share)		0.81	0.51
(II) Diluted earnings per share (Yuan/ share)		0.81	0.51

Business combination under the same control occurred in the current period. The net profit realized by the combined party before the combination was RMB126,231.95, and the net profit realized by the combined party in the last period was RMB257,976.82. The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Income Statement
Year 2017
(All amounts expressed in RMB unless otherwise stated)

Items	Note XV	Amount incurred of current period	Amount incurred of last period
I. Operating income	(IV)	11,262,587,014.59	6,183,670,800.78
Less: Operating cost	(IV)	7,835,072,135.84	4,267,269,529.66
Taxes and Surcharge		46,892,841.44	31,371,851.86
Selling Expenses			
Management Expenses		939,586,472.99	538,110,553.84
Financial Expenses		319,412,750.86	259,405,283.12
Asset Impairment Loss		262,668,422.25	153,784,197.42
Plus: Gain on change of fair value (loss represented with "—")			
Gain on investment (loss represented with "—")	(V)	89,949,093.86	-2,805,606.27
Including: Gain on investments in jointly-run enterprises and joint ventures		-4,400,906.14	-3,318,924.54
Proceeds from asset disposal (loss is represented with "-")		-2,252,508.16	110,648.34
Other Income		3,180,077.48	
II. Operating profit (loss represented with "—")		1,949,831,054.39	931,034,426.95
Plus: Non-operating income		81,411.02	2,294,229.73
Less: Non-operating expenditure		278,286.78	3,000.00
III. Total profit (total loss represented with "—")		1,949,634,178.63	933,325,656.68
Less: Expense of income tax		279,087,629.32	137,120,760.41
IV. Net profit (net loss represented with "—")		1,670,546,549.31	796,204,896.27
(I) Net profit from continued operations (net loss is represented with "-")		1,670,546,549.31	796,204,896.27
(II) Net profit from discontinued operations (net loss is represented with "-")			
V. After-tax net amount of other composite benefits			
(I) Other composite benefits unavailable to reclassify into gain or loss in future			
1. Change as a result of re-measurement of net liabilities or net assets of defined benefit plan			
2. Shares enjoyed in the other composite benefits which cannot be reclassified into gain or loss of invested units under equity method			
(II) Other composite benefits which will be reclassified into gain or loss in future			
1. Shares enjoyed in the other composite benefits which will be reclassified into gain or loss of invested units under equity method			
2. Gain or loss on the change of fair value of available-for-sale financial assets			
3. Gain or loss on held-to-maturity investments reclassified into available-for-sale financial assets			
4. Effective part of gain or loss on hedging of cash flow			
5. Balance from conversion of foreign-currency financial statements			
6. Others			
VI. Total amount of composite benefits		1,670,546,549.31	796,204,896.27
VII. Earnings per share:			
(I) Basic earnings per share (Yuan/ share)		0.62	0.31
(II) Diluted earnings per share (Yuan/ share)		0.62	0.31

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Consolidated Cash Flow Statement
Year 2017
(All amounts expressed in RMB unless otherwise stated)

Items	Note V	Amount incurred of current period	Amount incurred of last period
I Cash flow from operating activities			
Cash received from sale of goods or rendering of services		10,331,008,682.92	7,035,912,279.20
Net increment in customer bank deposits and due to banks and other financial institutions			
Net increment of borrowings from central bank			
Net increment in placements from other financial institutions			
Premiums received from original insurance contracts			
Net cash received from reinsurance business			
Net increment in deposits from policyholders			
Net increment from disposal of financial assets measured with fair value and having the change of fair value recorded in the gain or loss of the current period			
Interest, handling charges and commission received			
Net increment in placements			
Net increment in repurchase business capital			
Tax rebates received		101,346,512.60	76,524,866.50
Cash received relating to other operating activities	(LI)	925,752,293.34	467,419,532.67
Subtotal of cash inflows from operating activities		11,358,107,488.86	7,579,856,678.37
Cash paid for goods purchased and services received		5,098,863,938.09	4,132,631,748.24
Net increment in loans and advances to customers			
Net increment in deposits with central bank and other financial institutions			
Original insurance contract claims paid			
Interest, handling charges and commissions paid			
Policyholder Dividend Paid			
Cash paid to and for employees		943,249,487.27	565,007,143.67
Various taxes paid		772,087,462.62	538,523,536.58
Cash paid relating to other operating activities	(LI)	1,620,344,712.86	775,705,182.13
Subtotal of cash outflows for operating activities		8,434,545,600.84	6,011,867,610.62
Net amount of cash flow from operating activities		2,923,561,888.02	1,567,989,067.75
II Cash flows from investing activities			
Cash received from disinvestments		118,979,387.94	10,000,000.00
Cash received from obtaining of investment yield		1,101,485.84	756,515.00
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets		129,413.33	
Net amount of cash received from disposal of subsidiaries and other operating units		1,159,271,608.19	10,819,313.92
Cash received relating to other investment activities			
Subtotal of cash inflows from investment activities		1,279,481,895.30	21,575,828.92
Cash paid for purchasing and construction of fixed assets, intangible assets and other long-term assets		430,122,587.59	344,057,388.48
Cash paid for investments		4,644,501,724.60	1,523,118,293.97
Net increment of pledged loans			
Net amount of cash paid for obtaining subsidiaries and other operating units		716,334,486.18	747,177,739.79
Cash paid relating to other investment activities	(LI)		51,503,000.00
Subtotal of cash outflows for investment activities		5,790,958,798.37	2,665,856,422.24
Net amount of cash flow from investment activities		-4,511,476,903.07	-2,644,280,593.32
III Cash flow from financing activities			
Cash received from absorbing investments		50,216,995.39	1,043,521,344.73
Including: Cash received from subsidiaries' absorbing the investments of minor shareholders		6,366,968.93	12,021,345.21
Cash received from obtaining loans		5,818,667,452.92	2,900,000,000.00
Cash received from issuing bonds			2,180,200,000.00
Cash received relating to other financing activities	(LI)	41,824,797.41	4,762,052.00
Subtotal of cash inflows from financing activities		5,910,709,245.72	6,128,483,396.73
Cash paid for repaying debts		3,434,417,032.22	4,594,812,247.49
Cash paid for distributing dividends, profits or paying interests		383,277,062.38	352,147,137.01
Including: Dividends and profits paid by subsidiaries to minor shareholders			158,084.66
Cash paid relating to other financing activities	(LI)	482,294,931.93	129,005,967.46
Subtotal of cash outflows for financing activities		4,299,989,026.53	5,075,965,351.96
Net amount of cash flow from financing activities		1,610,720,219.19	1,052,518,044.77
IV Cash and cash equivalents affected by change of exchange rate		-1,530,425.95	8,767.62
V Net increment of cash and cash equivalents		21,274,778.19	-23,764,713.18
Plus: Opening balance of cash and cash equivalents		2,122,698,747.33	2,146,463,460.51
VI Ending balance of cash and cash equivalents		2,143,973,525.52	2,122,698,747.33

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Cash Flow Statement
Year 2017
(All amounts expressed in RMB unless otherwise stated)

Items	Notes	Amount incurred of current period	Amount incurred of last period
I Cash flow from operating activities			
Cash received from sale of goods or rendering of services		7,944,307,142.54	5,038,724,037.49
Tax rebates received			
Cash received relating to other operating activities		1,955,111,757.90	863,284,728.12
Subtotal of cash inflows from operating activities		9,899,418,900.44	5,902,008,765.61
Cash paid for goods purchased and services received		3,590,726,682.83	2,594,276,286.90
Cash paid to and for employees		640,350,420.25	377,579,301.26
Various taxes paid		454,959,701.81	268,261,935.03
Cash paid relating to other operating activities		2,569,678,544.30	1,663,534,131.82
Subtotal of cash outflows for operating activities		7,255,715,349.19	4,903,651,655.01
Net amount of cash flow from operating activities		2,643,703,551.25	998,357,110.60
II Cash flows from investing activities			
Cash received from disinvestments		1,207,559,137.94	13,000,000.00
Cash received from obtaining of investment yield		48,027,603.98	5,677,141.51
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets		37,000.00	
Net amount of cash received from disposal of subsidiaries and other operating units			
Cash received relating to other investment activities			
Subtotal of cash inflows from investment activities		1,255,623,741.92	18,677,141.51
Cash paid for purchasing and construction of fixed assets, intangible assets and other long-term assets		142,598,677.33	26,314,255.17
Cash paid for investments		5,297,371,418.83	2,336,120,379.16
Net amount of cash paid for obtaining subsidiaries and other operating units			
Cash paid relating to other investment activities			51,503,000.00
Subtotal of cash outflows for investment activities		5,439,970,096.16	2,413,937,634.33
Net amount of cash flow from investment activities		-4,184,346,354.24	-2,395,260,492.82
III Cash flow from financing activities			
Cash received from absorbing investments		43,850,026.46	1,022,499,999.52
Cash received from obtaining loans		4,921,877,452.92	2,016,000,000.00
Cash received from issuing bonds			2,180,200,000.00
Cash received relating to other financing activities			
Subtotal of cash inflows from financing activities		4,965,727,479.38	5,218,699,999.52
Cash paid for repaying debts		2,570,000,000.00	3,526,000,000.00
Cash paid for distributing dividends, profits or paying interests		360,934,908.64	303,138,751.71
Cash paid relating to other financing activities		309,023,529.89	122,992,408.77
Subtotal of cash outflows for financing activities		3,239,958,438.53	3,952,131,160.48
Net amount of cash flow from financing activities		1,725,769,040.85	1,266,568,839.04
IV Cash and cash equivalents affected by change of exchange rate		-1,212,198.84	
V Net increment of cash and cash equivalents		183,914,039.02	-130,334,543.18
Plus: Opening balance of cash and cash equivalents		1,623,269,887.47	1,753,604,430.65
VI Ending balance of cash and cash equivalents		1,807,183,926.49	1,623,269,887.47

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative: Chief Accountant: Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Consolidated Statement of Changes in Owner's Equity
Year 2017
(All amounts expressed in RMB unless otherwise stated)

Items	Amount of current period												
	Owner's equity attributed to the parent company											Minor shareholders' equity	Total owner's equity
	Capital Stock	Other equity instruments			Capital Reserve	Less: Treasury stock	Other composite benefits	Special reserve	Surplus Reserve	General risk reserve	Undistributed Profit		
		Preferred stock	Perpetual bond	Others									
I. Closing balance of the prior period	2,677,360,406.00				1,757,534,545.45				434,095,855.60		4,316,479,967.58	252,581,121.32	9,438,051,895.95
Plus: Correction of accounting policies													
Correction of previous errors													
Business combination under the same control					5,000,000.00						-366,842.27		4,633,157.73
Others													
II. Beginning balance of this year	2,677,360,406.00				1,762,534,545.45				434,095,855.60		4,316,113,125.31	252,581,121.32	9,442,685,053.68
III. Amount increased or decreased of current period (decrease represented with "-")	5,418,078.00				21,405,194.71				167,054,654.93		1,930,546,215.16	-196,938,145.03	1,927,485,997.77
(I)Total amount of composite benefits											2,177,921,682.27	42,704,179.60	2,220,625,861.87
(II)Capital input and decreased by owners	5,418,078.00				21,405,194.71							-239,642,324.63	-212,819,051.92
1. Common stock input by shareholders	5,418,078.00				38,431,948.46							37,718,534.94	81,568,561.40
2. Capital input by holders of other equity instruments													
3. Amount of share-based payment recorded in owner's equity					19,634,453.71								19,634,453.71
4. Others					-36,661,207.46							-277,360,859.57	-314,022,067.03
(III)Profit distribution									167,054,654.93		-247,375,467.11		-80,320,812.18
1. Surplus reserve withdrawn									167,054,654.93		-167,054,654.93		
2. General risk reserve withdrawn													
3. Distribution to owners (or shareholders)											-80,320,812.18		-80,320,812.18
4. Others													
(IV)Internal carry-forward of owner's equity													
1. Capital reserve converted to increase capital (or capital stock)													
2. Surplus reserve converted to increase capital (or capital stock)													
3. Surplus reserve used to cover losses													
4. Others													
(V). Special reserve													
1. Withdrawn in current period													
2. Used in current period													
(VI). Others													
IV. Ending balance of current period	2,682,778,484.00				1,783,939,740.16				601,150,510.53		6,246,659,340.47	55,642,976.29	11,370,171,051.45

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Consolidated Statement of Changes in Owner's Equity (cont.)
Year 2017
(All amounts expressed in RMB unless otherwise stated)

Items	Amount of last period												
	Owner's equity attributed to the parent company											Minor shareholders' equity	Total owner's equity
	Capital Stock	Other equity instruments			Capital Reserve	Less: Treasury stock	Other composite benefits	Special reserve	Surplus Reserve	General risk reserve	Undistributed Profit		
		Preferred stock	Perpetual bond	Others									
I. Closing balance of the prior period	1,008,711,947.00				1,726,271,695.45				354,475,365.97		3,161,014,629.63	150,058,632.33	6,400,532,270.38
Plus: Correction of accounting policies													
Correction of previous errors													
Business combination under the same control					5,000,000.00						-108,865.45		4,891,134.55
Others													
II. Beginning balance of this year	1,008,711,947.00				1,731,271,695.45				354,475,365.97		3,160,905,764.18	150,058,632.33	6,405,423,404.93
III. Amount increased or decreased of current period (decrease represented with “-”)	1,668,648,459.00				31,262,850.00				79,620,489.63		1,155,207,361.13	102,522,488.99	3,037,261,648.75
(I)Total amount of composite benefits											1,295,350,567.58	85,496,992.51	1,380,847,560.09
(II)Capital input and decreased by owners	155,580,539.00				1,546,169,562.54							17,201,364.47	1,718,951,466.01
1. Common stock input by shareholders	155,580,539.00				1,535,530,225.69							23,805,706.35	1,714,916,471.04
2. Capital input by holders of other equity instruments													
3. Amount of share-based payment recorded in owner's equity					11,115,825.32								11,115,825.32
4. Others					-476,488.47							-6,604,341.88	-7,080,830.35
(III)Profit distribution									79,620,489.63		-140,143,206.45	-175,867.99	-60,698,584.81
1. Surplus reserve withdrawn									79,620,489.63		-79,620,489.63		
2. General risk reserve withdrawn													
3. Distribution to owners (or shareholders)											-60,522,716.82	-175,867.99	-60,698,584.81
4. Others													
(IV)Internal carry-forward of owner's equity	1,513,067,920.00				-1,513,067,920.00								
1. Capital reserve converted to increase capital (or capital stock)	1,513,067,920.00				-1,513,067,920.00								
2. Surplus reserve converted to increase capital (or capital stock)													
3. Surplus reserve used to cover losses													
4. Others													
(V)Special reserve													
1. Withdrawn in current period													
2. Used in current period													
(VI)Others					-1,838,792.54								-1,838,792.54
IV. Ending balance of current period	2,677,360,406.00				1,762,534,545.45				434,095,855.60		4,316,113,125.31	252,581,121.32	9,442,685,053.68

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.
Statement of Changes in Owner's Equity
Year 2017
(All amounts expressed in RMB unless otherwise stated)

Items	Amount of current period										
	Capital Stock	Other equity instruments			Capital Reserve	Less: Treasury stock	Other composite benefits	Special reserve	Surplus Reserve	Undistributed Profit	Total owner's equity
		Preferred stock	Perpetual bond	Others							
I. Closing balance of the prior period	2,677,360,406.00				1,759,848,676.81				434,095,855.60	3,584,539,899.78	8,455,844,838.19
Plus: Correction of accounting policies											
Correction of previous errors											
Others											
II. Beginning balance of this year	2,677,360,406.00				1,759,848,676.81				434,095,855.60	3,584,539,899.78	8,455,844,838.19
III. Amount increased or decreased of current period (decrease represented with “-”)	5,418,078.00				24,073,327.95				167,054,654.93	1,423,171,082.20	1,619,717,143.08
(I)Total amount of composite benefits										1,670,546,549.31	1,670,546,549.31
(II)Capital input and decreased by owners	5,418,078.00				24,073,327.95						29,491,405.95
1. Common stock input by shareholders	5,418,078.00				38,431,948.46						43,850,026.46
2. Capital input by holders of other equity instruments											
3. Amount of share-based payment recorded in owner's equity					19,634,453.71						19,634,453.71
4. Others					-33,993,074.22						-33,993,074.22
(III)Profit distribution									167,054,654.93	-247,375,467.11	-80,320,812.18
1. Surplus reserve withdrawn									167,054,654.93	-167,054,654.93	
2. Distribution to owners (or shareholders)										-80,320,812.18	-80,320,812.18
3. Others											
(IV)Internal carry-forward of owner's equity											
1. Capital reserve converted to increase capital (or capital stock)											
2. Surplus reserve converted to increase capital (or capital stock)											
3. Surplus reserve used to cover losses											
4. Others											
(V)Special reserve											
1. Withdrawn in current period											
2. Used in current period											
(VI)Others											
IV. Ending balance of current period	2,682,778,484.00				1,783,922,004.76				601,150,510.53	5,007,710,981.98	10,075,561,981.27

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.

Statement of Changes in Owner's Equity (cont.)

Year 2017

(All amounts expressed in RMB unless otherwise stated)

Items	Amount of last period										
	Capital Stock	Other equity instruments			Capital Reserve	Less: Treasury stock	Other composite benefits	Special reserve	Surplus Reserve	Undistributed Profit	Total owner's equity
		Preferred stock	Perpetual bond	Others							
I. Closing balance of the prior period	1,008,711,947.00				1,726,270,545.80				354,475,365.97	2,928,478,209.96	6,017,936,068.73
Plus: Correction of accounting policies											
Correction of previous errors											
Others											
II. Beginning balance of this year	1,008,711,947.00				1,726,270,545.80				354,475,365.97	2,928,478,209.96	6,017,936,068.73
III. Amount increased or decreased of current period (decrease represented with “-.”)	1,668,648,459.00				33,578,131.01				79,620,489.63	656,061,689.82	2,437,908,769.46
(I)Total amount of composite benefits										796,204,896.27	796,204,896.27
(II)Capital input and decreased by owners	155,580,539.00				1,546,646,051.01						1,702,226,590.01
1. Common stock input by shareholders	155,580,539.00				1,535,530,225.69						1,691,110,764.69
2. Capital input by holders of other equity instruments											
3. Amount of share-based payment recorded in owner's equity					11,115,825.32						11,115,825.32
4. Others											
(III)Profit distribution									79,620,489.63	-140,143,206.45	-60,522,716.82
1. Surplus reserve withdrawn									79,620,489.63	-79,620,489.63	
2. Distribution to owners (or shareholders)										-60,522,716.82	-60,522,716.82
3. Others											
(IV)Internal carry-forward of owner's equity	1,513,067,920.00				-1,513,067,920.00						
1. Capital reserve converted to increase capital (or capital stock)	1,513,067,920.00				-1,513,067,920.00						
2. Surplus reserve converted to increase capital (or capital stock)											
3. Surplus reserve used to cover losses											
4. Others											
(V)Special reserve											
1. Withdrawn in current period											
2. Used in current period											
(VI)Others											
IV. Ending balance of current period	2,677,360,406.00				1,759,848,676.81				434,095,855.60	3,584,539,899.78	8,455,844,838.19

The attached notes to the financial statements are integral part of the financial statements.

Enterprise Legal Representative:

Chief Accountant:

Person-in-charge of the accounting agency:

Beijing Orient Landscape & Environment Co., Ltd.

Notes to Financial Statements 2017

(All amounts expressed in RMB unless otherwise stated)

I Basic Information of the Company

(I) Company Profile

Beijing Orient Landscape & Environment Co., Ltd. (hereinafter referred to as "the Company") was formerly known as Beijing Orient Landscape Co., Ltd. On September 12, 2001, the Company was changed into a limited liability company from a limited company and was renamed as Beijing Orient Landscape Co., Ltd. In January 2015, the Company was renamed as Beijing Orient Landscape & Ecology Co., Ltd. On October 12, 2016, the Company was renamed as Beijing Orient Landscape & Environment Co., Ltd. On Nov. 27, 2009, the Company's stock was listed with Shenzhen Stock Exchange. The Company's enterprise uniform social credit code: 91110000102116928R. As of December 31, 2017, the Company's registered capital was RMB 2,681,155,280; registered address: Room 104, Courtyard 10, Jiuxianqiaobei Road A, Chaoyang District, Beijing; office address: Room 104, Courtyard 10, Jiuxianqiaobei Road A, Chaoyang District, Beijing; Legal representative: He Qiaonv.

The financial statements have been reported on April 19, 2018 after the approval of the Company's board of directors.

(II) History

With Beijing Orient Landscape Co., Ltd. as its predecessor, the Company was changed into a joint-stock company on the whole with the approval of Economic System Reform Office of Beijing People's Government in virtue of the Notification on Agreeing Beijing Orient Landscape Co., Ltd. to Change into Beijing Orient Landscape Co., Ltd. (Jing Zheng Ti Gai Gu Han [2001] No. 48) on Sept. 12, 2001. After change, the Company's registered capital (capital stock) was RMB 33,661,300.

On Dec. 25, 2007, the Company newly increased registered capital (capital stock) by RMB 1,920,000, and after change, the registered capital (capital stock) was RMB 35,581,300.

On Nov. 18, 2009, the Company publicly issued 14,500,000 shares of RMB common stock (A Share) to the society, and got listed with Shenzhen Stock Exchange on Nov. 27, 2009, and the Company's registered capital (capital stock) was changed from RMB 35,581,300 to RMB 50,081,300.

On Mar. 19, 2010, the Company increased the registered capital (capital stock) by RMB 25,040,650 through conversion of capital reserve, and after conversion, the registered capital (capital stock) was RMB 75,121,950; on Aug. 26, 2010, the Company increased the registered capital (capital stock) through conversion of capital reserve by RMB 75,121,950, and after conversion, the registered capital was RMB 150,243,900.

On May 16, 2012, the Company's stock option objects exercised their right, and increased the registered capital (capital stock) by RMB 863,500, and after change, the registered capital was RMB 151,107,400; on June 8, 2012, the Company increased the registered capital (capital stock) by RMB 150,243,896 through conversion of capital reserve, and after conversion, the registered capital was RMB 301,351,296.

On May 22, 2013, the Company increased the registered capital (capital stock) by RMB 301,351,296 through conversion of capital reserve, and after conversion, the registered capital was RMB 602,702,592. On May 31, 2013, the Company increased the registered capital (capital stock) by RMB 3,330,254 with the investments paid by 58 stock option incentive objects, and after capital increase, the registered capital (capital stock) was RMB 606,032,846.

On Dec. 2, 2013, the Company non-publicly issued 63,224,000 shares of RMB common stock to certain investors at the price of RMB 25.00 per share. After change, the registered capital was RMB 669,256,846, and the accumulative capital stock was RMB 669,256,846.

On June 23, 2014, the Company increased the registered capital (capital stock) by RMB 334,628,423 through conversion of capital reserve, and after conversion, the registered capital was RMB 1,003,885,269.

On Sept. 30, 2014, the Company's stock option objects exercised their rights, increased the registered capital (capital stock) by RMB 4,826,678, and after change, the registered capital was RMB 1,008,711,947.

On July 18, 2016, the Company increased the registered capital (capital stock) by RMB 1,513,067,920 through conversion of capital reserve, and after conversion, the registered capital was RMB 2,521,779,867.

On Oct. 13, 2016, the Company non-publicly issued 75,215,208 shares of RMB common stock to certain investors at the price of RMB 13.94 per share. After change, the registered capital was RMB 2,596,995,075.

The Company issued 80,365,331 shares and paid RMB 601,966,600 in cash to 49 shareholders like Deng Shaolin, et al. of Zhongshan Environmental Protection and 3

shareholders like Xu Liquan, et al. of Shanghai Liyuan to purchase the 100% shares of Zhongshan Environmental Protection and 100% shares of Shanghai Liyuan. Every share was priced at RMB 1.00, and the assets purchased were priced at RMB 1,274,624,600. The Company's capital stock increased by RMB 80,365,331, and after change, the registered capital was RMB 2,677,360,406.

On June 12, 2017, the incentive objects excised their rights in the second exercise period of first granted and the first exercise period of reserved granted of Phase-2 Stock Incentive Plan, increased registered capital by RMB 3,794,874, and after change, the registered capital was RMB 2,681,155,280.

By the end of December 2017, the Company received a total of RMB 14,381,600 contributed by stock option incentive objects at the third phase, of which the newly increased paid-in capital (share capital) was RMB 1,623,200, and the accumulated paid-in capital (equity) after the change was RMB 2,682,778,500. And Lixin Certified Public Accountants has issued the capital verification report (XKSBZ [2017] No. 12128) for such contribution. On January 10, 2018, the Company completed the formalities for registration of relevant shares. As of April 19, 2018, the business registration has not been changed.

(III) Industry and Main Businesses

The Company's business is mainly composed of three core business segments, including comprehensive treatment of water environment, disposal of industrial hazardous wastes, and 'all-for-one' tourism. At the same time, the Company actively explores fields such as soil remediation and mine rehabilitation. The Company's latest business scope is as follows: research, development, planting, sales, conservation of garden plants; design of garden and environmental landscape; landscaping engineering and garden maintenance; sales of building materials, garden machinery and equipment, sporting goods, flowers, and daily necessities; technology R&D; investment and asset management; corporate governance services; water pollution control; automobile exhaust control; flue gas treatment; exhaust gas treatment; air pollution control; noise and light pollution control; radiation pollution control; geological disaster control; solid waste pollution control; leasing of office buildings; engineering survey and design; surveying and mapping services; planning and management; scenic area management; social and economic consultation; sports events management (excluding high-risk sports events); undertaking exhibitions; organization of cultural and art exchange activities; the following business

only engaged by the branches of the Company in other cities: raising seedlings and planting flowers.

(IV) Final Controller

The ultimate controllers of the Company are He Qiaonv and Tang Kai as a couple.

(V) Scope of consolidated financial statements

As of December 31, 2017, the subsidiaries within the scope of the Company's consolidated financial statements were as shown below:

Name of subsidiaries
Beijing Dongfang Lihe Landscape Design Co., Ltd.
Zhongbang Construction Engineering Co., Ltd.
Zhongshan Environmental Protection Industrial Co., Ltd.
Shanghai Leeya Water Treatment Technology Co., Ltd.
Hubei Shunda Construction Group Co., Ltd.
Wenzhou Shengli Landscape Engineering Co., Ltd.
Nanning Yuanboyuan Landscape Engineering Co., Ltd.
Beijing Dongfang Yidi Landscape Design Co., Ltd. (used name: Beijing EDSA Oriental Environmental Landscape Design and Research Institute Co., Ltd.)
Hubei Orient Miaolian Seedling Technology Co., Ltd.
Dalian Dongfang Shengjing LandscapeCo., Ltd.
Shanghai Kaiyuan Building Engineering Co., Ltd. (used name: Xindaoxin Dongkai (Shanghai) Building Engineering Co., Ltd.)
Oriental Libang Construction Co., Ltd. (used name: Oriental Mingyuan Longsheng Construction Co., Ltd.)
Beijing Orient Landscape Fund Management Co., Ltd.
Beijing Miaolianwang Technology Co., Ltd.
Beijing Oriental Decong Ecological Technology Co., Ltd.
Beijing Dongfang Fudi Environmental Technology Co., Ltd.
Hangzhou Fuyang Jinyuan Copper Co., Ltd.
Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.
Beijing Orient Landscape Environmental Investment Co., Ltd.
Beijing Dongfang Shanhexiumei Environmental Engineering Co., Ltd. (nonoperative)
Orient Landscape Biological Co., Ltd.(nonoperative)
Orient Landscape Ecological investment Co., Ltd. (nonoperative)
Zhuhai Orient Landscape Co., Ltd. (nonoperative)
Orient Landscape (Pingyuan) Environmental Technology Co., Ltd.
Suzhou Haifengsheng Environmental Protection Investment Co., Ltd.
Shanghai Puneng Investment Co., Ltd.
Gansu Dongfang Ruilong Environmental ManagementCo., Ltd.
Sichuan Ruiheng Lubricating Oil Co., Ltd.
Zhoukou Orient Landscape Environmental Protection Technology Co., Ltd.

Name of subsidiaries
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.
Beijing Huafei Xingda Environmental Protection Technology Co., Ltd.
Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.
Ningxia Laide Energy Co., Ltd.
Liaoning Orient Landscape Environmental Protection Technology Co., Ltd.
Tianjin Orient Landscape Environmental Protection Technology Co., Ltd.
Heilongjiang Orient Landscape Environmental Protection Technology Co., Ltd.
Beijing Oriental Cultural Tourism Asset Management Co., Ltd.

For the range of this consolidated financial statement and its change information, see details in Note VI. Change of Consolidation Range and Note VII. Rights and Interests in Other Subjects.

II Basis for Preparation of Financial Statements

(I) Basis of Preparation

The Company has prepared financial statements based on sustained operation as basis, according to the transactions and matters having occurred actually, and in accordance with the Accounting Standards for Business Enterprises – Basic Rules, various detailed accounting rules, Guidelines for Application of Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter jointly referred to as “Accounting Standards for Business Enterprises”), as well as the disclosure provisions of the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Report issued by China Securities Regulatory Commission.

(II) Sustained Operation

The Company had the ability of sustained operation within 12 months since the end of the reporting period, and did not have significant matters affecting its sustained operation.

III Important Accounting Policies and Accounting Estimates

(I) Statement on Observing Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of Accounting Standards for Business Enterprises, and reflect the Company’s relevant information like financial standing, operating results, cash flow, etc. in the reporting period authentically

and completely.

(II) Fiscal Period

From Jan. 1 to Dec. 31 in the Gregorian calendar is one fiscal year.

(III) Business Cycle

The Company's business cycle is 12 months.

(IV) Recording Currency

The Company adopts RMB as recording currency.

(V) Method for Accounting Treatment of Business Combination under and Not under the Same Control

Business combination under the same control: The assets and liabilities obtained by the Company from business combination are measured as per the book value of the combined party's assets and liabilities (including the goodwill formed from the final controller's acquisition of the combined party) on the date of combination in the final controller's consolidated financial statements. For the balance between the book value of net assets obtained from the combination and the book value of combination consideration paid (or the total book value of shares issued), the capital stock premium in capital reserve will be adjusted; and if the capital stock premium in the capital reserve is insufficient to write down, the retained earnings will be adjusted.

Business combination not under the same control: The assets paid as consideration for business combination and the liabilities incurred or undertaken by the Company on the date of purchasing will be measured as per fair value, and the balance between the fair value and its book value will be recorded in the gain or loss of the current period. The Company confirms the balance that the "combination cost" is bigger than "the fair value shares of the purchased party's distinguishable net assets obtained from the combination" as goodwill; and records after checking the balance that the "combination cost" is smaller than "the fair value shares of the purchased party's distinguishable net assets obtained from the combination" in the gain or loss of the current period.

The intermediary expenses incurred for business combination, like audit, legal service, appraisal and consulting, etc., and other directly related expenses will be recorded in the gain or loss of the current period when incurred; the transaction expenses of equity securities issued for business combination will be used to write down the equity.

(VI) Method for Preparation of Consolidated Financial Statements

1 Consolidation Scope

The consolidation scope of the Company's consolidated financial statements is determined based on control, and all subsidiaries (including the divisible parts of the invested parties controlled by the Company) are all incorporated into the consolidated financial statements.

2 Consolidation Procedures

The Company prepares consolidated financial statements based on itself and each subsidiary's financial statements, and according to other relevant materials. For preparing consolidated financial statements, the Company deems the whole enterprise group as an accounting subject, and reflects the enterprise group's overall financial standing, operating results and cash flow according to the confirmation, measuring and presentation requirements of relevant enterprise accounting standards, and according to uniform accounting policies.

The accounting policies and accounting period of all the subsidiaries incorporated into the consolidation scope of consolidated financial statements are consistent with those adopted by the Company. If the accounting policies and accounting period adopted by the subsidiaries are inconsistent with those adopted by the Company, then when consolidated financial statements are prepared, necessary adjustments will be made according to the Company's accounting policies and accounting period. For the subsidiaries obtained through business combination not under the same control, their financial statements will be adjusted based on the fair value of distinguishable net assets on the date of purchasing. For subsidiaries obtained through business combination under the same control, their financial statements will be adjusted based on the book value of their assets and liabilities (including the goodwill formed from the final controller's acquisition of the subsidiaries) in the final controller's financial statements.

The shares belonging to minor shareholders of subsidiaries' owners' equity, net gain or loss of current period, and composite benefits of current period will be listed independently under the owners' equity in consolidated balance sheet, the net profit and total composite benefit in consolidated profit statement respectively. The balance formed from that "the loss of current period shared by subsidiaries' minor shareholders" exceeds "the shares shared by the minor shareholders in the subsidiaries' owners' equity at the

beginning of period” will be used to write down minor shareholders’ equity.

(1) Increase of subsidiaries or businesses

In the reporting period, if subsidiaries or businesses are increased for business combination under the same control, the opening amount in the consolidated balance sheet will be adjusted; the income, expense, and profit of the subsidiaries or businesses from the beginning of the very period of combination to the end of the reporting period will be incorporated into the consolidated profit statement; the cash flow of the subsidiaries or businesses from the beginning of the very period of combination to the end of the reporting period will be incorporated into the consolidated cash flow statement, and meanwhile, relevant items in comparative statements will be adjusted, and the report subjects after combination will be deemed as having always existed from the time point when the final controller starts the control.

If it’s available to impose control on invested parties under the same control for reason of additional investment, etc., each party participating in the combination will be deemed to exist and make adjustments according to present state when the final controller starts the control. The equity investments held before obtaining the right to control the combined parties, relevant gain or loss already confirmed from “the date when original equity is obtained and the date when the combining party and the combined party are under the same control, whichever is later” to the date of combination, other composite benefits, and the changes of other net assets will be used to write down the opening retained benefit of the period of comparative statement or the gain or loss of the current period respectively.

In the reporting period, if subsidiaries or businesses are increased for business combination not under the same control, the opening amount of consolidated balance sheet will not be adjusted; the income, expense and profit of the subsidiaries or businesses from the date of purchasing to the end of reporting period will be incorporated into the profit statement respectively; and the cash flow of the subsidiaries or businesses from the date of purchasing to the end of reporting period will be incorporated into the cash flow statement.

If it is available to impose control on the invested parties not under the same control for reason of additional investment, etc., then the purchased parties’ stock equity held before the date of purchasing will be re-measured by the Company as per the fair value of the stock equity on the date of purchasing, and the balance between the fair value and its book value will be recorded in the investment yield of the current period. If the purchased

parties' equity held before the date of purchasing involves other composite benefits under accounting with equity method, as well as changes of other owners' equity except for net gain or loss, other composite benefit and profit distribution, then relevant other composite benefit and changes of other owner's equity will be converted into the investment yield in the very period to which the date of purchasing belongs, excluding the other composite benefits arising from the changes of the net liabilities or net assets of benefit plan measured and set up over again by the invested parties.

(2) Disposal of Subsidiaries or Businesses

① General Treatment Method

In the reporting period, if the Company disposes some subsidiaries or businesses, then the income, expense and profit of such subsidiaries or businesses from the beginning of the period to the date of disposal will be incorporated into the consolidated profit statement; the cash flow of the subsidiaries or businesses from the beginning of period to the date of disposal will be incorporated into cash flow statement.

If the Company loses the right to control invested parties for disposal of partial equity investments or other reasons, the remained equity investments after disposal will be re-measured by the Company as per their fair value on the date when the control right is lost. The balance of "the sum of the consideration obtained from disposal of equity and the fair value of the remained stock equity" minus "the sum of the net asset shares enjoyed in original subsidiaries and calculated continuously from the date of purchasing or date of combination according to original share holding proportion and the goodwill" will be recorded in the investment yield of the very period when control right is lost. Other composite benefits related to original subsidiaries' equity investments, or the changes of other owners' equity except for other composite benefits and profit distribution, will be converted into the investment yield of the very period when the control right is lost, excluding the other composite benefits arising from the changes of the net liabilities or net assets of benefit plan measured and set up over again by the invested parties.

In case of any declination on the shareholding proportion of the Company and herein losing the control rights over its subsidiary arising from the capital increase contributed by other investors, it shall conduct accounting treatment in the light of the aforesaid principles.

② Disposal of subsidiaries by steps

If the Company disposes the equity investments in subsidiaries by steps through multiple

transactions until losing the right to control the subsidiaries, and if the clauses, terms and economic influences of various transactions for disposing the equity investments in the subsidiaries meet one or several of the following circumstances, such multiple transactions will generally be subject to accounting treatment as package transaction:

- i These transactions are concluded simultaneously or in condition of considering mutual influences;
- ii Only the entirety of these transactions could achieve a complete business result;
- iii The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- iv A transaction is not economical independently, but economical if considered together with other transactions.

If various transactions of disposing the equity investments in subsidiaries until losing the control right belong to package transaction, the Company will execute accounting treatment of various transactions as a transaction of disposing subsidiaries until losing control right; but the balance between the price of every disposal before losing control right and the subsidiaries' net asset shares enjoyed and corresponding to the investments disposed will be confirmed as other composite benefits in the consolidated financial statements, and transferred into the gain or loss of the very period when the control right is lost.

If various transactions of disposing the equity investments in subsidiaries until losing the control right do not belong to package transaction, then before losing control right, the Company will execute accounting treatment according to relevant policies about partial disposal of equity investments in subsidiaries in condition of not losing control right; if control right is lost, the accounting treatment will be carried out according to general method for treatment of subsidiaries.

(3) Purchasing of subsidiaries' minor stock equity

For the balance between "the long-term equity investments newly obtained from purchasing of minor stock equity" and "the net asset shares to be enjoyed in the subsidiaries according to newly increased share holding proportion and calculated continuously from the date of purchasing (or the date of combination)", the capital stock premium in the capital reserve in the consolidated balance sheet will be adjusted; if the capital stock premium in the capital reserve is not sufficient to write down, the retained benefit will be adjusted.

(4) Disposal of partial equity investments in subsidiary companies in condition of not

losing control right

For the balance between “the disposal price obtained from disposal of partial long-term equity investments in subsidiaries in condition of not losing control right” and “the net asset shares to be enjoyed in the subsidiaries, corresponding to the disposal of long-term equity investments, and calculated continuously from the date of purchasing or the date of combination”, the capital stock premium in the capital reserve in the consolidated balance sheet will be adjusted; if the capital stock premium in the capital reserve is not sufficient to write down, the retained benefit will be adjusted.

(VII) Classification of jointly operated arrangement and accounting treatment methods

Joint arrangement is divided into joint operation and joint venture.

If the Company is a joint venture, enjoys the assets, and undertakes the liabilities related to the arrangement, it will be joint operation.

The Company confirms the following items related to the interest shares in the joint operation, and executes accounting treatment in accordance with the regulations of relevant accounting standards for enterprises:

- (1) The Company confirms the assets independently held by it, and confirms the assets jointly held according to the Company's shares;
- (2) The Company confirms the liabilities independently held by it, and confirms the liabilities jointly undertaken according to the Company's shares;
- (3) The Company confirms the income from the sale of the joint operation output shares enjoyed by the Company;
- (4) The Company confirms the income from sale of joint operation output according to the Company's shares;
- (5) The Company confirms the expenses incurred independently, and the expenses incurred for joint operation and confirmed according to the Company's shares.

The Company's accounting policies for investments in joint ventures are as shown in the Note “III. (XIV) Long-Term Equity Investments”.

(VIII) Standard for Determination of Cash and Cash Equivalents

When compiling the cash flow statement, the Company's cash on hand and the deposit, which can be used to make payment at any time, should be confirmed as the cash. The investment, having four features of short duration (expired within three months from the acquisition date), strong mobility, being easy to be changed into known cash, low value

change risk at the same time, should be confirmed as the cash equivalent.

(IX) Foreign Businesses and Conversion of Foreign-Currency Statements

1 Foreign-Currency Businesses

Foreign-currency businesses are converted into RMB for book-keeping with the spot exchange rate on transaction date as the exchange rate for conversion.

The balance of foreign-currency monetary items on the date of balance sheet will be converted with the spot exchange rate on the date of balance sheet, and the balance of exchange arising from hereof will be recorded in the gain or loss of the current period, except for that the balance of exchange arising from special foreign-currency loan related to the purchasing and construction of assets meeting capitalization conditions is treated in line with the principle for capitalization of borrowing costs.

2 Conversion of Foreign-Currency Statements

The asset and liability items in the balance sheet will be converted with the spot exchange rate on the date of balance sheet; for the owner's equity, except for "undistributed profit", all the other items will be converted with the spot exchange rate when they are incurred. Incomes and expenses in the income statements are translated with spot rate of transaction occurrence date.

For disposal of foreign business operation, the balance from conversion of foreign-currency financial statements related to such foreign operation shall be transferred from owner's equity to the gain or loss of the very period of disposal.

(X) Financial Instruments

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

1 Classification of Financial Instruments

When initially confirmed, financial assets and financial liabilities are classified into: Financial assets or financial liabilities measured with fair value and having the change of fair value recorded in the gain or loss of current period, including tradable financial assets or financial liabilities, and financial assets or financial liabilities directly specified to measure with fair value and having the change of fair value recorded in the gain or loss of the current period; held-to-maturity investments; accounts receivable; available-for-sale financial assets; and other financial liabilities, etc.

2 Confirmation Basis and Measuring Method of Financial Instruments

(1) Financial assets (financial liabilities) measured with fair value and having the change of fair value recorded in the gain or loss of current period

When they are obtained, fair value (after deduction of cash dividends already declared but not paid yet, or bond interests with interest payment period expired but having not been acquired) will be taken as initial confirmed amount, and relevant transaction expenses will be recorded in the gain or loss of the current period.

During the holding period, the interests or cash dividends obtained will be confirmed as investment yield, and at the end of period, the change of fair value will be recorded in the gain or loss of the current period.

During disposal, the balance between the fair value and initial amount entered into account will be confirmed as investment yield, and meanwhile, the gain or loss on change of fair value will be adjusted.

(2) Held-to-maturity investments

When they are obtained, the sum of fair value (after deduction of bond interests with interest payment period expired but having not been acquired) and relevant transaction expenses will be taken as initial confirmed amount.

During the holding period, interest income will be calculated and confirmed as per amortized cost and actual interest rate, and recorded in investment yield. The actual interest rate will be determined when being obtained, and maintained unchanged during the predicted survival period or applicable shorter period.

During disposal, the balance between the acquisition price and the book value of such investment will be recorded in investment yield.

(3) Accounts receivable

For the creditor's rights receivable formed from the Company's sale of goods or rendering of labor services, and the other enterprises' creditor's rights held by the Company and excluding the debt instruments having an offer in active market, including accounts receivable and other accounts receivable, etc., the contract or agreement price receivable from purchasers will be taken as the initially confirmed amount; if the receivables have financing nature, they will be initially confirmed as per their present value.

In case of recovery or disposal, the balance between the acquisition price and the book value of accounts receivable will be recorded in the gain or loss of the current period.

(4) Available-for-Sale Financial Assets

When they are acquired, the sum of fair value (after deduction of cash dividends already

declared but not paid yet, or bond interests with interest payment period expired but having not been acquired) and relevant transaction expenses will be taken as initially confirmed amount.

During the holding period, the interests or cash dividends obtained will be confirmed as investment yield. At the end of period, they will be measured as per fair value, and the change of fair value will be recorded in other composite benefit. However, the equity instrument investments which have no offer in active market and of which the fair value cannot be reliably measured, and the derived financial assets which are linked with the equity instruments and settled through delivery of the equity instruments will be measured as per cost.

During disposal, the balance between the acquisition price and the book value of financial assets will be recorded in the gain or loss of investment; meanwhile, the amount of corresponding disposal part and originally recorded in the accumulative amount of change in the fair value of other composite benefit directly will be recorded in the gain or loss of the current period.

(5) Other financial liabilities

The sum of their fair value and relevant transaction expenses will be taken as initially confirmed amount. The amortized cost will be adopted for follow-up measurement.

3 Confirmation Basis and Measurement Method of Financial Assets Transferred

If the Company transfers financial assets, and transfers nearly all risks and rewards on the ownership of such financial assets to the transfer-in party, the Company will terminate the confirmation of the financial assets; if the Company reserves nearly all risks and rewards on the ownership of the financial assets, the Company will not terminate the confirmation of such financial assets.

When judging whether the transfer of financial assets meets the above-mentioned conditions for terminating the confirmation of financial assets, the Company will follow the “Substance Over Form” principle. The Company distinguishes the transfer of financial assets into overall transfer and partial transfer of financial assets. If the overall transfer of financial assets meets the conditions for termination of confirmation, the balance of the following two amounts will be recorded in the gain or loss of the current period:

- (1) The book value of the financial assets transferred;
- (2) The sum of the consideration received for the transfer and the accumulative

amount of change in the fair value originally recorded in the owner's equity directly (involving the circumstance that the financial assets transferred are available-for-sale financial assets);

If partial transfer of financial assets meets the conditions for termination of confirmation, the overall book value of the financial assets transferred will be amortized between the confirmation-terminated part and non-confirmation-terminated part as per respective relative fair value, and the balance of the following two amounts will be recorded in the gain or loss of the current period:

- (1) The book value of the confirmation-terminated part;
- (2) The consideration for the confirmation-terminated part and the amount of corresponding confirmation-terminated part in the accumulative amount of change in the fair value originally recorded in the owner's equity directly (involving the circumstance that the financial assets transferred are available-for-sale financial assets);

If the transfer of financial assets does not meet the conditions for termination of confirmation, the financial assets will be confirmed continuously, and the consideration received will be confirmed as a financial liability.

4 Conditions for Terminating the Confirmation of Financial Liabilities

If the current obligation of financial liabilities is rescinded completely or partially, the confirmation of such financial liabilities or part of them will be terminated; if the Company signs an agreement with creditors to replace the existing financial liabilities by means of undertaking new financial liabilities, and the contract clauses for new financial liabilities are substantially different from the contract clauses for existing financial liabilities, the confirmation of the existing financial liabilities will be terminated, and new financial liabilities will be confirmed at the same time.

If all or partial contract clauses for existing financial liabilities are amended substantially, the confirmation of the existing financial liabilities or part of them will be terminated, and meanwhile, the financial liabilities after amendment of clauses will be confirmed as a new financial liability.

If the confirmation of financial liabilities is terminated completely or partially, the balance between the book value of the financial liabilities of which the confirmation is terminated and the consideration paid (including non-cash assets transferred out or the new financial liabilities undertaken) will be recorded in the gain or loss of the current period.

If the Company buys back partial financial liabilities, then on the date of buyback, the Company will distribute the overall book value of the financial assets according to the relative fair value of the part confirmed continuously and the confirmation-terminated part. The balance between the book value distributed to the confirmation and the consideration paid (including non-cash assets transferred out or the new financial liabilities undertaken) will be recorded in the gain or loss of the current period.

5 Method for Determining the Fair Value of Financial Assets and Financial Liabilities

For financial instruments having an active market, their fair value will be determined as per the offer in the active market. For financial instruments not having an active market, their value will be determined by estimation technique. In case of estimation, the Company will adopt estimation techniques which are applicable under present circumstances and supported by sufficient available data and other information, select input values consistent with the asset or liability characteristics considered by market participants in the transactions of relevant assets or liabilities, and preferentially use relevant observable input values. Non-observable input values will be used only under the circumstance that relevant observable input values cannot be obtained or such values obtained are not practicable.

6 Method for Testing and Accounting Treatment of Depreciation of Financial Assets (Excluding Accounts Receivable)

Except for the financial assets measured with fair value and having the change of fair value recorded in the gain or loss of the current period, the Company checks the book value of financial assets on the date of balance sheet. If some objective evidence proves that some financial asset depreciates, the Company will withdraw depreciation reserve for this financial asset.

(1) Depreciation reserve of available-for-sale financial assets:

If the fair value of available-for-sale financial assets drops severely at the end of period, or such trend of drop is predicted to be non-temporary after comprehensively considering various relevant factors, the Company will confirm that the available-for-sale financial assets depreciate, will transfer out the accumulative losses arising from the drop of fair value originally recorded in the owner's equity directly, and confirm the impairment loss. For available-for-sale debt instruments with impairment loss confirmed, if in a later fiscal period, the fair value rises and the rise is objectively related to the matters occurring after

confirmation of original impairment loss, then the originally confirmed impairment loss will be transferred back and recorded in the gain or loss of the current period.

The impairment loss on available-for-sale equity instrument investments will not be transferred back through gain or loss.

(XI) Bad debt reserves for accounts receivables

1 Accounts Receivable with Significant Single Amount and Having Bad Debt Reserve Withdrawn Independently:

Judgment basis or amount standard of significant single amount:

The Company determines accounts receivable with single amount of more than RMB20,000,000 or other accounts receivable with single amount of more than RMB2,000,000.00 as accounts receivable with significant single amount.

Method for withdrawal of bad debt reserve with significant single amount and withdrawn independently:

On the date of balance sheet, the Company will carry out impairment test independently for accounts receivable with significant single amount. If such accounts receivable are proved impairing through the test, the Company will determine the impairment loss and withdraw bad debt reserve according to the balance that the present value of its future cash flow is lower than its book value. The accounts receivable not impairing as proved in single test, will, together with the accounts receivable with insignificant single amount, be divided into many portfolios according to similar credit risk characteristics. Then according to certain proportion of the balance on the date of balance sheet of the portfolios of these accounts receivable, the Company will calculate and determine impairment loss and withdraw bad debt reserve.

2 Accounts Receivable with Bad Debt Reserve Withdrawn as per the Portfolios Classified Based on Credit Risk Characteristics:

Method for withdrawing bad debt reserves according to the credit risk feature portfolio	
Portfolio 1: Divided into accounts receivable from affiliated parties not within the consolidation scope and other accounts receivable as per the relationship with current units	Account age analysis method
Portfolio 2: Divided into accounts receivable from affiliated parties within the consolidation scope as per the relationship with current units	No calculation of bad debt reserves
Portfolio 3: Levied-and-refunded value-added tax receivable	No calculation of bad debt reserves

Those with bad debt reserve withdrawn by means of account analysis in the portfolios:

Account age	Proportion of withdrawal for accounts receivable (%)	Proportion of withdrawal for other accounts receivable (%)
Within 1 year (including 1 year)	5	5
1—2 years	10	10
2—3 years	10	10
3—4 years	30	30
4—5 years	50	50
More than 5 years	100	100

3 Accounts Receivable with Insignificant Single Amount but Having Bad Debt Reserve Withdrawn Separately:

Reasons for independent withdrawal of bad debt reserve

On the date of balance sheet, for the other accounts receivable with insignificant single amount and having obvious sign of impairment, the Company will determine impairment loss and withdraw bad debt reserve according to the balance that the present value of their future cash flow is lower than their book value.

Method for withdrawal of bad debt reserve

On the date of balance sheet, the Company will execute impairment test of the accounts receivable with insignificant single amount but having bad debt reserve withdrawn separately. If such accounts receivable are proved impairing during the test, the Company will determine impairment loss and withdraw bad debt reserve according to the balance that the present value of their future cash flow is lower than their book value.

(XII) Inventories

1 Classification of Inventories

Inventories indicate the finished products or goods held for sale by the Company in daily activities, the products in production, the materials and articles consumed in production or rendering of labor services, mainly including consumptive biological assets, raw materials, turnover materials, products in production, merchandise inventory, and output value already completed but not settled, yet, etc. Wherein, “consumptive biological assets” indicate green seedlings.

2 Method for Pricing of Inventories Delivered

When inventories are acquired, they will be measured initially as per actual cost. When inventories are delivered, the actual cost of the inventories will be determined with weighted mean method and “first in, first out” method.

3 Basis for Determining the Net Realizable Value of Different Types of Inventories

For commodity stocks directly for sale, such as finished products, merchandise inventory, and materials for sale, etc., their net realizable value is confirmed during normal production and operation as per the amount after deduction of estimated selling expenses and relevant taxes from the estimated sales price of such inventories; for material stocks needing processing, their net realizable value will be determined during normal production and operation as per the amount after deduction of costs estimated to incur until completion of work, estimated selling expenses and relevant taxes from the estimated sales price of finished products; for the inventories held for executing sales contract or labor service contract, their net realizable value will be calculated on the basis of contract price.

If the quantity of inventories held is more than the quantity ordered under sales contract, the net realizable value of the excessive inventory will be calculated based on general sales price. At the end of period, inventory depreciation reserve is withdrawn as per single inventory item; however, for plentiful inventories of relatively low unit price, inventory depreciation reserve will be withdrawn by the type of inventory; for inventories related to the product series produced and sold in a same region, having the same or similar final use or objective, and difficult to measure by separating from other items, inventory depreciation reserve will be withdrawn in a consolidated way.

Except for that some conclusive evidence proves abnormality of market price on the date of balance sheet, the net realizable value of inventory items will be determined based on the market price on the date of balance sheet.

The net realizable value of inventory items at the end of this period will be determined based on the market price on the date of balance sheet.

4 Withdrawal of Inventory Depreciation Reserve for the Projects Completed but Not Settled:

(1) If the estimated total cost of construction contract exceeds total contract income, predicted contract loss will be formed, loss reserve shall be withdrawn and confirmed as expense of the current period. When the contract is completed, loss reserve withdrawn will be used to write down contract expense. Up to the present, the Company has not had such projects in progress needing withdrawal of depreciation reserve.

(2) For the items that have not been impaired in the above test and have not been settled for more than 2 years, impairment provision is made in the aging method.

Proportion of Inventory Depreciation Reserve Withdrawn with Account Age Method

Account age of projects completed but not settled	Withdrawal proportion of inventory depreciation reserve (%)
2—3 years	5
3—4 years	10
4—5 years	10
5-6 years	30
6-7 years	50
More than 7 years	100

5 Inventory Taking System

Perpetual inventory taking system is adopted.

6 Method for Amortization of Low-Value Easily-Consumed Articles and Packing

- (1) One-off writing-off method is adopted for low-value easily-consumed articles
- (2) One-off writing-off method is adopted for packing

(XIII) Assets held for sale

The Company confirms the integral parts (or non-current assets) simultaneously meeting the following conditions as held for sale:

- (1) The integral parts must and could be sold immediately in their current state and only according to the conventional clauses for sale of such integral parts;
- (2) The Company has made resolutions on disposal of such integral parts (or non-current assets), and if needing shareholders' approval according to relevant regulations, the Company has obtained the approval of shareholders' conference or corresponding organ of authority;
- (3) The Company has signed an irrevocable transfer agreement with the transferee;
- (4) The transfer will be completed within one year.

(XIV) Long-term Equity Investments

1 Standards for Judgment of Common Control and Significant Influences

Common control indicates the jointly-owned control on some arrangement as per relevant provisions, and relevant activities of such arrangement must be unanimously agreed by the participants sharing the control right before being decided. If the Company and other joint ventures impose common control on invested units and have the right to the invested units' net assets, the invested units will be the Company's joint ventures.

Significant influences indicate having the right to participate in making decisions on an enterprise's financial affairs and business operation, but could not control or jointly control together with other parties the making of these policies. If the Company could impose significant influences on invested units, the invested units will be the Company's

jointly

2 Determination of Initial Investment Cost

(1) Long-term Equity Investments Formed from Business Combination

Business combination under the same control: If the Company pays combination consideration by paying cash, transferring non-cash assets or undertaking debts and issuing equity securities, the Company will take the book value shares of the combined party's owners' equity obtained on the date of combination in the final controller's consolidated financial statements as the initial investment cost of long-term equity investments. If the Company could impose control on invested units under the same control for reason of additional investment, etc., the Company will confirm on the date of combination the initial investment cost of long-term equity investments as per the book value shares of the combined party's net assets to be enjoyed in the final controller's consolidated financial statements after combination. For the balance between "the initial investment cost of long-term equity investments on the date of combination" and "the sum of the book value of long-term equity investments before combination and the book value of newly paid consideration for further obtaining shares on the date of combination", the Company will adjust the capital stock premium; and if the capital stock premium is not enough to write down, the Company will write down the retained benefits.

Business combination not under the same control: The Company takes the combination cost determined on the date of purchasing as the initial investment cost of long-term equity investments. If the Company could impose control on invested units not under the same control for reason of additional investment, etc., the Company will take the sum of the book value of originally held equity investments and the newly increased investment cost as the initial investment cost of long-term equity investments which are subject to accounting with cost method instead.

(2) Long-term Equity Investments Obtained by Other Means

For long-term equity investments obtained by means of payment in cash, the purchasing price actually paid will be taken as initial investment cost.

For long-term equity investments obtained by issuing equity securities, the fair value of the equity securities issued will be taken as initial investment cost.

In the precondition that non-monetary asset exchange has business nature, and the fair value of exchanged-in or exchanged-out assets could be measured reliably, the fair value of exchanged-out assets and relevant expenses payable will be determined as the initial

investment cost of the long-term equity investments obtained from non-monetary assets exchange, unless some conclusive evidence proves that the fair value of exchanged-in assets is more reliable; for non-monetary assets exchange not meeting the above-mentioned precondition, the book value of exchanged-out assets and relevant taxes payable shall be taken as the initial investment cost of exchanged-in long-term equity investments.

For long-term equity investments obtained through debt reorganization, their initial investment cost will be determined based on fair value.

3 Follow-up Measurement and Gain or Loss Confirmation Method

(1) Long-term Equity Investments Subject to Accounting with Cost Method

The Company adopts cost method for accounting of long-term equity investments in subsidiaries. Except for the cash dividends or profits included in the price or consideration actually paid when investments are obtained, and already announced but not paid, the Company confirms the investment yield of the very period according to the cash dividends or profits enjoyed by the Company and declared to grant by invested units.

(2) Long-term Equity Investments Subject to Accounting with Equity Method

The Company adopts equity method for accounting of long-term equity investments in jointly-run enterprises and joint ventures. For the balance that the initial investment cost is bigger than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, the Company will not adjust the initial investment cost of long-term equity investments; for the balance that the initial investment cost is smaller than the fair value shares of invested units' distinguished net assets which shall be enjoyed by the Company, the Company will adjust the book value of long-term equity investments and record it in owner's equity.

When confirming the shares of invested units' net gain or loss to be enjoyed, the Company will adjust and confirm the invested units' net profit based on the fair value of the invested units' distinguishable net assets when investments are obtained, and according to the Company's accounting policies and fiscal period. If the invested units prepare consolidated financial statements during the holding of investments, the accounting will be conducted based on the amount attributing to the invested units in the net profit in the consolidated financial statements, other composite benefits, and changes of other owner's equity.

For the gain or loss on the non-realized internal transactions between the Company and

jointly-run enterprises/ joint ventures, the part attributing to the Company will be calculated as per the proportion to be enjoyed, will be written down, and on this basis, the investment yield will be confirmed. The gain or loss on non-realized internal transactions done with invested units will be fully confirmed if belonging to asset impairment loss. During the period of holding investment, as for the invested entity preparing consolidated financial statements, carry out accounting based on the invested entity's attributable amount of the net profit, other comprehensive income and other changes in equity in the consolidated financial statements.

The unrealized gains or losses on internal transaction occurring among the company, associates and joint ventures will confirm the investment income on the basis of offsetting the company's attributable part calculated according to the entitlement proportion. The unrealized losses on internal transaction occurring in the invested entity belonging to assets impairment loss will be confirmed in full amount. If the assets of investment or asset-sale transactions occurring among the company, associates and joint ventures constitute the business, carry on the accounting treatment according to the related policies disclosed in the Note regarding accounting treatment methods in business combination under the same control and preparation methods of consolidated financial statements.

When the company recognizes the attributable share of the net losses of the invested entity, it will be treated in the order as follows: firstly, the book value of a long-term equity investment will be offset. Secondly, if the book value of the long-term equity investment is not sufficient to be offset, the recognition of losses of the investment will be continued to the extent of the book value of other long-term rights and interests which substantially form the net investment made to the invested entity, and the book value of long-term accounts receivable will be offset. Finally, after the above-mentioned treatment, if the Company still undertakes extra obligations according to the provisions of investment contract or agreement, the Company will confirm accrued liabilities with obligations predicted to undertake, and record them in the investment loss of the current period.

(3) Disposal of Long-Term Equity Investments

For disposal of long-term equity investments, the balance between their book value and actual acquisition price will be recorded in the gain or loss of the current period.

For long-term equity investments with equity method adopted for accounting, when such investments are disposed, the part originally recorded in other composite benefits will be subject to accounting treatment according to corresponding proportion and on the same

basis adopted by invested units to directly dispose relevant assets or liabilities. The owner's equity confirmed for change of other owner's equity except for net gain or loss, other composite benefit and profit distribution of invested units will be carried forward into the gain or loss of the current period, excluding the other composite benefits arising from the change of net liabilities or net assets of invested units' new measurement and setting of benefit plan.

If the Company loses common control or significant influences on invested units for reason of disposal of partial equity investments, etc., the remained equity after disposal will be subject to accounting according to the standards for the confirmation and measurement of financial instruments, and the balance between the fair value and book value of such remained equity investments on the date when the Company losing common control or significant influences will be recorded in the gain or loss of the current period. Other composite benefits confirmed for accounting with equity method of original equity investments will be subject to accounting treatment with the same basis adopted by invested units to directly dispose relevant assets or liabilities when the accounting with equity method is terminated. The owner's equity confirmed for change of other owner's equity except for invested parties' net gain or loss, other composite benefit and profit distribution will be totally transferred in the gain or loss of the current period when the accounting with equity method is terminated.

In case the control right on the invested unit is deprived due to disposal of part of equity investment, increase of investment by other investment parties on subsidiaries causing decrease of holding proportion of the company, when preparing certain financial statement, the residual equity shall be checked by equity method if having common control or major effect on invested unit, and adjusted as the residual equity is checked by the equity method from being obtained; If the remaining equity cannot exert joint control or significant influence on the invested unit, it shall take accounting treatment according to the relevant provisions of financial tools and measurement rules, and the difference between the fair value and book value on the date of losing control shall be included in the current profits and losses.

If the equity disposed is obtained from business combination for reason of additional investment, and when individual financial statements are prepared, cost method or equity method is adopted for accounting of the remained equity after disposal, the other composite benefits and other owner's equity confirmed for accounting with equity method of the equity investments held before the date of purchasing will be carried forward by

proportion; if the remained equity after disposal is subject to accounting treatment according to the standards for confirmation and measurement of financial instruments, the other composite benefits and other owner's equity will be carried forward completely.

(XV) Investment Real Estate

Investment real estate indicate the real estate held for earning rent or capital increment, or for both, including the land use right already leased, the land use right held and prepared to transfer after increment, the buildings already leased (including the buildings used for leasing after completion of self construction or development activities, and buildings in construction or development and to be used for leasing in future).

The Company adopts cost mode to measure the existing investment real estates. For investment real estate measured with cost mode – the buildings used for leasing, the Company will adopt the depreciation policy which is the same for fixed assets, and for the land use right for leasing, the Company will adopt the amortization policy which is the same for intangible assets.

(XVI) Fixed assets

1 Fixed asset recognition conditions

Fixed assets indicate the tangible assets held for producing goods, rendering labor services, leasing or operation management, and having a service life of more than one fiscal year. Fixed assets will be confirmed when simultaneously meeting the following conditions:

- ① The economic benefits related to the fixed assets will probably flow into the enterprise;
- ② the costs of such fixed assets could be measured reliably.

2 Depreciation method

The depreciation of fixed assets is made by employing the straight-line method, and the depreciation rate is determined in accordance with the category of fixed assets, estimated service life and estimated net salvage value rate. If the fixed assets have different service life or offer economic benefits to the enterprise in different ways, different rate or method of depreciation shall be adopted for separate depreciation.

For a fixed asset leased in the form of finance lease, if it is reasonable to be certain that the ownership of the leased asset can be obtained when the lease term expires, the depreciation of the leased asset will be made over its useful life; if it is not reasonable to

be certain that the ownership of the leased asset can be obtained at the expiry of the lease term, the depreciation of the leased asset will be made over the shorter one of the lease term or its useful life.

The depreciation method, depreciation life, salvage value rate and annual depreciation rate of various fixed assets are as follows:

Type	Depreciation method	Depreciation life (Year)	Salvage rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	20-50	5	1.9-4.75
Mechanical equipment	Straight-line method	5-10	5	9.50-19.00
Electronic equipment	Straight-line method	5	5	19
Transportation equipment	Straight-line method	4-10	5	9.50-23.75
Other equipment	Straight-line method	3-10	5	9.50-31.67

3 Recognition basis and valuation method for fixed assets under financing lease

Where the leasing agreement signed between company and the lessor specifies either of the conditions as follows, the lease will be recognized as a finance lease:

- (1) The ownership of the leasing asset belongs to this company at the expiration of the lease;
- (2) Company has the option to buy the asset at a price to be far lower than the fair value of the asset at the date when the option becomes exercisable;
- (3) The lease term covers the major part of the use life of the leased asset;
- (4) The present value of the minimum lease payments on the lease beginning date does not have too large differences with the fair value of the asset.

On the starting date of the Company's leasing, the fair value of leased assets and the present value of the minimum rent payment, whichever is lower, will be taken as the entry value of leased-in assets, and the minimum rent payment will be taken as the entry value of long-term accounts payable, and the balance will be taken as non-confirmed financing cost.

(XVII) Construction in Progress

For construction in progress, the necessary expenditure incurred for making the constructed assets reach the predetermined usable state will be taken as the entry value of the fixed assets. If the constructed fixed assets have reached the predetermined usable state, but the completion settlement has not been handled, then since the date when such assets reach the predetermined usable state, the Company will transfer such assets into fixed assets as per estimated value and based on engineering budget, construction cost, or

actual cost of engineering, etc., and will withdraw fixed asset depreciation according to the Company's policy for fixed asset depreciation; after handling of completion settlement, the Company will adjust original temporarily estimated value as per actual cost, but will not adjust originally withdrawn depreciation amount.

(XVIII) Borrowing Costs

1 Principle for Confirmation of Borrowing Cost Capitalization

Borrowing costs include loan interest, discount or premium amortized, auxiliary expense, and exchange balance arising from foreign-currency loan, etc.

The Company's borrowing costs, if available to directly attribute to the construction or production of assets meeting capitalization conditions, will be capitalized and recorded in the cost of relevant assets; and other borrowing costs will be confirmed as expenses and recorded in the gain or loss of current period as per their amount incurred when they are incurred.

Assets meeting capitalization conditions indicate the fixed assets which need to experience quite a long term of construction or production activities before reaching the predetermined usable or salable state, as well as investment real estates and inventories, etc.

Borrowing costs will be capitalized if simultaneously meeting the following conditions:

- (1) Asset expenditure has occurred, including the payment in cash for purchasing and construction or production of assets meeting capitalization conditions, transfer of non-cash assets, or undertaking of interest-bearing debts;
- (2) Borrowing costs have occurred;
- (3) The purchasing and construction or production activities necessary for making assets reach predetermined usable or salable state have started.

2 Period for capitalization of borrowing costs

Capitalization period indicates the period of from the time point when capitalization of borrowing costs starts to the time point when capitalization stops, excluding the period when the capitalization of borrowing costs is suspended.

If the assets purchased and constructed or produced and meeting capitalization conditions reach the predetermined usable or salable state, the capitalization of borrowing costs will stop.

If some items of the assets purchased and constructed or produced and meeting

capitalization conditions are completed separately and could be used independently, the capitalization of borrowing costs for such assets will stop.

If each part of the assets purchased and constructed or produced is completed respectively, but cannot be used or sold until the whole assets are completed, the capitalization of borrowing costs may be stopped when the assets are totally completed.

3 Period for suspension of capitalization

If the assets meeting capitalization conditions are broken abnormally during purchasing and construction or production process, and the suspension lasts for more than 3 months successively, the capitalization of borrowing costs will be suspended; if such suspension is a necessary procedure for making the assets purchased and constructed or produced and meeting capitalization conditions reach the predetermined usable state or salable state, the capitalization of borrowing costs will continue. The borrowing costs occurring during suspension period will be confirmed as gain or loss in the current period, and the capitalization of borrowing costs will continue after the construction and purchasing or production activities of such assets restart.

4 Method for calculation of borrowing costs capitalization rate and capitalized amount

For the special loan obtained for purchasing and construction or production of assets meeting capitalization conditions, the capitalized amount of borrowing costs will be determined as per the amount after “the borrowing costs actually incurred in the very period of special loan” minus “the interest income obtained from bank deposit or the investment yield obtained from temporary investment of the non-used loan fund”.

For general loans occupied for purchasing and construction or production of assets meeting capitalization conditions, the borrowing costs amount to be capitalized of general loans shall be calculated and determined as per the “weighted mean of asset expenditure that accumulative asset expenditure exceeds the special loan” multiplied by the capitalization rate of general loan. The capitalization rate is generally calculated and determined as per the weighted mean interest rate of general loan.

(XIX) Biological Assets

1 The Company's biological asset is forest asset, all belonging to consumptive biological asset.

2 Biological assets are initially measured as per cost.

3 Actual expenses incurred before closing of consumptive biological assets constitute the cost of consumptive biological assets. The follow-up expenditure incurred after closing will be expensed and recorded in the gain or loss of the current period.

4 Regulations on closing of forests

The quality and starting-point specification indexes of the seedlings of applicable specifications for construction of landscape engineering represent the out-planting indexes of seedling production. Quantified indexes include: Height, the diameter at breast height, degree of lignification, crown diameter and root width, weight, and crown-to-implant ratio. As classified according to the physical characteristics and form of seedlings, the Company's seedling base mainly produces Arber plants. Arber plants are featured by that, plants have obvious trunks, and specifications are mainly measured with the diameter at breast height (the diameter of plants at the place where the trunk is 130CM away from the ground).

If seedlings reach the out-planting standards, seedlings could basically grow relatively stable, and generally, only relatively small amount of maintenance expenses and production materials are needed. The seedlings at this time point could be deemed as reaching closing.

When determining the space between rows of seedlings planted in fields, the Company will comprehensively consider the factors like growth speed and production cost, etc. of seedlings, and reasonably arrange the space for growth of plants. According to the Company's requirements on quality of seedlings, and when seedlings reach the out-planting standards, the Company will measure the crown density by using the data of specifications at the starting point of out-planting.

When space between rows is around 100CM×150CM, the diameter at breast height is 3cm, and the crown diameter is around 100cm, the crown density will be: $3.14 \times 50 \times 50 / (100 \times 150) = 0.523$;

When space between rows is around 150CM×150CM, the diameter at breast height is 4cm, and the crown diameter is around 120cm, the crown density will be: $3.14 \times 60 \times 60 / (150 \times 150) = 0.502$;

When space between rows is around 200CM×150CM, the diameter at breast height is

4cm, and the crown diameter is around 150cm, the crown density will be: $3.14 \times 75 \times 75 / (200 \times 150) = 0.589$;

When space between rows is around 200CM×250CM, the diameter at breast height is 5cm, and the crown diameter is around 200cm, the crown density will be: $3.14 \times 100 \times 100 / (200 \times 250) = 0.628$;

When space between rows is around 200CM×300CM, the diameter at breast height is 6cm, and the crown diameter is around 200cm, the crown density will be: $3.14 \times 100 \times 100 / (200 \times 300) = 0.523$;

When space between rows is around 300CM×350CM, the diameter at breast height is 8cm, and the crown diameter is around 300cm, the crown density will be: $3.14 \times 150 \times 150 / (300 \times 350) = 0.673$;

When space between rows is around 300CM×400CM, the diameter at breast height is 8cm, and the crown diameter is around 300cm, the crown density will be: $3.14 \times 150 \times 150 / (300 \times 400) = 0.589$;

When space between rows is around 350CM×400CM, the diameter at breast height is 8cm, and the crown diameter is around 300cm, the crown density will be : $3.14 \times 150 \times 150 / (350 \times 400) = 0.505$;

When space between rows is around 400CM×500CM, the diameter at breast height is 9cm, and the crown diameter is around 400cm, the crown density will be: $3.14 \times 200 \times 200 / (400 \times 500) = 0.628$;

When space between rows is around 400CM×600CM, the diameter at breast height is 10cm, and the crown diameter is around 400cm, the crown density will be: $3.14 \times 200 \times 200 / (400 \times 600) = 0.523$;

When space between rows is around 200CM×200CM, the height is 2m, and the crown diameter is around 160cm, the crown density will be: $3.14 \times 80 \times 80 / (200 \times 200) = 0.502$;

When space between rows is around 300CM×300CM, the height is 3m, and the crown diameter is around 250cm, the crown density will be: $3.14 \times 125 \times 125 / (300 \times 300) = 0.545$;

When space between rows is around 400CM×400CM, the height is 4m, and the crown diameter is around 350cm, the crown density will be: $3.14 \times 175 \times 175 / (400 \times 400) = 0.601$;

When space between rows is around 500CM×500CM, the height is 5m, and the crown diameter is around 450cm, the crown density will be: $3.14 \times 225 \times 225 / (500 \times 500) = 0.636$;

When space between rows is around 600CM×600CM, the height is 5m, and the crown diameter is around 550cm, the crown density will be: $3.14 \times 275 \times 275 / (600 \times 600) = 0.660$;

With survival rate considered, the Company determines whether full-crown trees are closed or not based on nursing period (2 years).

5 Cost of consumptive biological assets will be carried forward with weighted mean method in case of felling.

6 At the end of every year, the Company examines the consumptive biological assets. If some evidence proves that, the net realizable value of consumptive biological assets is lower than their book value, the depreciation reserve of consumptive biological assets will be withdrawn as per the balance amount, and recorded in the gain or loss of the current period; if the factors for depreciation of consumptive biological assets disappear, the originally withdrawn depreciation reserve will be transferred back, and the transferred-back amount will be recorded in the gain or loss of the current period.

(XX) Intangible assets

1 Pricing Method of Intangible Assets

(1) The Company initially measures the intangible assets as per the cost when they are acquired.

The cost of purchased intangible assets includes purchasing price, relevant taxes, and other expenditures directly for making the assets reach the predetermined use. If the price for purchasing intangible assets is delayed in payment by exceeding normal credit conditions, and the intangible assets have financing nature substantially, the cost of intangible assets will be determined based on the present value of purchasing price.

As for the intangible assets obtained from debt reorganization and used by debtors for repaying debts, their entry value will be determined based on the fair value of such intangible assets, and the balance between the book value of reorganized debts and the fair value of the intangible assets used for repaying debts will be recorded in the gain or loss of the current period.

In the precondition that non-monetary asset exchange has the essence of commerce, and the fair value of exchanged-in or exchanged-out assets could be measured reliably, the entry value of the intangible assets obtained from non-monetary asset exchange will be determined based on the fair value of exchanged-out assets, unless conclusive evidence

proves that the fair value of exchanged-in assets is more reliable; for the non-monetary asset exchange not meeting the above-mentioned precondition, the book value of exchanged-out assets and relevant taxes payable will be taken as the cost of exchanged-in intangible assets, and the gain or loss won't be confirmed.

(2) Follow-up Measurement

The Company analyzes and judges the service life of intangible assets when obtaining them.

Intangible assets with limited service life are amortized with straight-line method within the period when they bring about economic benefits for the enterprise; if it's impossible to predict the period when the intangible assets could bring about economic benefits to the enterprise, the intangible assets will be deemed to have uncertain service life, and won't be amortized.

2 Estimate on the service life of intangible assets with limited service life:

Items	Predicted service life	Basis
Right to use new varieties of plants	20 years	Use right transfer contract
Software use right	5 years-10 years	Use right transfer contract
Patent right	5 years-10 years	Use right transfer contract
Pollution discharge right	20 years	Business term
BOT franchise right	Franchise period	Franchise right of BOTItems
Copyright	10 years	Service life
Trademark right	10 years	Use right transfer contract
Land use right	50 years	Use right transfer contract

At the end of every year, the Company checks the service life and amortization method of the intangible assets with limited service life.

As checked, the service life and amortization method of intangible assets at the end of this year were not different from previous estimates.

3 Basis for judgment of intangible assets with uncertain service life and the procedures for checking of their service life

As of the date of balance sheet, the Company did not have intangible assets with uncertain service life.

4 Concrete Standard for Division of Research Stage and Development Stage

The Company's expenditure for internal research and development projects is divided into the expenditure at research stage and expenditure at development stage.

Research stage: The stage of unique and planned investigation and research activities conducted for obtaining and understanding new scientific or technological knowledge.

Development stage: The stage of applying research findings or other knowledge to some

plan or design, in order to produce new or substantially improved materials, devices and products, etc. before commercial production or use.

5 Concrete Conditions for Capitalization of Expenditure at Development Stage

The expenditure at development stage of internal research and development projects will be confirmed as intangible assets when simultaneously meeting the following conditions:

- (1) It is technically feasible to complete the intangible assets and make them available for use or sale;
- (2) The Company has the intent to complete, use or sell the intangible assets;
- (3) The way by which intangible assets produce economic benefit could prove the usability of such intangible assets, including proving that the products produced with such intangible assets have markets, or such intangible assets have markets, and intangible assets would be used internally;
- (4) The Company has sufficient technical, financial resources and other resources to support the completion of the development of such intangible assets, and the Company has the ability to use or sell such intangible assets.
- (5) The expenditure attributing to the development stage of such intangible assets could be measured reliably.

The expenditure at development stage, if not meeting the above-mentioned conditions, will be recorded in the gain or loss of the current period when incurred; the expenditure at research stage will be recorded in the gain or loss of the current period when incurred.

(XXI) Long-term Asset Impairment

If there is any sign of impairment in long-term equity investments, fixed assets, construction in progress, intangible assets with finite service life and other long-term assets at the balance sheet date, an impairment test will be made. If the result of impairment test proves that the recoverable amount of assets is lower than their book value, the depreciation reserve will be withdrawn as per their balance and recorded in the impairment loss. The recoverable amount indicates the net amount after the fair value of assets minus the disposal expenses, and the present value of predicted future cash flow of the assets, whichever is higher. Asset depreciation reserve is calculated and confirmed based on single assets. If it is difficult to estimate the recoverable amount of single assets, the recoverable amount of asset portfolio will be determined as per the asset portfolio to which the assets belong. Asset portfolio indicates the minimum asset group which could

independently produce cash inflows.

Depreciation test shall be carried out at least at each year end for intangible assets with uncertain service life.

The Company carries out impairment test of goodwill, and amortizes the book value of the goodwill formed from business combination to relevant asset group by reasonable means since the date of purchasing; if it is difficult to amortize the book value to relevant asset group, the Company will amortize it to relevant asset group, the Company will amortize it to relevant asset group portfolio. When the book value of goodwill is amortized to relevant asset group or asset group portfolio, the Company will execute amortization as per the proportion of the fair value of each asset group or asset group portfolio to the total fair value of relevant asset group or asset group portfolio. If it is difficult to measure the fair value reliably, the Company will execute amortization as per the proportion of the book value of each asset group or asset group portfolio to the total book value of relevant asset group or asset group portfolio.

When impairment test is carried out for relevant asset groups or asset group portfolios including goodwill, if the asset groups or asset group portfolios relevant to goodwill have the sign of impairment, the Company will carry out impairment test of the asset group or asset group portfolio excluding goodwill, calculate recoverable amount, compare it with relevant book value, and confirm corresponding impairment loss. Then, the Company will carry out impairment test of the asset group or asset group portfolio containing goodwill, compare the book value (including the book value of the goodwill amortized) and recoverable amount of these relevant asset groups or asset group portfolios. If the recoverable amount of relevant asset groups or asset group portfolios is lower than their book value, the Company will confirm impairment loss of goodwill.

The above-mentioned asset impairment loss, once being confirmed, won't be transferred back in later fiscal period.

(XXII) Long-term Deferred Expenses

Long-term deferred expenses indicate various expenses having been incurred, to be shared in present period and later periods, and having an amortization period of more than one year. The Company's long-term deferred expenses include the nursery land leasing fee and office decoration fee already paid.

1 Amortization Method

Long-term deferred expenses will be averagely amortized within the benefit period.

2 Amortization Life

The Company's long-term deferred expenses mainly include the nursery land leasing fee and office decoration fee already paid, and their amortization life is respectively the land lease term and office lease term.

(XXIII) Employee Compensation

1 Accounting Method of Short-Term Remuneration

During the fiscal period when employees provide services for the Company, the Company confirms the short-term remuneration incurred actually as liabilities, and records them in the gain or loss of the current period or the cost of relevant assets.

For the social insurance premiums and housing fund paid by the Company for employees, the trade union outlay and employee education outlay withdrawn as per regulations, the Company calculates and determines corresponding amount of employees' remuneration as per the withdrawal basis and withdrawal proportion regulated during the fiscal period when employees provide services for the Company.

If employees' welfare expense is non-monetary welfare and could be measured reliably, they will be measured as per fair value.

2 Accounting Method of Post-Dimission Welfare

(1) Defined contribution plans

As for the basic pension insurance and unemployment insurance paid by the Company for employees according to relevant provisions of local government, the amount payable will be calculated as per the base amount and proportion of payment regulated by local place and recorded in the gain or loss of the current period or the cost of relevant assets during the fiscal period when the employees provide services for the Company.

In addition to the basic endowment insurance, the Company also establishes enterprise annuity payment system (supplementary endowment insurance) / corporation pension plan in accordance with relevant policies of national enterprise annuity system. The Company pays to the local social insurance agencies by a certain percentage of employees' total wages / /the pension plan, and the corresponding expenditures will be recorded in the current profits and losses or related asset costs.

(2) Defined benefit plans

According to the formula determined with predicted accumulative welfare unit method, the Company attributes the welfare obligation arising from defined benefit plans to the period when employees provide services, and records it in the gain or loss of the current period or the cost of relevant assets.

The deficit or surplus after the present value of defined benefit plan obligation minus the fair value of defined benefit plan asset will be confirmed as a net liability or net asset of defined benefit plan. If a defined benefit plan has surplus, the Company will measure the net asset of defined benefit plan as per the upper limit of the surplus and asset of defined benefit plan, whichever is lower.

All defined benefit plan obligations, including the obligations predicted to pay within 12 months after completion of the annual report period when employees provide services, the Company will discount them as per the market return of the national debts matching with defined benefit plan obligation in terms of period and currency, or high-quality corporate bonds in active markets on the date of balance sheet.

The production cost arising from defined benefit plans and net interest on net liabilities or net assets of defined benefit plan will be recorded in the gain or loss of the current period or the cost of relevant assets; the changes arising from re-measurement of net liabilities or net assets of defined benefit plans will be recorded in the other composite benefits, and won't be transferred back to the gain or loss in later fiscal period. When the originally defined benefit plan is terminated, the part that was recorded other comprehensive income will be totally transferred to undistributed profit in the range of interest.

When defined benefit plans are settled, the profit or loss will be confirmed and settled as per the balance between the present value of defined benefit plan obligation determined on the date of settlement and the settlement price.

For details, please refer to Note "V. (XXVI) Payroll Payable".

3 Accounting Method of Dismissal Welfare

If being unavailable to unilaterally revoke the dismissal welfare provided for rescission of labor relationship plan or staff cut-down suggestions, or when confirming the costs or expenses related to reorganization involving the payment of dismiss welfare (whichever is earlier), the Company will confirm the employee compensation liabilities arising from dismiss welfare, and record them in the gain or loss of the current period.

(XXIV) Accrued Liabilities

1 Standard for Confirmation of Accrued Liabilities

If the obligations related to the contingencies like lawsuits, debt guarantees, loss contracts, reorganization matters, etc. simultaneously meet the following conditions, the Company will confirm such obligations as accrued liabilities:

- (1) The obligations are current obligation undertaken by the Company;
- (2) The implementation of such obligations will probably induce that economic benefits flow out of the Company;
- (3) The amount of such obligations could be measured reliably.

2 Measures for Measurement of Various Accrued Liabilities

The Company initially measures the accrued liabilities as per the optimum estimated amount of expenditures necessary for implementation of relevant current obligations.

When determining the optimum estimated amount, the Company comprehensively considers the risks related to contingencies, uncertainty, time value of money, and other factors. If the time value of money has significant influences, the optimum estimated amount will be determined after discounting with relevant future cash outflow.

The optimum estimated amount is treated by the following circumstances respectively:

If the expenditure needed has a continuous scope (or range), and the possibility for various results to occur is the same within this scope, then the optimum estimated amount will be determined as per the middle value of this scope, namely the average of the upper-limit and lower-limit amounts.

If the expenditure needed does not have a continuous scope (or range), or there is a continuous scope, but the possibility for various results to occur within this scope is not the same, for example, contingencies involve single item, the optimum estimated amount will be determined as per the amount which will occur most possibly; if contingencies involve multiple items, the optimum estimated amount will be calculated and determined as per various possible results and relevant probability.

If the Company's expenditure needed for discharging accrued liabilities is

predicted to compensate by third parties fully or partially, then the compensation amount will be confirmed independently as assets when being ascertained basically available to receive, and the compensation amount confirmed won't be more than the book value of the accrued liabilities.

(XXV) Share-Based Payment

The share-based payment of the Company refers to the transaction through granting equity instruments or undertaking equity-instrument-based liabilities to obtain the services provided by employees or other parties. The Company's share-based payment is divided into the share-based payment settled with equity and the share-based payment settled in cash.

1 Share-based payment settled with equity and equity instruments

The share-based payment settled with equity, if used to exchange for employees' services, will be measured with the fair value of the equity instruments granted to employees. If the Company makes share-based payment with restricted shares, then the shares subscribed with investment by employees shall not be circulated in the market or transferred before meeting unlocking conditions and being unlocked; if the unlocking conditions regulated in the final Stock Incentive Plan are not satisfied, the Company will buy back shares at the predetermined price. When obtaining the money paid by employees for subscribing restricted shares, the Company will confirm capital stock and capital reserve (capital stock premium) as per the stock subscription money obtained, and meanwhile, will confirm a liability and inventory stock as per the full amount of buyback obligation. On every date of balance sheet within the waiting period, the Company will make the optimum estimate on the quantity of exercised equity instruments according to follow-up information such as the latest acquired change in the number of right-exercising employees, whether meeting regulated performance conditions, etc., on this basis, and according to the fair value on the date of granted, the Company will record the services obtained in the very period in relevant cost or expense, and increase capital reserve correspondingly. After exercising date, the Company will not adjust the total amount of relevant confirmed cost or expense and owner's equity. However, it's available to exercise rights immediately after granted, it will be recorded in relevant cost or expense as per fair value on the date of granted, and capital reserve will be increased correspondingly.

For the share-based payment not exercised finally, the Company will not confirm cost or expense, unless the exercise conditions are market conditions or non-excisable conditions.

Here, no matter whether market conditions or non-excisable conditions are satisfied, if only non-market conditions among excisable conditions are satisfied, it will be deemed as excisable.

If the clauses of share-based payment settled with equity are amended, the services obtained will be confirmed at least according to the clauses before amendment. In addition, any amendment increasing the fair value of equity instruments granted, or alterations beneficial for employees on the date of amendment will be confirmed as increase of services obtained.

If share-based payment settled with equity is cancelled, the Company will treat it as accelerated exercise on the date of cancellation, and confirm the non-confirmed amount immediately. If employees or other parties could choose to meet non-exercisable conditions, but do not meet such conditions within waiting period, the Company will treat this as cancelation of share-based payment settled with equity. However, if new equity instruments are granted, and the new equity instruments granted are recognized to replace the cancelled equity instruments on the granted date of the new equity instruments, the granted alternative equity instruments will be treated by the means same as those for amending the terms and conditions for treatment of original equity instruments.

(XXVI) Income

1 General principles for recognition of revenue from sales of goods:

The income from sale of goods will be confirmed realized if the Company has transferred to the buyer the major risks and rewards on the ownership of the goods; the Company does not reserve the continuous management right connected with the ownership, or implement effective control on the goods already sold; the amount of income could be reliably measured; relevant economic benefits will probably flow into the enterprise; and relevant costs already incurred or to incur could be reliably measured.

2 Principles for Confirmation and Measurement of Income from Alienation of Assets

If the economic benefits related to transactions could probably flow into the enterprise, and the amount of income could be reliably measured, the amount of income from alienation of asset use right will be determined respectively according to the following circumstances:

- ① The amount of interest income is calculated and determined as per the time and

actual interest rate that others use the enterprise's monetary resources;

- ② The amount of utilization fee income is calculated and determined as per the cash collection time and method regulated in relevant contract or agreement.

3 Principles for Confirmation and Measurement of Income from Rendering of Labor Services and Income from Construction Contract, as Confirmed with Completion Percentage Method

(1) Overall Principles for Confirmation and Measurement of Income from Rendering of Labor Services and Income from Construction Contract, as Confirmed with Completion Percentage Method

If on the date of balance sheet, the result of the transaction of labor service rendering could be reliably estimated, the income from rendering of labor services will be confirmed with completion percentage method. The completion progress of the transaction of labor service rendering will be determined as per the proportion of the labor services rendered to the total quantity of labor services to render.

The total amount of income from rendering of labor services will be determined as per the contracted or agreed price received or receivable, excluding that the contracted or agreed price received or receivable is not fair. On the date of balance sheet, the income from rendering of labor services in the very period will be confirmed as per the amount after “the total amount of income from rendering of labor services multiplied by the completion progress” minus “the accumulatively confirmed income from rendering of labor services in previous fiscal periods”; meanwhile, the cost of labor services in the very period will be carried forward according to the amount after “the estimated total cost for rendering of labor services multiplied by the completion progress” minus “the accumulatively confirmed cost of labor services in previous fiscal periods”.

If on the date of balance sheet, the result of the transaction of labor service rendering cannot be reliably estimated, it will be treated respectively according to the following circumstances:

- ① If it's predicted that the cost of labor services incurred could be compensated, the income from rendering of labor services will be confirmed as per the amount of the cost of labor services already incurred, and the cost of labor services will be carried forward according to the same amount.
- ② If it's predicted that the cost of labor services incurred could not be compensated, the cost of labor services already incurred will be recorded in the gain or loss of the

current period, and the income from rendering of labor services will not be confirmed.

(2) Basis and Method for Income Confirmation of the Company:

① For design income, the Company subdivides design contract into field investigation and design stage determination stage, detailed design stage, construction drawing design stage, and construction cooperation stage, etc., and according to the proportion of the workload of labor services rendered for reaching each design stage to the predicted total workload, the Company determines the income completion proportion of each detailed design stage.

② For construction contract income, the method for determination of contract completion progress is as shown below: The Company determines the completion percentage of construction contract as per the proportion of accumulative contract cost incurred actually to the predicted total contract cost. If the contract construction contents change, so that the predicted total income and predicted total cost change, the Company will adjust the predicted total income and predicted total cost, calculate completion percentage as per the amount after adjustment, and adjust the operating income and operating cost which shall be confirmed in the very period.

In terms of concrete accounting of items, the predicted total income of BTI items will be measured as per the fair value of the consideration receivable, namely the predicted total income is the sum of total contract price and the interests in construction period and buyback period, and is discounted to the predicted completion time point of the project. If the investment and financing expenses are stipulated in the construction period and could be reliably calculated, the interests in the construction period will be discounted together. If the investment and financing interests in the construction period cannot be reliably measured, future application method will be adopted, and the investment and financing interests in the construction period will be completely confirmed as interest income of the very period in the first year of buyback period.

For participation in the business of public instruction construction by means of Build—Operate—Transfer (BOT), the Company confirms relevant income and expense for the construction services provided in accordance with the Accounting Standards for Business Enterprises No.15- Construction Contract; after completion of infrastructures, the Company confirms the income and expense related to follow-up operation services in accordance with the Accounting Standards for Business Enterprises No.14 – Income.

① Recognition of income from construction contract during construction period

If the Company provides actual construction services, and the construction services

provided meet the provisions of the Accounting Standards for Business Enterprises No. 15- Construction Contract and the Interpretations of Accounting Standards for Business Enterprises No. 2, the Company will recognize income from construction contract in accordance with the Accounting Standards for Business Enterprises No. 15- Construction Contract and the Interpretations of Accounting Standards for Business Enterprises No. If the Company does not provide actual construction services, and contracts infrastructures construction to other parties, the Company will not recognize income from construction services.

② Recognition of income during operation period

A Recognition of income under accounting mode of financial assets

a Recognition of income from financial assets:

In accordance with relevant agreement, as for franchise right contract confirmed as financial assets, the sewage treatment fee collected by the Company in the very period includes the recovery of project investment principal, the interest return of investment principal, and the operating income from sewage treatment. The Company calculates the recovery of project investment principal and the interest return of investment principal with actual interest rate method, and confirms the amount after deduction of project investment principal and investment principal from sewage treatment fee as operating income.

b Selection of actual interest rate for the franchise right project subject to accounting as per financial assets:

The average value of par interest rate of the national debts in the period identical or similar to the year when various BOT items start operating is taken as the basic interest rate of various projects, and then according to different credit risks of local government at the places where various projects locate, the basic interest rate will be floated by a certain proportion, and then be taken as actual interest rate.

B Recognition of income under accounting mode of intangible assets

The Company settles the franchise right projects confirmed as intangible assets according to actual occurrence, and confirms them as operating income from sewage treatment services when the services are provided according to the cash collection time and method stipulated in the Contract.

③ For sale of products produced through reclamation of wastes and delivery of goods, the Company takes the settlement form confirmed by both parties with signature as the basis of income confirmation. If the settlement form is not obtained in time at the end of

month, the Company will recognize income as per the result of preliminary analysis first, and then make adjustments when obtaining the settlement form next month.

④ For labor services of solid wastes disposal, the Company will recognize income from disposal fee as per “the quantity of solid wastes disposed for different customers, as registered in the machine account of disposal, at the end of month” multiplied by the unit disposal price stipulated in contract.

⑤ As for the sale of water treatment equipment integration system, the sales income will be confirmed realized when the major risks and rewards on the ownership of goods have been transferred to the buyer, the Company does not implement continuous management and control on the goods, the economic benefits related to transactions could flow into the Company, and relevant income and cost could be reliably measured.

(1) If the contract stipulates that the Company does not assume the responsibility of installation and debugging: Sales income will be confirmed realized if the equipment is transported to the Buyer’s specified place, the equipment is accepted, and the equipment acceptance form is provided.

(2) If the contract stipulates that the Company assumes the responsibility of installation and debugging: Sales income will be confirmed realized if the equipment is transported to the Buyer’s specified place, the installation and debugging are completed, and the debugging and acceptance form is provided.

(XXVII) Governmental subsidy

1 Type

A government subsidy means the monetary or non-monetary assets obtained free by this company from the government. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income.

The assets-related government subsidy refers to government subsidies that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government subsidies pertinent to income refer to the governmental subsidies except governmental subsidies pertinent to assets.

2 Recognition time

When there is concrete evidence indicating that the grant is allocated following the fixed ration criterion and that provisions on financial support policy are met and the financial

support funds are expected to be received, the grant can be recognized.

3 Accounting

Governmental subsidy related to assets will be used to write down the book value of relevant assets or be confirmed as deferred income. If being confirmed as deferred income, the governmental subsidy will be recorded in the gain or loss of the current period within the service life of relevant assets with reasonable and systematic methods (if being related to the Company's daily activities, the governmental subsidy will be recorded in other benefits; if not, they will be recorded in non-operating income).

The governmental subsidy related to income, if being used to compensate the Company's relevant cost expenses or losses in later period, will be confirmed as deferred income, and be recorded in the gain or loss of the current period (if being related to the Company's daily activities, the governmental subsidy will be recorded in other benefits; if not, they will be recorded in non-operating income) or be used to write down relevant cost expenses or losses during the period of confirmation on relevant cost expenses or losses; if being used to compensate the Company's relevant cost expenses or losses already incurred, the governmental subsidy will be directly recorded in the gain or loss of the current period (if being related to the Company's daily activities, the governmental subsidy will be recorded in other benefits; if not, they will be recorded in non-operating income) or be used to write down relevant cost expenses or losses.

(XXVIII) Deferred Income Tax Assets and Deferred Income Tax Liabilities

For deductible temporary difference, deferred income tax assets will be confirmed within the limit of the taxable income which will probably be obtained in future period and be used to offset deductible temporary difference. As for deductible losses and taxes rebate which could be carried forward to later years, corresponding deferred income tax assets will be confirmed within the limit of the future taxable income which will probably be obtained to offset deductible losses and taxes.

For taxable temporary difference, deferred income tax liabilities will be confirmed except for under special circumstances.

The special circumstances under which deferred income tax assets or deferred income tax liabilities are not confirmed include: the initial confirmation of goodwill; other transactions or matters (except for business combination) of which the occurrence won't affect accounting profit or taxable income (or deductible loss).

If the Company has statutory right to settle with net amount, and has the intention to settle or obtain assets with net amount, and the discharge of debts is conducted simultaneously, the income tax assets of the current period and the income tax liabilities of the current period will be presented with the net amount after offsetting.

If the Company has the statutory right to settle the income tax assets of the current period and the income tax liabilities of the current period with net amount, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied by a same tax administration department from a same tax payment subject, or are related to different tax payment subjects, but in every important period when deferred income tax assets and liabilities are transferred back in future, if the tax payment subjects involved intend to settle the income tax assets and liabilities of the very period with net amount or to obtain assets and discharge liabilities simultaneously, deferred income tax assets and deferred income tax liabilities will be presented with the net amount after offsetting.

(XXIX) Leasing

1 Accounting treatment for operating lease

(1) The rent paid by the Company for rented assets will be amortized with straight-line method within the whole lease term including the rent-free period, and recorded in the expense of the current period. The initial direct expenses paid by the Company and related to leasing transaction will be recorded in the expense of the current period.

If the asset lessor undertakes the lease-related expenses which shall be assumed by the Company, the Company shall deduct such expenses from the total rent, amortize the remained rent within the lease term, and record it in the expense of the very period.

(2) The rent collected by the Company for leasing out assets will be amortized with straight-line method within the whole lease term including the rent-free period, and confirmed as lease-related income. The initial direct expenses paid by the Company and related to leasing transaction will be recorded in the expense of the very period; if the amount is relatively big, the amount will be capitalized, and will be recorded in the income of the very period by installments within the whole lease term on the basis same as that for confirmation of lease-related income.

If the Company undertakes lease-related expenses which shall be undertaken by the lessee, the Company will deduct such expenses from the total amount of rent income, and distributed the remained rent expense within the lease term.

2 Accounting treatment for finance lease

(1) Assets rented through finance lease: On the date when the renting starts, the Company takes the fair value of rented assets and the present value of minimum rent payment, whichever is lower, as the entry value of rented assets, takes the minimum rent payment as the entry value of long-term accounts payable, and takes the balance as non-confirmed financing expense. The Company adopts actual interest rate method to amortize the non-confirmed financing expenses within the asset lease term, and records them in financial expenses. The Company records the initial direct expenses incurred in the value of rented assets.

(2) Assets leased out through finance lease: On the date when leasing starts, the Company the balance between “the sum of finance lease account receivable and non-guaranteed balance” and their present value as non-realized financing income, and confirms it as lease income within each future period when rents are received. The Company records the initial direct expenses related to leasing transaction in the initial measured amount of finance lease account receivable, and reduces the income amount confirmed within the lease term.

(XXX) Discontinuing operation

The discontinuation of operation is a separately identifiable constituent part that meets one of the following conditions and that has been disposed of or classified by the Company as the held for sale:

- (1) This constituent part represents a separate major business or a major business area;
- (2) This constituent part is a part of an associated plan for disposal of a separate major business or business area;
- (3) This constituent part is for a subsidiary acquired only for re-sell.

(XXXI) Changes of Important Accounting Policies and Accounting Estimates

1 Changes of Important Accounting Policies

The Accounting Standard for Business Enterprises No.42 - Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations, the Accounting Standards for Enterprises No.16 - Government Subsidies and the Circular of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises shall apply.

In 2017, the Ministry of Finance promulgated the Accounting Standard for Business

Enterprises No. 42 - Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations, which took effect as of May 28, 2017. The non-current assets, disposal groups and termination operations held for sale existing on that date shall be treated with the prospective application method.

In 2017, the Ministry of Finance revised the Accounting Standards for Enterprises No.16 - Government Subsidies, which comes into effect on June 12, 2017. The Company applies the prospective application method for the government subsidies that exist on January 1, 2017. For the government subsidies added from January 1, 2017 to the implementation date, adjustments were made according to the revised standards.

In 2017, the Ministry of Finance issued the Notice of the Ministry of Finance on Revising the Format of General Financial Statements of Business Enterprises”, which revised the format of general financial statements of business enterprises and shall be applicable to the financial statements 2017 and thereafter.

The main impact of the implementation of the above three regulations by the Company is as follows:

Contents of and reasons for change of accounting policies	Examination and approval procedures	Name and amount of the affected statement item
(1) The "net profits from continued operations" and "net profits from discontinued operations" are listed in the income statement; The comparison data are adjusted accordingly.	The 22nd meeting of fourth board of directors	The recognized net profit from continued operations was RMB 2,220,625,861.87 in this year, and the recognized net profit from terminating operations was RMB 0.00 in this year. The recognized net profit from continued operations was RMB 1,380,847,560.09 in the previous year, and the recognized net profit from terminating operations was RMB 0.00 in the previous year.
(2) Part of governmental subsidy related to assets wrote down the book value of relevant assets. The comparison data are not adjusted.	The 15th meeting of sixth board of directors	Fixed assets: RMB 0.00 decreased
(3) Part of governmental subsidy related to income wrote down relevant costs and expenses. The comparison data are not adjusted.	The 15th meeting of sixth board of directors	Management expenses: RMB 0.00 decreased
(4) The government subsidies related to the Company's daily operation are included in other profit and are no longer included in non-operating income. The comparison data are not adjusted.	The 15th meeting of sixth board of directors	Other income: RMB 93,934,632.45
(5) The "proceeds from assets disposal" was added to the income statement, and some of profits and losses from assets disposal that were previously listed as "non-operating income" and "non-operating expenses" were reclassified to the "proceeds from assets disposal". The comparison data are adjusted accordingly.	The 22nd meeting of fourth board of directors	The net "non-operating income" and "non-operating expenses" related to disposal of assets in this year were decreased by RMB-17,489,486.17 and reclassified to the "proceeds from assets disposal". The net "non-operating income" and "non-operating expenses" related to

Contents of and reasons for change of accounting policies	Examination and approval procedures	Name and amount of the affected statement item
		disposal of assets in the previous year were decreased by RMB 13,441.46 and reclassified to the "proceeds from assets disposal".

2 Changes of Important Accounting Estimates

The important accounting estimates of the current reporting period remain unchanged.

IV Taxes

(I) Main Types of Taxes and Tax Rate

Type of taxes	Tax base	Tax rate
Value-added tax	Output taxes are calculated based on the income from sale of goods and taxable income from labor services which are calculated as per the provisions of tax law. After deduction of input taxes allowed to deduct in the very period, the balance is the value-added tax payable.	3%, 6%, 17%, 11%
Urban maintenance and construction tax	Calculated and paid as per the actually paid value-added tax and consumption tax	1%, 5%, 7%
Enterprise income tax	Calculated and paid as per taxable income	25%, 15%

The income tax rates applicable to the Company and its subsidiaries are as follows:

Name of tax payment subjects	Rate of income tax	Remark
Beijing Orient Landscape & Environment Co., Ltd.	15%	
Wenzhou Shengli Landscape Engineering Co., Ltd.	25%	Levied at 8% of taxable income rate for the total income
Nanning Yuanboyuan Landscape Engineering Co., Ltd.	25%	
Beijing Dongfang Yidi Landscape Design Co., Ltd.	15%	
Beijing Dongfang Lihe Landscape Design Co., Ltd.	15%	
Hubei Orient Miaolian Seedling Technology Co., Ltd.	25%	
Dalian Dongfang Shengjing LandscapeCo., Ltd.	25%	
Shanghai Kaiyuan Building Engineering Co., Ltd.	25%	
Oriental Libang Construction Co., Ltd.	25%	
Zhongbang Construction Engineering Co., Ltd.	25%	Levied at 8% of taxable income rate for the total income
Beijing Orient Landscape Fund Management Co., Ltd.	25%	
Beijing Miaolianwang Technology Co., Ltd.	25%	
Beijing Oriental Decong Ecological Technology Co., Ltd.	25%	
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	25%	
Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.	25%	
Beijing Orient Landscape Environmental Investment Co., Ltd.	25%	
Orient Landscape (Pingyuan) Environmental Technology Co., Ltd.	25%	

Name of tax payment subjects	Rate of income tax	Remark
Beijing Dongfang Fudi Environmental Technology Co., Ltd.	15%	
Zhongshan Environmental Protection Industry Co., Ltd.	15%	
Shanghai Liyuan Water Treatment Technology Co., Ltd.	15%	
Suzhou Haifengsheng Environmental Protection Investment Co., Ltd.	25%	
Shanghai Puneng Investment Co., Ltd.	25%	
Hubei Shunda Construction Group Co., Ltd.	25%	Levied at 8% of taxable income rate for the total income
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	25%	
Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.	25%	
Ningxia Laide Energy Co., Ltd.	25%	
Sichuan Ruiheng Lubricating Oil Co., Ltd.	25%	
Beijing Oriental Cultural Tourism Asset Management Co., Ltd.	25%	
Tianjin Orient Landscape Environmental Protection Technology Co., Ltd.	25%	
Beijing Huafei Xingda Environmental Protection Technology Co., Ltd.	25%	
Liaoning Orient Landscape Environmental Protection Technology Co., Ltd.	25%	
Heilongjiang Orient Landscape Environmental Protection Technology Co., Ltd.	25%	
Gansu Dongfang Ruilong Environmental Management Co., Ltd.	25%	
Zhoukou Orient Landscape Environmental Protection Technology Co., Ltd.	25%	

(II) Tax Preferences

1 In accordance with relevant provisions of the Detailed Rules for Implementation of Temporary Regulations on Value-Added Tax, the Company and its subsidiaries Beijing Miaolianwang Technology Co., Ltd. and Hubei Orient Miaolian Seedling Technology Co., Ltd. were exempted from value-added tax for sale of self-planted seedlings.

2 In accordance with the provisions of the Enterprise Income Tax Law of the People's Republic of China and the Regulations on Implementation of Enterprise Income Tax Law of the People's Republic of China, the Company, Beijing Miaolianwang Technology Co., Ltd., and subsidiary Hubei Orient Miaolian Seedling Technology Co., Ltd. were exempted from enterprise income tax for the income from cultivation and planting of seedlings.

3 The headquarters and subsidiaries of the Companies including Dongfang Yidi, Shanghai Liyuan, Zhongshan Environment Protection, Dongfang Lihe and Dongfang Fudi are high tech enterprises, and enjoy the preferential income tax policies (15%).

4 In accordance with the Notification of the Ministry of Finance and the State Administration of Taxation on Adjusting and Improving the Value-Added Tax Policies for Products and Labor Services Comprehensively Using Resources (Cai Shui [2015] No.

78 Document), after July 1, 2015, the labor service income from garbage treatment and sludge treatment of the subsidiaries Wuzhong Solid Wastes, Hangzhou Lvjia, Nantong Jiuzhou met the policy of 70% refunded upon levied of value-added tax; meanwhile, in accordance with the provisions of this document, the subsidiary Jinyuan Copper enjoyed the tax preference policy of 30% refunded upon levied of value-added tax for sale of products comprehensively using resources.

5In accordance with the Notification of the Ministry of Finance and the State Administration of Taxation on Issues about Taxes on Gold (Cai Shui [2002] No. 142) and the Announcement of the State Administration of Taxation on Issues Concerning Value-Added Tax for Taxpayers' Sale of Associated Gold (State Administration of Taxation [2011] No. 8 Announcement), the subsidiary Jinyuan Copper was exempted from value-added tax for sale of associated gold products.

6In accordance with Article 88 of the Regulations on Implementation of Income Tax Law (No. 512 Order of the State Council), for the income of the subsidiaries Nantong Jiuzhou, Hangzhou Lvjia from engaging in environmental protection regulated and meeting conditions, from the tax year when the project obtained the first income from production and operation, the subsidiaries would be exempted from enterprise income tax from the first to the third year, and enjoy half deduction of the enterprise income tax from the fourth to the sixth year.

V Notes to Items in Financial Statements

(I) Monetary Resources

Items	Ending balance	Opening balance
Cash on hand	137,366.01	257,177.22
Bank deposit	2,143,836,159.51	2,097,441,570.11
Other monetary resources	1,259,219,252.43	690,892,779.12
Total	3,403,192,777.95	2,788,591,526.45
Including: the total amount of overseas funds		

Items	Ending balance	Opening balance
Bank acceptance guarantee deposit	902,823,468.46	597,882,420.06
Guarantee bond	332,379,513.27	88,010,156.01
L/C deposit	20,000,203.77	5,000,203.05
Fixed time deposits or call deposits used for guarantee	4,016,066.93	

Items	Ending balance	Opening balance
Total	1,259,219,252.43	690,892,779.12

(II) Notes Receivable

1 Classified Presentation of Notes Receivable

Items	Ending balance	Opening balance
Bank acceptance	126,647,530.03	80,087,992.93
Total	126,647,530.03	80,087,992.93

2 Notes receivable pledged by the Company at the end of the period

No notes receivable were pledged by the Company in the current reporting period.

3 Notes Receivable Already Endorsed or Discounted by the Company at the End of Period, but Not Coming Due Yet on the Date of Balance Sheet

Items	Confirmation-terminated amount at the end of period	Non-confirmation-terminated amount at the end of period
Bank acceptance	50,438,448.47	
Total	50,438,448.47	

4 There are no bills that turn into account receivables due to the default of the drawer in the company at the end of term.

(III) Accounts receivable

1 Classified Disclosure of Accounts Receivable

Type	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)		Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts Receivable with Significant Single Amount and Having Bad Debt Reserve Withdrawn Independently										
Accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	8,531,196,828.38	99.47	1,061,753,225.13	12.45	7,469,443,603.25	5,849,091,099.03	99.90	725,344,572.93	12.40	5,123,746,526.10
Accounts receivable with insignificant single amount, but having bad debt reserve withdrawn separately	45,129,967.48	0.53	43,948,245.05	97.38	1,181,722.43	5,893,222.69	0.10	5,893,222.69	100.00	
Total	8,576,326,795.86	100.00	1,105,701,470.18		7,470,625,325.68	5,854,984,321.72	100.00	731,237,795.62		5,123,746,526.10

Accounts receivable with bad debt reserve withdrawn by means of account age analysis in the portfolios:

Account age	Ending balance		
	Accounts receivable	Bad debt reserve	Withdrawal proportion (%)
Within 1 year	5,190,138,652.59	259,506,932.68	5.00
1-2 years	1,381,186,577.11	138,118,657.71	10.00
2-3 years	891,605,089.38	89,160,508.93	10.00
3-4 years	397,189,084.70	119,156,725.41	30.00
4-5 years	430,534,048.55	215,267,024.35	50.00
More than 5 years	240,543,376.05	240,543,376.05	100.00
Total	8,531,196,828.38	1,061,753,225.13	

2 Situations of bad debt reserves withheld, reversed or recycled in this term.

The amount of bad debt reserves in the current period is RMB 391,891,696.83, and due to the merger of companies not under the same control, the bad debt reserves are increased by RMB 1,188,405.51. The disposal of the subsidiary Fuyang Shen-neng in the current period results in a decrease of RMB 13,904,514.06 in the bad debt reserves.

Accounts Receivable Actually Cancelled after Verification in the Current Period

Items	Amount cancelled after verification
Actual write-off account receivables	4,711,913.72

Top 5 Owning Parties Classified by Ending Balance of Accounts Receivable

Unit name	Ending balance		
	Accounts receivable	Proportion to total accounts receivable (%)	Bad debt reserve
Binzhou XX Management Committee	420,097,223.09	4.90	48,189,651.49
Bayannur XX Ecological Environment Investment Construction Development Co., Ltd.	378,888,280.30	4.42	18,944,414.02
Datong XX Investment Management Bureau	263,979,226.32	3.08	89,866,195.99
Hancheng XX Water Environmental Development Co., Ltd.	228,514,000.21	2.66	11,425,700.01
Pingchang XX Construction and Development Co., Ltd.	226,233,788.43	2.64	11,311,689.42
Total	1,517,712,518.35	17.70	179,737,650.93

3 Accounts receivable of which the recognition is terminated due to the transfer of

financial assets

There are no account receivables whose confirmation is terminated by financial assets transfer in this reporting period.

(IV) Advance Payment

1 Presentation of Advance Payments by Account Age

Account age	Ending balance		Opening balance	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	71,757,425.82	93.05	44,221,637.93	96.61
1-2 years	2,740,406.42	3.55	1,085,595.91	2.37
2-3 years	1,044,240.73	1.35	237,900.80	0.52
More than 3 years	1,578,962.85	2.05	227,208.72	0.50
Total	77,121,035.82	100.00	45,772,343.36	100.00

2 Top 5 Advance Payment Objects Classified by the Ending Balance of Advance Payments

Advance payment object	Ending balance	Proportion to the total ending balance of advance payments (%)
Shenzhen XX Technology Company	27,235,360.68	35.32
Weishi XX Metal Materials Company	6,500,000.00	8.43
Khorgos XX Registered Tax Agent Company	2,700,000.00	3.50
Luancheng XX Economy Management Station	2,602,408.04	3.37
Turpan XX Investigation and Design Institute	2,140,000.00	2.77
Total	41,177,768.72	53.39

(V) Interests Receivable

Classification of Interests Receivable

Items	Ending balance	Opening balance
Interest accrual on fixed term deposit		1,107,951.41
Total		1,107,951.41

(VI) Dividends receivable

Details of dividends receivable

Items	Ending balance	Opening balance
Beijing Orient Aidi Landscape Design Co., Ltd.	1,878,768.71	
Total	1,878,768.71	

(VII) Other accounts receivable

1 Classified Disclosure of Other Accounts Receivable:

Type	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)		Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other accounts receivables that are individually significant and for which individual bad debt										

Type	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)		Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
reserves are withdrawn										
Other accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	397,612,776.79	98.49	49,857,843.96	12.54	347,754,932.83	436,962,717.15	98.63	44,834,335.74	10.26	392,128,381.41
Other accounts receivable with insignificant single amount and having bad debt reserve withdrawn separately	6,086,972.45	1.51	6,086,972.45	100.00		6,086,972.45	1.37	6,086,972.45	100.00	
Total	403,699,749.24	100.00	55,944,816.41		347,754,932.83	443,049,689.60	100.00	50,921,308.19		392,128,381.41

Other accounts receivable with bad debt reserve withdrawn by means of account age analysis in the portfolios:

Account age	Ending balance		
	Other accounts receivable	Bad debt reserve	Withdrawal proportion (%)
Within 1 year	198,057,712.14	9,903,360.63	5.00
1-2 years	81,879,704.91	8,187,970.49	10.00
2-3 years	65,671,245.73	6,567,124.58	10.00
3-4 years	18,644,231.04	5,593,269.32	30.00
4-5 years	13,855,222.71	6,927,611.36	50.00
More than 5 years	12,678,507.58	12,678,507.58	100.00
Total	390,786,624.11	49,857,843.96	

Other accounts receivable without bad debt reserve withdrawn:

Nature of accounts	Unit name	Ending balance	Bad debt reserve
Levied-and-refunded value-added tax receivable	Jiangxi Province Qianshan County Treasury	6,826,152.68	
Total		6,826,152.68	

2 Situations of bad debt reserves withheld, reversed or recycled in this term.

The amount of bad debt reserves in the current period is RMB 8,838,798.25, and due to the merger of companies not under the same control, the bad debt reserves are increased by RMB 351,763.44. The disposal of the subsidiary Fuyang Shen-neng in the current period results in a decrease of RMB 3,927,053.47 in bad debt reserves.

3 Status of actual verified other receivables in current period

Items	Amount cancelled after verification
Other receivables actually cancelled after verification	240,000.00

Classification of Other Accounts Receivable by Nature

Nature of accounts	Ending book balance	Book balance at the beginning of year
Equity transfer fee	16,524,207.32	12,700,000.00
Current account	37,710,710.60	120,023,943.00
Guarantee deposit	297,525,709.84	249,395,663.77
Petty cash and others	45,112,968.80	31,227,931.69
Levied-and-refunded value-added tax receivable	6,826,152.68	29,702,151.14
Total	403,699,749.24	443,049,689.60

4 Top 5 Owing Parties Classified by the Ending Balance of Other Accounts Receivable

Unit name	Nature of accounts	Ending balance	Account age	Proportion to total ending balance of other accounts receivable (%)	Bad debt reserve Ending balance
Meishan XX Development and Investment Co., Ltd.	Performance bond	22,050,000.00	2-3 years	5.46	2,205,000.00
Taigu XX Payment Center	Bid bonds	16,575,000.00	1-2 years	4.11	1,657,500.00
Jiangsu XX Bidding Co., Ltd.	Bid bonds	16,000,000.00	Within 1 year	3.96	800,000.00
Zhengzhou XX Infrastructure Construction Co., Ltd.	Performance bond	13,115,983.86	2-3 years	3.25	1,311,598.40
Urumqi XX Landscape Administration Bureau	Bid bonds	11,000,000.00	Within 1 year	2.72	550,000.00
Total		78,740,983.86	/	19.50	6,524,098.40

5 Accounts Receivable Involving Governmental Subsidy

Unit name	Name of governmental subsidy items	Ending balance	Ending account age	Predicted time, amount and basis of collection
Jiangxi Province Qianshan County Treasury	Tax rebate on comprehensive utilization of resources	6,826,152.68	Within 1 year	Recovered in January 2018
Total		6,826,152.68		

6 Other accounts receivable of which the recognition is terminated due to transfer of financial assets

None

7 Amount of assets and liabilities formed through transfer of other receivables and continuous involvement

None

(VIII) Inventories

1 Classification of Inventories

Items	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	174,029,198.61		174,029,198.61	370,965,263.96		370,965,263.96
Goods delivered	7,610,182.08	1,516,600.81	6,093,581.27	7,493,103.08		7,493,103.08
Consumptive biological assets	328,869,594.83	5,224,584.22	323,645,010.61	479,289,794.58		479,289,794.58
Products in process	106,156,623.08		106,156,623.08	79,963,432.47		79,963,432.47
Merchandise inventory	91,689,073.65	866,715.92	90,822,357.73	118,582,598.01		118,582,598.01
Assets formed from construction contract, completed but not settled	11,761,362,832.72	29,223,012.86	11,732,139,819.86	7,775,368,315.67	48,945,242.67	7,726,423,073.00
Total	12,469,717,504.97	36,830,913.81	12,432,886,591.16	8,831,662,507.77	48,945,242.67	8,782,717,265.10

2 Depreciation Reserve of Inventories

Items	Opening balance	Amount increased of current period		Amount decreased of current period		Ending balance
		Withdrawn	Others	Transferred-back or written-off	Others	
Raw materials						
Goods delivered		1,516,600.81				1,516,600.81
Consumptive biological assets		5,224,584.22				5,224,584.22
Products in process						
Merchandise inventory		866,715.92				866,715.92
Assets formed from construction contract, completed but not settled	48,945,242.67			19,722,229.81		29,223,012.86
Total	48,945,242.67	7,607,900.95		19,722,229.81		36,830,913.81

3 Description about Capitalized Amount of Borrowing Costs Contained in Ending Balance of Inventories

None

4 Completed and unsettled assets formed by construction contract

Items	Amount
Accumulative costs incurred	18,710,518,940.01
Accumulative gross profit confirmed	8,854,601,585.07
Less: Predicted losses	
Amount settled	15,803,757,692.36
Assets formed from construction contract, completed but not settled	11,761,362,832.72

(IX) Non-current Assets Coming Due within One Year

Items	Ending balance	Opening balance
Long-term accounts receivable coming due within 1 year	13,608,278.89	6,775,742.69
Long-term deferred expenses coming due within 1 year	10,154,089.68	8,418,013.24
Total	23,762,368.57	15,193,755.93

(X) Other Current Assets

Items	Ending balance	Opening balance
Deferred expenses	830,891.09	360,042.74
Taxes reserved	126,061,628.64	52,519,756.91
Financing products		25,000,000.00
Total	126,892,519.73	77,879,799.65

(XI) Available-for-Sale Financial Assets

1 Available-for-Sale Financial Assets

Items	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Available-for-sale debt instruments:						
Available-for-sale equity instruments	468,644,267.29		468,644,267.29	134,902,884.25		134,902,884.25
Including: Measured according to fair value						
Measured at Costs	468,644,267.29		468,644,267.29	134,902,884.25		134,902,884.25
Total	468,644,267.29		468,644,267.29	134,902,884.25		134,902,884.25

2 Available-for-Sale Financial Assets Measured by Cost at the End of Period

Invested units	Year 2017				Depreciation reserve			
	At the beginning of the year	Amount increased of current period	Amount decreased of current period	Ending amount	At the beginning of the year	Amount increased of current period	Amount decreased of current period	Ending amount
Shenzhen Qianhai Two-Oriented Financial Holding Group Co., Ltd.	11,000,000.00			11,000,000.00				
Fuyang Yongtong Small-Amount Loan Co., Ltd.	62,258,616.96		62,258,616.96					
Zhejiang Fuyang Rural Commercial Bank Co., Ltd.	57,358,553.00			57,358,553.00				
OULDG (Shanghai) Creative Design and Development Co., Ltd.	4,285,714.29			4,285,714.29				
Beijing Zhongguancun Bank Co., Ltd.		396,000,000.00		396,000,000.00				
Total	134,902,884.25	396,000,000.00	62,258,616.96	468,644,267.29				

3 Available-for-Sale Financial Assets Measured by Cost at the End of Period

Invested units	Book balance				Depreciation reserve				Proportion of shares held in invested units (%)	Cash dividends of current period
	At the beginning of the year	Amount increased of current period	Amount decreased of current period	Ending amount	At the beginning of the year	Amount increased of current period	Amount decreased of current period	Ending amount		
Shenzhen Qianhai Two-Oriented Financial Holding Group Co., Ltd.	11,000,000.00			11,000,000.00						
Fuyang Yongtong Small-Amount Loan Co., Ltd.	62,258,616.96		62,258,616.96							
Zhejiang Fuyang Rural Commercial Bank Co., Ltd.	57,358,553.00			57,358,553.00						1,101,485.84
ODUG (Shanghai) Creative Design and Development Co., Ltd.	4,285,714.29			4,285,714.29						
Beijing Zhongguancun Bank Co., Ltd.		396,000,000.00		396,000,000.00						
Total	134,902,884.25	396,000,000.00	62,258,616.96	468,644,267.29						1,101,485.84

Note 1: Shenzhen Qianhai Two-Oriented Financial Holding Group Co., Ltd. was established in 2014 with a shareholding ratio of 10%.

Note 2: Fuyang Yongtong Small-Amount Loan Co., Ltd. was established on September 23, 2009, and Shen-neng Solid Wastes's shareholding ratio was 10%. The transfer of the equity of Shen-neng Solid Wastes in the current period resulted in a decrease in the current period.

Note 3: Hangzhou Fuyang Jinyuan Copper Co., Ltd. invested in Zhejiang Fuyang Rural Commercial Bank Co., Ltd. in 2004; as of December 31, 2017, the shareholding ratio was 0.99%.

Note 4: In 2016, Orient Landscape transferred its shareholding in ODUG (Shanghai) Creative Design and Development Co., Ltd. As of December 31, 2017, the shareholding ratio was 10%.

Note 5: Beijing Zhongguancun Bank Co., Ltd. was established in 2017, and its shareholding ratio was 9.90%.

(XII) Long-Term Accounts Receivable

1 Long-Term Accounts Receivable

Items	Ending balance			Opening balance		
	Book balance	Bad debt reserve	Book value	Book balance	Bad debt reserve	Book value
Long-Term Accounts Receivable - BT Construction Project	47,672,952.85		47,672,952.85	40,638,178.40		40,638,178.40
Less: Unrealized financing income	2,983,370.01		2,983,370.01	4,529,006.34		4,529,006.34
Less: Long-term accounts receivable coming due within 1 year	13,608,278.89		13,608,278.89	6,775,742.69		6,775,742.69
Total	31,081,303.95		31,081,303.95	29,333,429.37		29,333,429.37

The BT Construction Project is a BT engineering project undertaken by the subsidiary Zhongshan Environmental Protection. After the project is completed and settled, the payment shall be collected from the employer, and the part that expires within one year shall be listed in the non-current assets subject to maturity within one year.

(XIII) Long-term Equity Investments

Invested units	Opening balance	Amount increased or decreased of current period							Ending balance	Depreciation reserve withdrawn of current period	Ending balance of depreciation reserve
		Additional investments	Decreased investments	Gain or loss on investment as confirmed under equity method	Adjustment of other comprehensive income	Other changes of equity	Cash dividends or profit declared to grant	Others			
1. Joint venture											
Beijing Orient Aidi Landscape Design Co., Ltd.	3,737,372.38			445,667.28			1,878,768.71		2,304,270.95		
Subtotal	3,737,372.38			445,667.28			1,878,768.71		2,304,270.95		
2. Jointly-run enterprises											
CITIC Qingshui Rujiang (Wuhan) Investment and Construction Co., Ltd.	24,381,832.60			-812,560.73					23,569,271.87		
Libo Dongfang Investment and Development Co., Ltd.	47,996,000.00								47,996,000.00		
Wuhan Zhengye Dongfang Construction and Investment Co., Ltd.	27,705,669.91			150,138.19					27,855,808.10		
Guizhou Shuitou Dongfang Ecological Environment Co., Ltd.	21,656,061.78		19,121,036.59	-2,535,025.19							
Huangshan Jiangnan Forestry Property Exchange Co., Ltd.	20,013,557.55			-35,155.06					19,978,402.49		
Jilin Dongyuan Investment Co., Ltd.	8,618,931.87			-895,006.22					7,723,925.65		
Changchun Lvyuan District Hexin New Urbanization Investment and Construction Management Co., Ltd.	9,377,059.62		8,682,558.67	-694,500.95							
Huaxi Orient Investment Management (Beijing) Co., Ltd.	4,879,161.18			-24,463.46					4,854,697.72		
Subtotal	164,628,274.51		27,803,595.26	-4,846,573.42					131,978,105.83		
Total	168,365,646.89		27,803,595.26	-4,400,906.14			1,878,768.71		134,282,376.78		

(XIV) Fixed assets

1 Fixed Assets

Items	Houses and buildings	Mechanical equipment	Transportation equipment	Electronic equipment	Office equipment and others	Total
1. Original book value						
(1)Opening balance	791,007,095.66	165,426,895.16	61,817,489.41	36,055,775.09	66,787,188.55	1,121,094,443.87
(2)Amount increased of current period	114,074,356.41	111,669,522.88	16,187,040.39	15,556,858.54	11,076,953.23	268,564,731.45
—Purchase	7,837,787.48	16,167,831.29	12,608,933.97	12,261,069.22	9,551,177.85	58,426,799.81
—Transfer-in of construction in progress	19,589,603.08					19,589,603.08
—Increase of business combination	86,646,965.85	95,501,691.59	3,578,106.42	3,295,789.32	1,525,775.38	190,548,328.56
(3)Amount decreased of current period	120,299,567.92	72,136,278.94	15,394,607.84	218,003.91	2,836,154.87	210,884,613.48
—Disposal or retirement	11,504,450.04	11,741,048.88	3,531,686.87	218,003.91	84,800.00	27,079,989.70
—Disposal of Subsidiaries	108,795,117.88	60,395,230.06	11,862,920.97		2,751,354.87	183,804,623.78
(4)Ending balance	784,781,884.15	204,960,139.10	62,609,921.96	51,394,629.72	75,027,986.91	1,178,774,561.84
2. Accumulative depreciation						
(1)Opening balance	78,403,687.52	63,489,375.09	42,931,796.59	23,695,375.66	29,252,002.86	237,772,237.72
(2)Amount increased of current period	26,823,308.47	27,440,190.77	7,139,714.52	5,659,693.62	9,966,821.73	77,029,729.11
—Withdrawn	24,806,955.79	17,881,619.43	6,736,511.93	5,251,181.75	9,892,161.34	64,568,430.24
—Increase of business combination	2,016,352.68	9,558,571.34	403,202.59	408,511.87	74,660.39	12,461,298.87
(3)Amount decreased of current period	29,209,376.34	26,705,924.40	10,446,039.20	167,512.77	2,442,699.81	68,971,552.52
—Disposal or retirement	1,945,719.67	5,257,125.25	2,025,851.76	167,512.77	79,002.00	9,475,211.45
—Disposal of Subsidiaries	27,263,656.67	21,448,799.15	8,420,187.44		2,363,697.81	59,496,341.07
(4)Ending balance	76,017,619.65	64,223,641.46	39,625,471.91	29,187,556.51	36,776,124.78	245,830,414.31
3. Depreciation reserve						
(1)Opening balance				70,493.50		70,493.50

Items	Houses and buildings	Mechanical equipment	Transportation equipment	Electronic equipment	Office equipment and others	Total
(2)Amount increased of current period	3,087,916.53					3,087,916.53
—Withdrawn	3,087,916.53					3,087,916.53
(3)Amount decreased of current period						
—Disposal or retirement						
(4)Ending balance	3,087,916.53			70,493.50		3,158,410.03
4. Book value						
(1)Ending book value	705,676,347.97	140,736,497.64	22,984,450.05	22,136,579.71	38,251,862.13	929,785,737.50
(2)Opening book value	712,603,408.14	101,937,520.07	18,885,692.82	12,289,905.93	37,535,185.69	883,251,712.65

Note: The amount of fixed assets transferred into the construction in progress in the current period is RMB 19,589,603.08, and the amount of RMB 7,161,298.23 is transferred by Zhongshan Environmental Protection Industry Co., Ltd. into the construction in progress and the amount of RMB 12,428,304.85 is transferred by Hangzhou Lvjia Environmental Protection Technology Co., Ltd. into the construction in progress.

2 There are no temporarily idle fixed assets at the end of the period.

3 There are no fixed assets rented through financing lease in the current period.

4 Status of fixed assets leased by operating lease

Items	Ending book value
Houses and buildings-Schengen International 3B-3C	7,810,246.90
Total	7,810,246.90

5 Information of fixed assets without certificates of title at closing

Items	Book value	Reason(s) for the failure to transact the certificate of title
Commercial housing	2,048,940.68	Being processed
Total	2,048,940.68	

6 The mortgage of fixed assets at the end of the reporting period is as follows:

Real estate certificate number of the house property with restricted ownership	Ending book value	Reasons for restricted ownership of assets
FFQZGZ No. 212106	740,106.31	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 212107	1,885,361.26	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 212104	4,651,576.05	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 212105	2,417,795.92	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 212194	6,366,348.52	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 210639	1,708,087.39	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 210636	99,183.68	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 210638	1,907,768.81	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 210635	347,053.60	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
FFQZGZ No. 210637	181,489.62	Loan mortgage of Hangzhou Chengdong Sub-branch, Bank of China
HZFQZZ No. 141024461	1,966,302.14	Loan mortgage of Bank of Communications Nantong Branch
HZFQZZ No. 141024462	1,381,285.46	Loan mortgage of Bank of Communications Nantong Branch
HZFQZZ No. 141024463	1,628,831.54	Loan mortgage of Bank of Communications Nantong Branch
HZFQZZ No. 141024464	782,831.27	Loan mortgage of Bank of Communications Nantong Branch

HZFQZZ No. 141024465	6,137,396.87	Loan mortgage of Bank of Communications Nantong Branch
HZFQZZ No. 141024458	3,875,437.92	Loan mortgage of Bank of Communications Nantong Branch
HZFQZZ No. 141024458	2,554.78	Loan mortgage of Bank of Communications Nantong Branch
Total	36,079,411.14	

(XV) Construction in Progress

1 Construction in Progress

Items	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
400,000t factory building expansion project of Fuyang Shen-neng				13,388,120.28		13,388,120.28
70T/D rotary kiln incineration and disposal system project	62,342,778.52		62,342,778.52	7,700,000.00		7,700,000.00
Yuyao industrial wastes comprehensive treatment project	38,367,047.32		38,367,047.32	13,220,075.00		13,220,075.00
Supporting safe landfill site project of Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	5,552,688.14		5,552,688.14			
Nantong Jiuzhou Environmental Protection Technology Co., Ltd. Incineration Line Project (Phase II)	19,469,698.84		19,469,698.84			
5,400m ³ Low-level Waste Temporary Storage and 1,000t/a Capacity Reduction and Processing Project	16,079,049.58		16,079,049.58			
Main Body Transformation of Ginkgo Village	15,707,304.91		15,707,304.91			
Other construction in progress	10,755,000.58		10,755,000.58	6,750,333.04		6,750,333.04
Total	168,273,567.89		168,273,567.89	41,058,528.32		41,058,528.32

2 Change of Important Projects of Construction in Progress in Current Period

Name of items	Budget amount	Opening balance	Amount increased of current period	Amount transferred into fixed assets in current period	Other amount decreased in current period	Ending balance	Proportion of accumulative project input to the budget (%)	Project progress	Accumulative amount of interest capitalization	Including: Amount of interest capitalization in the current period	Interest capitalization rate in the current period (%)	Capital source
400,000t factory building expansion project of Fuyang Shen-neng	270,000,000.00	13,388,120.28	27,971,950.76		41,360,071.04							Self-possessed fund
70T/D rotary kiln incineration and disposal system project	82,100,000.00	7,700,000.00	54,642,778.52			62,342,778.52	75.94	75.94				Self-possessed fund
Yuyao industrial wastes comprehensive treatment project	500,000,000.00	13,220,075.00	25,146,972.32			38,367,047.32	7.67	7.67	347,416.66	347,416.66	5.58	Self-possessed fund
Supporting safe landfill site project of Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	150,000,000.00		5,552,688.14			5,552,688.14	3.70	3.70				Self-possessed fund
Nantong Jiuzhou Environmental Protection Technology Co., Ltd. Incineration Line Project (Phase II)	40,000,000.00		19,469,698.84			19,469,698.84	48.67	48.67	346,881.98	346,881.98	5.225	Self-possessed fund
5,400m ³ Low-level Waste Temporary Storage and 1,000t/a Capacity Reduction and Processing Project	186,270,000.00		16,079,049.58			16,079,049.58	8.63	8.63				Self-possessed fund
Reconstruction Project of Ginkgo Village	113,000,000.00		15,707,304.91			15,707,304.91	13.90	13.90				Self-possessed fund
Total		34,308,195.28	164,570,443.07		41,360,071.04	157,518,567.31			694,298.64	694,298.64		

Note: The decrease of the 400,000t factory building expansion project of Fuyang Shen-neng in the current period is mainly caused by the transfer of the equity of Fuyang Shen-neng in the current period.

(XVI) Intangible assets

1 Intangible Assets

Items	Software use right	Patent right	Right to use new varieties of plants	Copyright of self-developed software	Trademark right	Pollution discharge right	BOT franchise right	Land use right	Total
1. Original book value									
(1)Opening balance	17,759,707.12	114,877,008.40	1,000,000.00	3,947,678.82	210,107.50	7,013,480.00	239,901,179.24	224,488,151.52	609,197,312.60
(2)Amount increased of current period	2,696,650.25	5,825.24			75,420.00	1,177,300.00	66,991,893.77	171,306,329.29	242,253,418.55
—Purchase	2,681,350.25	5,825.24			75,420.00	1,177,300.00	66,991,893.77	148,861,864.08	219,793,653.34
—Internal research and development									
—Increase of business combination	15,300.00							22,444,465.21	22,459,765.21
(3)Amount decreased of current period						5,360,180.00		154,194,700.37	159,554,880.37
—Disposal									
—Disposal of Subsidiaries						5,360,180.00		154,194,700.37	159,554,880.37
(4)Ending balance	20,456,357.37	114,882,833.64	1,000,000.00	3,947,678.82	285,527.50	2,830,600.00	306,893,073.01	241,599,780.44	691,895,850.78
2. Accumulative amortization									
(1)Opening balance	9,966,451.21	18,534,691.18	334,883.52	1,611,964.24	53,625.10	484,678.44	28,065,347.68	10,866,441.20	69,918,082.57
(2)Amount increased of current period	2,914,279.85	11,512,702.72	55,813.92	394,768.68	12,493.38	373,642.84	12,289,563.54	7,632,149.86	35,185,414.79
—Withdrawn	2,898,979.85	11,512,702.72	55,813.92	394,768.68	12,493.38	373,642.84	12,289,563.54	6,933,106.50	34,471,071.43
—Increase of business combination	15,300.00							699,043.36	714,343.36
(3)Amount decreased of						536,017.92		4,586,525.69	5,122,543.61

Items	Software use right	Patent right	Right to use new varieties of plants	Copyright of self-developed software	Trademark right	Pollution discharge right	BOT franchise right	Land use right	Total
current period									
—Disposal									
—Disposal of Subsidiaries						536,017.92		4,586,525.69	5,122,543.61
(4)Ending balance	12,880,731.06	30,047,393.90	390,697.44	2,006,732.92	66,118.48	322,303.36	40,354,911.22	13,912,065.37	99,980,953.75
3. Depreciation reserve									
(1)Opening balance									
(2)Amount increased of current period									
—Withdrawn									
(3)Amount decreased of current period									
—Disposal									
(4)Ending balance									
4. Book value									
(1)Ending book value	7,575,626.31	84,835,439.74	609,302.56	1,940,945.90	219,409.02	2,508,296.64	266,538,161.79	227,687,715.07	591,914,897.03
(2)Opening book value	7,793,255.91	96,342,317.22	665,116.48	2,335,714.58	156,482.40	6,528,801.56	211,835,831.56	213,621,710.32	539,279,230.03

2 No conditions of land use right with incomplete certificates of title

3 Conditions of BOT franchise right

Name of subsidiaries	Name of franchise rights	Duration of Operation	Original Value	Accumulative amortization	Amortization of the current period	Ending book value
Luoding First Household Waste Treatment Co., Ltd.	Franchise right for household waste treatment	15	27,043,334.43	7,829,127.09	1,815,515.64	19,214,207.34
Shixing Xiangshan Jiayuan Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	30	31,556,282.00	4,433,616.19	1,114,404.36	27,122,665.81
Yunan Xiangshan Jiayuan Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	29	7,960,041.40	568,574.38	284,287.19	7,391,467.02
Heping Xiangshan Jiayuan Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	30	23,403,600.00	2,305,429.17	838,337.88	21,098,170.83
Yingde Xiangshan Jiayuan Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	30	16,985,000.00	1,260,014.75	604,807.08	15,724,985.25
Huojia Xiangshan Jiayuan Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	30	29,124,779.26	2,080,341.25	1,056,630.59	27,044,438.01
Renhua Xiangshan Jiayuan Sewage Treatment Co., Ltd. in Dongtang Town	Franchise right for sewage treatment	30	7,990,000.00	551,034.48	275,517.24	7,438,965.52
Yuechi Xiangshan Jiayuan Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	29	34,459,589.65	2,240,406.64	1,282,213.35	32,219,183.01
Huarong Zhonghuan Wastewater Treatment Co., Ltd.	Franchise right for sewage treatment	30	32,672,560.50	8,936,085.08	1,117,010.64	23,736,475.42
Luoding Second Domestic Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	28	29,237,968.99	7,368,745.74	1,119,303.12	21,869,223.25
Franchise right for sewage treatment of Wugang City	Franchise right for sewage treatment	30	51,713,856.78	2,636,967.23	2,636,967.23	49,076,889.55
Yangxi Xiangshan Jiayuan Sewage Treatment Co., Ltd.	Franchise right for sewage treatment	25	14,746,060.00	144,569.22	144,569.22	14,601,490.78
Total			306,893,073.01	40,354,911.22	12,289,563.54	266,538,161.79

(XVII) Development expenditure

Items	Opening balance	Amount increased of current period	Amount decreased of current period		Ending balance	Start time of capitalization	Specific basis for capitalization	R&D progress at the end of the period
		Interior development expenditure	Recognized as intangible assets	Involved in current profits and losses				
Research on Comprehensive Rejuvenation Technology of Big Trees Transplanted		380,525.08			380,525.08	November 2017	During the research and development process, phased research results have been obtained, and the research results have been applied to further research and development; the possibility of successful project development is high.	Phase for project technology demonstration and improvement
Research on the Construction Technology of Garden Plant Landscape Based on Niche Theory		1,249,157.57			1,249,157.57	November 2017	During the research and development process, phased research results have been obtained, and the research results have been applied to further research and development; the possibility of successful project development is high.	Phase for project technology demonstration and improvement
Research on Sponge City Planning and Design Technology		246,682.94			246,682.94	July 2017	During the research and development process, phased research results have been obtained, and the research results have been applied to further research and development; the possibility of successful project development is high.	Phase for project technology demonstration and improvement
Research on the Influence of Urban Green Land on the Surrounding Thermal Environment Based on Environmental Remote Sensing		171,289.32			171,289.32	July 2017	During the research and development process, phased research results have been obtained, and the research results have been applied to further research and development; the possibility of successful project development is high.	Phase for project technology demonstration and improvement
Total		2,047,654.91			2,047,654.91			

(XVIII) Goodwill

1 Original Book Value of Goodwill

Name of invested units or the matters forming goodwill	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance
		Formed by business combination	Disposal	
Beijing Dongfang Yidi Landscape Design Co., Ltd.	9,729,998.05			9,729,998.05
Oriental Libang Construction Co., Ltd.	25,876,967.61			25,876,967.61
Zhongbang Construction Engineering Co., Ltd.	28,047,625.74			28,047,625.74
Shanghai Times Architectural Design Co., Ltd.				
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	9,611,526.16			9,611,526.16
Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd.	1,274,569,786.80		1,274,569,786.80	
Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.	106,681,551.65			106,681,551.65
Wuxi Ruiqi Renewable Resources Co., Ltd.	25,209,289.03		25,209,289.03	
Zhongshan Environmental Protection Industry Co., Ltd.	369,391,465.73			369,391,465.73
Shanghai Liyuan Water Treatment Technology Co., Ltd.	230,022,233.57			230,022,233.57
Suzhou Haifengsheng Environmental Protection Investment Co., Ltd.	39,009,589.87			39,009,589.87
Hubei Shunda Construction Group Co., Ltd.		565,176,750.42		565,176,750.42
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.		206,264,511.50		206,264,511.50
Ningxia Laide Energy Co., Ltd.		30,893,018.26		30,893,018.26
Sichuan Ruiheng Lubricating Oil Co., Ltd.		7,525,000.00		7,525,000.00
Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.		42,423,459.17		42,423,459.17
Zhongye Building (Beijing) Construction Engineering Co., Ltd.		1,130,000.00		1,130,000.00
Total	2,118,150,034.21	853,412,739.35	1,299,779,075.83	1,671,783,697.73

Goodwill description:

(1) In January 2011, the Company purchased 42% equity of Beijing Dongfang Yidi Landscape Design Co., Ltd. with monetary resources of RMB 14,945,799.57. The purchasing consideration was determined as per the result of Dongfang Yidi's appraisal with equity method on January 21, 2011. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Dongfang Yidi on the date of purchasing was confirmed by the Company as goodwill.

(2) In April 2014, the Company purchased 100% equity of Oriental Libang Construction Co., Ltd. ("Oriental Libang") with monetary resources of RMB 30 million. The purchasing consideration was determined by both parties through negotiation. The

balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Oriental Libang on the date of purchasing was confirmed as goodwill.

(3) In December 2014, the Company purchased 100% equity of Zhongbang Construction Engineering Co., Ltd. with monetary resources of RMB 188,050,000. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Zhongbang Construction on the date of purchasing was confirmed by the Company as goodwill.

(4) In October 2015, the Company purchased 100% equity of Hangzhou Fuyang Jinyuan Copper Co., Ltd. ("Jinyuan Copper") with monetary resources of RMB 20,000,000. The purchasing consideration was determined as per the result of Jinyuan Copper's appraisal with asset basis method on July 31, 2015. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Jinyuan Copper on the date of purchasing was confirmed by the Company as goodwill.

(5) In June 2017, the Company sold 60% equity of Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd. ("Shen-neng Solid Wastes") to reduce the goodwill of Shen-neng Solid Wastes and its subsidiaries.

(6) In November 2015, the Company purchased 80% equity of Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd. ("Wuzhong Solid Wastes") with monetary resources of RMB 141,600,000. The purchasing consideration was determined as per the result of Wuzhong Solid Wastes' appraisal with equity method on May 31, 2015. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Wuzhong Solid Wastes on the date of purchasing was confirmed by the Company as goodwill.

(7) In November 2016, the Company purchased 100% equity of Zhongshan Environmental Protection Industry Co., Ltd. ("Zhongshan Environmental Protection") with monetary resources of RMB 950,000,000. The purchasing consideration was determined as per the result of Zhongshan Environmental Protection's appraisal with equity method on May 31, 2015. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in

Zhongshan Environmental Protection on the date of purchasing was confirmed by the Company as goodwill.

(8) In November 2016, the Company purchased 100% equity of Shanghai Liyuan Water Treatment Technology Co., Ltd. (“Shanghai Liyuan”) with monetary resources of RMB 324,600,000. The purchasing consideration was determined as per the result of Shanghai Liyuan’s appraisal with equity method on May 31, 2015. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Shanghai Liyuan on the date of purchasing was confirmed by the Company as goodwill.

(9) In December 2016, the Company purchased 60% equity of Suzhou Haifengsheng Environmental Protection Investment Co., Ltd. (“Suzhou Haifengsheng”) with monetary resources of RMB 48,000,000. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Suzhou Haifengsheng on the date of purchasing was confirmed by the Company as goodwill.

(10) In July 2017, the Company purchased 100% equity of Hubei Shunda Construction Group Co., Ltd. (“Hubei Shunda”) with monetary resources of RMB 634.2 million. The purchasing consideration was determined as per the result of Hubei Shunda’s appraisal with equity method on June 30, 2017. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Hubei Shunda on the date of purchasing was confirmed by the Company as goodwill.

(11) In January 2017, the Company purchased 80% equity of Nantong Jiuzhou Environmental Protection Technology Co., Ltd. (“Nantong Jiuzhou”) with monetary resources of RMB 270,400,000. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Nantong Jiuzhou on the date of purchasing was confirmed as goodwill.

(12) In February 2017, the Company purchased 60% equity of Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd. (“Hangzhou Lvjia”) with monetary resources of RMB 65.4 million. The purchasing consideration was determined as per the result of Hangzhou Lvjia’s appraisal with equity method on June 30, 2016. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net

assets enjoyed by the Company in Hangzhou Lvjia on the date of purchasing was confirmed by the Company as goodwill.

(13) In September 2017, the Company purchased 100% equity of Ningxia Laide Energy Co., Ltd. (“Ningxia Laide”) with monetary resources of RMB 20 million. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Ningxia Laide on the date of purchasing was confirmed as goodwill.

(14) In March 2017, the Company purchased 100% equity of Sichuan Ruiheng Lubricating Oil Co., Ltd. (“Sichuan Ruiheng”) with monetary resources of RMB 8,000,000. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Sichuan Ruiheng on the date of purchasing was confirmed as goodwill.

(15) In November 2017, the subsidiary of the Company, Beijing Dongfang Fudi Environmental Technology Co., Ltd. purchased 100% equity of Zhongye Building (Beijing) Construction Engineering Co., Ltd. (“Zhongye Building Construction”) with monetary resources of RMB 1.13 million. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Zhongye Building Construction on the date of purchasing was confirmed by the Company as goodwill.

2 Depreciation Reserve of Goodwill

At the end of period, the Company recognized all assets of every abovementioned unit as one asset group portfolio, and in combination with the analysis on the estimated recoverable amount of the asset group portfolios and present value of predicted future cash flow of assets of the above-mentioned units at the end of period, the Company did not discover the impairment sign of goodwill, so the Company did not need to withdraw depreciation reserve.

(XIX) Long-term Deferred Expenses

Items	Opening balance	Amount increased of current period	Amount amortized of current period	Other amount decreased	Ending balance
Decoration of rented houses	21,138,204.02	8,672,092.04	9,263,201.97		20,547,094.09
Land rent	1,940,966.71	4,958,611.27	2,540,999.70		4,358,578.28
Membership fee	2,750,000.04		999,999.96		1,750,000.08
Online test service	54,166.54		54,166.54		0.00
Service charge	382,533.41	1,344,629.06	1,490,923.04		236,239.43
HDPE geomembrane	729,094.01		729,094.01		0.00
Subtotal	26,994,964.73	14,975,332.37	15,078,385.22		26,891,911.88
Long-term deferred expenses coming due within 1 year	-8,418,013.24				-10,154,089.68
Total	18,576,951.49				16,737,822.20

(XX) Deferred Income Tax Assets and Deferred Income Tax Liabilities

1 Non-offset Deferred Income Tax Assets

Items	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset depreciation reserve	1,148,479,800.91	175,161,654.35	806,184,500.39	123,261,580.03
Options tariff	36,597,399.39	5,489,609.91	24,958,504.68	3,743,775.70
Total	1,185,077,200.30	180,651,264.26	831,143,005.07	127,005,355.73

2 Non-offset Deferred Income Tax Liabilities

Items	Ending balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Appraised increment of assets for business combination not under the same control	174,244,613.44	33,284,639.80	267,926,692.04	55,447,237.63
Total	174,244,613.44	33,284,639.80	267,926,692.04	55,447,237.63

3 Details of Unconfirmed Deferred Income Tax Assets

Items	Ending balance	Opening balance
Deductible temporary difference	53,085,316.02	24,919,829.29

Items	Ending balance	Opening balance
Total	53,085,316.02	24,919,829.29

(XXI) Other Non-current Assets

1 Conditions of other non-current assets

Items	Ending balance	Opening balance
Company's equity investment in PPP project	5,536,721,724.60	1,914,870,000.00
Advance payment for equipment	2,305,161.92	12,222,501.63
BOT assets in construction	572,192,490.00	415,809,187.64
PPP construction in progress of Comprehensive Utilization of Water Resources and Sewage Treatment for Ecological Integration of Artificial Wetland in Tongliao Keerqin Industry Park (South Zone)	156,874,414.32	125,420,860.65
Equity purchasing fee	530,550,000.00	30,240,000.00
Money for house purchasing	109,728,568.00	11,790,568.00
Advance payment for land purchasing		133,000,000.00
Total	6,908,372,358.84	2,643,353,117.92

2 Details of the Company's equity investment in PPP project

Unit: Ten thousand Yuan

Items	Registered capital (ten thousand Yuan)	Subscribed investment amount (ten thousand Yuan)	Share holding proportion	Amount at the beginning of period	Amount increased of current year	Amount decreased of current year	Amount at the end of period
Xiuwu XX Construction and Development Co., Ltd.	20,400.00	13,600.00	67.00%	4,700.00	3,836.00		8,536.00
Zibo XX Construction and Development Co., Ltd.	12,500.00	8,750.00	70.00%	5,000.00	3,750.00		8,750.00
Shanxian XX Ecological Environment Investment Management Co., Ltd.	13,700.00	12,330.00	90.00%		6,000.00		6,000.00
Qingyun XX Engineering Construction and Development Co., Ltd.	3,431.60	2,631.60	76.70%		2,631.60		2,631.60
Hengshui XX Engineering Project Management Co., Ltd.	18,000.00	16,200.00	90.00%	5,400.00	9,000.00		14,400.00
Shijiazhuang XX Construction Engineering Co., Ltd.	14,600.00	9,344.00	64.00%	9,344.00			9,344.00
Jilin XX Environmental Engineering Development Co., Ltd.	6,573.00	3,352.00	51.00%	3,352.00			3,352.00
Pingxiang XX Investment Construction Co., Ltd.	92,000.00	24,000.00	26.09%	4,000.00			4,000.00
Hancheng XX Water Environmental Development Co., Ltd.	22,467.00	15,727.00	70.00%	2,100.00	9,200.00		11,300.00
Fuyang XX Construction and Development Co., Ltd.	12,500.00	10,000.00	80.00%	10,000.00			10,000.00
Shenyang XX Investment Construction Co., Ltd.	30,000.00	19,500.00	65.00%	500.00			500.00
Tengzhou XX Investment Construction and Development Co., Ltd.	6,000.00	4,200.00	70.00%	4,200.00			4,200.00
Xiayi XX Construction Development Co., Ltd.	10,000.00	4,900.00	49.00%	4,900.00			4,900.00
Yexian XX Ecological Management Co., Ltd.	5,157.49	2,527.17	49.00%	1,250.00	1,277.17		2,527.17
Jiangsu XX Construction and Development	30,000.00	24,000.00	80.00%	10,000.00	8,761.00		18,761.00

Co., Ltd.							
Huangshi XX Construction and Development Co., Ltd.	18,600.00	14,880.00	80.00%	14,880.00			14,880.00
Yibin XX Construction and Development Co., Ltd.	10,000.00	9,000.00	90.00%	9,000.00	5,000.00		14,000.00
Dong'e XX Construction Development Co., Ltd.	49,300.00	44,370.00	90.00%	-	8,874.00		8,874.00
Meishan XX Construction and Development Co., Ltd.	10,000.00	7,000.00	70.00%	6,900.00	24.00		6,924.00
Beijing XX Ecological Investment Co., Ltd.	65,000.00	65,000.00	100.00%	41,500.00	2,180.00		43,680.00
Zhengzhou XX Construction Engineering Co., Ltd.	4,530.00	3,171.00	70.00%	3,171.00			3,171.00
Pingchang XX Construction and Development Co., Ltd.	22,500.00	15,750.00	70.00%	4,200.00	6,000.00		10,200.00
Yuxi XX Haimian City Construction and Operation Co., Ltd.	101,033.40	19,994.51	19.79%		19,994.51		19,994.51
Luanchuan XX Construction and Development Co., Ltd.	15,000.00	10,500.00	70.00%		8,300.00		8,300.00
Urumchi XX Construction Engineering Co., Ltd.	6,000.00	4,800.00	80.00%		1,440.00		1,440.00
Hengshui XX Development and Construction Co., Ltd.	4,200.00	3,780.00	90.00%		1,698.74		1,698.74
Huoshan XX Industry Development Co., Ltd.	20,401.21	9,792.58	48.00%		5,040.00		5,040.00
Bayannur City XX Environmental Investment Construction Development Co., Ltd.	42,940.00	34,352.00	80.00%		22,123.09		22,123.09
Wuyi XX Ecological Park Construction Co., Ltd.	9,000.00	4,410.00	49.00%	4,410.00			4,410.00
Zibo XX Water Environment Development and Construction Co., Ltd.	43,061.69	34,449.35	80.00%		15,816.57		15,816.57
Chaohu XX Development and Construction Co., Ltd.	21,511.00	15,058.00	70.00%		14,900.00		14,900.00
Minquan XX Investment Construction Co., Ltd.	10,000.00	6,000.00	60.00%		6,000.00		6,000.00
Jining XX Municipal Garden Development	48,134.62	37,545.00	78.00%		10,779.60		10,779.60

Co., Ltd.							
Qujing XX Construction and Development Co., Ltd.	60,381.73	48,305.38	80.00%		5,000.00		5,000.00
Zhenjiang XX Construction Development Co., Ltd.	43,700.00	19,665.00	45.00%	2,250.00	558.00		2,808.00
Dongyuan XX Investment Construction Co., Ltd.	67,533.00	41,870.46	62.00%	-	13,599.02		13,599.02
Xiangtan XX Operating Management Co., Ltd.	12,000.00	8,400.00	70.00%	3,000.00	5,400.00		8,400.00
Peng'an XX Construction and Development Co., Ltd.	1,900.00	1,330.00	70.00%	1,330.00	-		1,330.00
Hainan XX Construction and Development Co., Ltd.	12,053.45	9,642.76	80.00%	6,400.00	3,242.76		9,642.76
Fuyang XX Construction and Development Co., Ltd.	11,947.65	10,752.89	90.00%		10,752.89		10,752.89
Everbright Water XX Environmental Management Co., Ltd.	26,000.00	208.00	0.80%		64.00		64.00
Qingyun XX Landscape Construction Development Co., Ltd.	20,000.00	18,000.00	90.00%		5,133.15		5,133.15
Nanchong City XX Construction Management Co., Ltd.	2,000.00	1,800.00	90.00%		4,400.00		4,400.00
Changning County XX Investment Construction Co., Ltd.	11,030.89	8,824.71	80.00%	-	8,824.71		8,824.71
Chongqing XX Environmental Management Engineering Co., Ltd.	42,884.66	38,596.19	90.00%	-	12,490.44		12,490.44
Urumchi XX Construction Engineering Co., Ltd.	9,006.90	7,205.52	80.00%	-	2,061.66		2,061.66
Minhe XX Environmental Management Co., Ltd.	51,602.07	36,121.45	70.00%	-	12,183.64		12,183.64
Datong City XX Investment Management Co., Ltd.	40,000.00	10,000.00	25.00%	10,000.00	-		10,000.00
Qihe XX Investment Construction Development Co., Ltd.	34,620.00	27,696.00	80.00%	10,200.00	17,496.00		27,696.00
Wuhan XX Construction Development Co.,	10,000.00	3,000.00	30.00%	3,000.00	-		3,000.00

Ltd.							
Xiangyang First Metallurgical XX Construction Management Co., Ltd.	17,840.00	1,784.00	10.00%	-	1,784.00		1,784.00
Beijing Enterprises Group XX Water Environmental Management Co., Ltd.	233,800.00	70,140.00	30.00%	-	3,000.00		3,000.00
Gaoping XX Construction Management Co., Ltd.	9,004.00	6,302.80	70.00%	-	3,500.00		3,500.00
Baoshan XX Investment Construction Co., Ltd.	5,000.00	3,500.00	70.00%	-	34,800.00		34,800.00
Sihong XX Investment Development Co., Ltd.	66,000.00	52,800.00	80.00%	-	10,070.00		10,070.00
Bazhong XX Development Co., Ltd.	10,833.00	6,499.80	60.00%	6,500.00	2,333.00		8,833.00
Wulian XX Tourism Investment Co., Ltd.	10,000.00	7,000.00	70.00%	-	140.00		140.00
Fenghuang XX Tourism Investment Development Co., Ltd.	10,000.00	8,000.00	80.00%	-	12,800.00		12,800.00
Tengchong XX Tourism Investment Co., Ltd.	10,000.00	8,000.00	80.00%	-	8,000.00		8,000.00
Lu'an XX Tourism Investment Co., Ltd.	10,000.00	8,000.00	80.00%	-	2,400.00		2,400.00
Daxin XX Tourism Investment Co., Ltd.	10,000.00	8,000.00	80.00%	-	100.00		100.00
Jingmen XX Cultural Tourism Co., Ltd.	5,000.00	3,500.00	70.00%	-	1,400.00		1,400.00
Toksun County XX Hydraulic Engineering Co., Ltd.	4,000.00	3,600.00	90.00%	-	8,025.63		8,025.63
Total				191,487.00	362,185.17	-	553,672.17

Note: The PPP Project Company invested by the Company shall be operated in accordance with the established way. The rights, obligations, and related activities under which the Project Company be controlled are established through explicit contract terms or arrangements at the beginning of the establishment. In addition, the board of directors of the Project Company is with the members sending by the government. Generally, the unanimous consent shall be obtained from all directors for the approval of the rules of procedure of the board of directors. The Project Company is not within the control scope of the Company. Therefore, the PPP Project Company is not included in the scope of the consolidation.

(XXII) Short-term Loans

1 Classification of Short-Term Loans

Items	Ending balance	Opening balance
Mortgaged loan	72,000,000.00	46,546,752.51
Guaranteed loan	587,808,577.00	611,900,000.00
Credit loan	1,571,673,453.24	553,000,000.00
L/C discount		25,000,000.00
Total	2,231,482,030.24	1,236,446,752.51

2 There are no overdue but unpaid short-term loans

(XXIII) Notes Payable

Type	Ending balance	Opening balance
Bank acceptance	2,644,309,854.18	1,290,746,591.17
Trade acceptance	16,540,000.00	
Total	2,660,849,854.18	1,290,746,591.17

(XXIV) Accounts payable

1 Presentation of Accounts Payable:

Items	Ending balance	Opening balance
Costs of labor services and materials for greening and landscape construction	8,479,977,795.05	4,854,919,904.47
Design fee	40,506,317.55	44,749,884.60
Others	89,645,115.31	14,363,596.50
Total	8,610,129,227.91	4,914,033,385.57

2 Significant Accounts Receivable with Account Age of More than 1 Year:

Items	Ending balance	Reason for not repaying or carrying forward
Sichuan XX Construction Engineering Co., Ltd.	83,332,713.08	Not reaching the payment period stipulated in contract
Sichuan XX Forestry Co., Ltd.	56,460,171.29	Not reaching the payment period stipulated in contract
Dongying XX Industry and Trade Co., Ltd.	35,001,173.05	Not reaching the payment period stipulated in contract
Zhejiang XX Engineering Co., Ltd.	34,686,175.00	Not reaching the payment period stipulated in contract

Items	Ending balance	Reason for not repaying or carrying forward
Wuhan XX Labor Service Co., Ltd.	25,632,630.54	Not reaching the payment period stipulated in contract
XX Construction Group Co., Ltd.	22,605,331.49	Not reaching the payment period stipulated in contract
Shanxi XX Landscape Engineering Co., Ltd.	19,779,296.50	Not reaching the payment period stipulated in contract
Shandong XX Municipal Engineering Co., Ltd	19,749,227.06	Not reaching the payment period stipulated in contract
Hebei XX Construction Engineering Co., Ltd.	19,238,637.58	Not reaching the payment period stipulated in contract
Hubei XX Engineering Co., Ltd.	18,940,485.43	Not reaching the payment period stipulated in contract
Yangzhou XX Landscape Co., Ltd.	18,050,619.63	Not reaching the payment period stipulated in contract
Jilin XX Road Bridge Engineering Co., Ltd.	17,232,930.55	Not reaching the payment period stipulated in contract
XX Group Co., Ltd.	17,123,299.82	Not reaching the payment period stipulated in contract
XX Group Co., Ltd.	16,758,120.00	Not reaching the payment period stipulated in contract
Sichuan XX Landscape Engineering Co., Ltd.	16,009,450.66	Not reaching the payment period stipulated in contract
XX Nursery in Zhouzhi County, Xi'an City	15,528,680.10	Not reaching the payment period stipulated in contract
Zhuzhou City XX Ecological Garden Engineering Co., Ltd.	15,281,448.00	Not reaching the payment period stipulated in contract
Sichuan XX Construction Engineering Co., Ltd.	14,940,969.97	Not reaching the payment period stipulated in contract
Nan'an XX Product Co., Ltd.	12,784,610.77	Not reaching the payment period stipulated in contract
XX Ecological Environmental Management Co., Ltd.	12,639,385.76	Not reaching the payment period stipulated in contract
Hubei XX Materials Co., Ltd.	12,580,464.17	Not reaching the payment period stipulated in contract
Shanxi XX Construction Engineering Co., Ltd.	12,449,057.00	Not reaching the payment period stipulated in contract
Wuhan XX Construction Labor Service Co., Ltd.	12,263,776.66	Not reaching the payment period stipulated in contract
XX Flower & Tree Nurseries in Pixian County, Sichuan Province	11,725,180.80	Not reaching the payment period stipulated in contract
Xiangyang XX Construction Engineering Co., Ltd.	11,571,023.53	Not reaching the payment period stipulated in contract
Sichuan XX Construction Co., Ltd.	11,423,570.18	Not reaching the payment period stipulated in contract
Beijing XX Landscape Engineering Co., Ltd.	11,391,167.31	Not reaching the payment period stipulated in contract
Jinan XX Construction Engineering Co., Ltd.	10,848,186.37	Not reaching the payment period stipulated in contract
Yi County XX Landscape Engineering Co., Ltd.	10,672,652.40	Not reaching the payment

Items	Ending balance	Reason for not repaying or carrying forward
		period stipulated in contract
Wuhan XX Construction Labor Service Co., Ltd.	10,647,308.92	Not reaching the payment period stipulated in contract
Zhangqiu City XX Construction and Installation Co., Ltd.	10,630,157.85	Not reaching the payment period stipulated in contract
Wuhan XX Trading Co., Ltd.	10,467,440.00	Not reaching the payment period stipulated in contract
Total	628,445,341.47	

(XXV) Items Received in Advance

1 Presentation of Items Received in Advance

Items	Ending balance	Opening balance
Construction cost	2,570,825,267.47	1,006,404,904.40
Design fee	4,542,047.17	947,000.00
Expense for seedlings		18,500.00
Loan	22,775,699.48	40,419,247.91
Total	2,598,143,014.12	1,047,789,652.31

2 Significant Items Received in Advance with Account Age of More than 1 Year

Items	Ending balance	Reason for not repaying or carrying forward
Yibin XX Construction and Development Co., Ltd.	81,600,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Jiangsu XX Construction and Development Co., Ltd.	69,407,172.84	Not meeting the conditions for transfer-back of pre-collected accounts
Hengshui XX Engineering Project Management Co., Ltd.	54,000,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Tengzhou XX Investment Construction Co., Ltd.	44,000,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Xiayi XX Construction Development Co., Ltd.	35,000,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Shijiazhuang XX Construction Engineering Co., Ltd.	32,186,220.00	Not meeting the conditions for transfer-back of pre-collected accounts
Qihe XX Investment Construction Development Co., Ltd.	30,000,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Bazhong XX Development Co., Ltd.	26,600,000.00	Not meeting the conditions for transfer-back of pre-collected accounts

Xiuwu XX Construction and Development Co., Ltd.	25,200,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Hainan XX Construction and Development Co., Ltd.	22,722,451.00	Not meeting the conditions for transfer-back of pre-collected accounts
China Municipal Engineering XX Research Institute Co., Ltd.	15,365,920.00	Not meeting the conditions for transfer-back of pre-collected accounts
Hancheng XX Environmental Development Co., Ltd.	15,000,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Yexian XX Ecological Management Co., Ltd.	15,000,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Pingxiang XX Investment Construction Co., Ltd.	14,305,200.00	Not meeting the conditions for transfer-back of pre-collected accounts
Beijing XX Ecological Investment Co., Ltd.	12,206,582.00	Not meeting the conditions for transfer-back of pre-collected accounts
Beijing XX Landscape and Forestry Bureau	11,220,000.00	Not meeting the conditions for transfer-back of pre-collected accounts
Total	503,813,545.84	/

(XXVI) Payroll Payable

1 Presentation of Payroll Payable

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance
Short-term remuneration	37,808,240.41	929,988,174.39	889,938,970.98	77,857,443.82
Post-dimission welfare- defined contribution plans	2,224,363.91	61,274,565.49	56,199,358.80	7,299,570.60
Dismissal Welfare		854,573.00	654,573.00	200,000.00
Other welfares mature within one year				
Total	40,032,604.32	992,117,312.88	946,792,902.78	85,357,014.42

2 Presentation of Short-Term Remuneration

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance
(1) Salary, bonus, allowance and subsidy	34,569,284.98	839,147,583.30	801,114,499.06	72,602,369.22
(2) Employees' welfare expense	196,288.68	3,187,484.62	3,382,573.30	1,200.00
(3) Social insurance premium	1,540,255.80	37,313,980.11	34,607,115.02	4,247,120.89

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance
Including: Medical insurance premium	1,206,504.84	31,735,900.87	29,389,559.64	3,552,846.07
Industrial injury insurance premium	218,409.88	2,957,576.89	2,779,998.19	395,988.58
Maternity insurance premium	115,341.08	2,620,502.35	2,437,557.19	298,286.24
(4) Housing fund	1,045,679.68	38,153,335.23	39,008,454.00	190,560.91
(5) Labor union outlay and employees' education outlay	456,731.27	12,185,791.13	11,826,329.60	816,192.80
(6) Short-term paid absence				
(7) Short-term profit sharing plan				
Total	37,808,240.41	929,988,174.39	889,938,970.98	77,857,443.82

3 Presentation of Drawing Plans Set Up

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance
Basic pension insurance	2,127,515.42	58,803,376.39	53,921,374.62	7,009,517.19
Unemployment insurance premium	96,848.49	2,471,189.10	2,277,984.18	290,053.41
Total	2,224,363.91	61,274,565.49	56,199,358.80	7,299,570.60

(XXVII) Taxes Payable

Tax Item	Ending balance	Opening balance
Value-added tax	75,835,944.76	48,934,805.73
Sales tax	46,657,799.64	94,745,181.85
Enterprise income tax	248,715,694.06	163,686,431.32
Personal income tax	10,739,122.65	7,462,458.32
Urban maintenance and construction tax	7,574,443.99	11,956,493.13
Housing duty	493,738.08	534,829.23
Educational surtax	5,150,581.01	6,528,840.04
Others	2,825,915.05	637,125.09
Total	397,993,239.24	334,486,164.71

(XXVIII) Interest Payable

Items	Ending balance	Opening balance
Bond interest	137,008,055.56	90,301,388.90
Bank borrowing interest payable	8,427,767.55	3,544,597.67
Total	145,435,823.11	93,845,986.57

(XXIX) Other accounts payable

1 Presentation of Other Accounts Payable by the Nature of Accounts

Items	Ending balance	Opening balance
Current account and others	136,099,538.03	129,397,962.73
Equity purchasing fee	340,090,000.00	438,003,345.49
Houses and buildings purchasing fee	5,546,086.22	14,161,231.85
Interests not paid on loans from the government		963,380.00
Total	481,735,624.25	582,525,920.07

2 Other important accounts payable with payment days over a year

None

(XXX) Non-current liabilities coming due within one year

Items	Ending balance	Opening balance
Long-term loans coming due within one year	30,500,980.37	189,873,297.33
Bonds payable coming due within one year	558,105,754.48	1,006,761,199.50
Total	588,606,734.85	1,196,634,496.83

(XXXI) Other Current Liabilities

Items	Ending balance	Opening balance
Short-term financing bonds	3,200,000,000.00	
Output taxes to transfer	293,515,889.27	169,427,011.98
Total	3,493,515,889.27	169,427,011.98

Increase or decrease of short-term bonds payable:

Bond name	Par value	Date of issue	Bond period	Issued amount	Opening balance	Issue of current period	As per par value Interests withdrawn	Amortization of premium or discount	Amount repaid of current period	Ending balance
17Orient Landscape SCP001	1,000,000,000.00	2017/6/7	270 days	1,000,000,000.00		1,000,000,000.00	36,167,500.00			1,000,000,000.00
17Orient Landscape SCP002	800,000,000.00	2017/8/25	270 days	800,000,000.00		800,000,000.00	15,644,444.44			800,000,000.00
17Orient Landscape SCP003	400,000,000.00	2017/10/18	270 days	400,000,000.00		400,000,000.00	4,398,888.89			400,000,000.00
17 Orient Landscape CP001	1,000,000,000.00	2017/11/8	365 days	1,000,000,000.00		1,000,000,000.00	8,023,611.11			1,000,000,000.00
Total	/ /	/		3,200,000,000.00		3,200,000,000.00	64,234,444.44			3,200,000,000.00

(XXXII) Long-Term Loans

1 Classification of Long-Term Loans

Items	Ending balance	Opening balance
Pledged loan	131,625,722.30	839,126,702.67
Guaranteed loan	68,500,000.00	13,500,000.00
Total	200,125,722.30	852,626,702.67

Description about classification of long-term loans:

Loan units	Starting date of loan	Expiry date of loan	Currency	Interest rate (%)	Ending balance	Opening balance
Industrial Bank Co., Ltd. Beijing Wangjing Subbranch	2016/5/31	2017/6/8	RMB	5.61		400,000,000.00
Industrial Bank Co., Ltd. Beijing Wangjing Subbranch	2016/8/9	2017/6/8	RMB	5.50		296,000,000.00
China Construction Bank Co., Ltd. Yunfu Branch	2013/8/21	2021/8/20	RMB	6.55	10,500,000.00	13,500,000.00
Sales Department of Shixing County Rural Credit Cooperatives	2013/6/27	2021/6/27	RMB	7.1995	8,500,000.00	8,500,000.00
Yangtze United Financial Leasing Co., Ltd.	2016/11/22	2022/11/22	RMB	5.75	123,125,722.30	134,626,702.67
Sales Department of Jiangsu Rugao Rural Commercial Bank	2017/4/29	2022/3/19	RMB	5.225	58,000,000.00	
Total					200,125,722.30	852,626,702.67

Description of long-term borrowings: See Note 9 (5) “Related Party Transactions” for the related-party guarantees.

(XXXIII) Bonds Payable

1 Details of bonds payable

Items	Ending balance	Opening balance
Medium-term notes		1,497,341,676.81
Corporate bonds	2,743,885,475.52	2,245,449,807.31
Subtotal	2,743,885,475.52	3,742,791,484.12
Less: Bonds payable coming due within one year	558,105,754.48	1,006,761,199.50
Total	2,185,779,721.04	2,736,030,284.62

2 Increase or Decrease of Bonds Payable (Excluding Other Financial Instruments Classified as Financial Liabilities, like Preferred Stocks and Perpetual Bonds, etc.)

Bond name	Par value	Date of issue	Bond period	Issued amount	Opening balance	Issue of current period	Interests withdrawn as per par value	Amortization of premium or discount	Amount repaid of current period	Period-end interest payable	Ending balance
14 Orient Landscape MTN 001	500,000,000.00	2014/8/18	3 years	497,000,000.00	499,505,528.29		22,913,888.89	494,471.71	500,000,000.00		
14 Orient Landscape MTN 002	500,000,000.00	2014/11/18	3 years	497,000,000.00	499,255,671.21		21,163,888.89	744,328.79	500,000,000.00		
15 Orient Landscape MTN 001	500,000,000.00	2015/6/10	3 years	497,000,000.00	498,580,477.31		30,500,000.00	1,100,823.26		17,029,166.67	499,681,300.57
16 Donglin 01	1,000,000,000.00	2016/4/19	5 years	991,000,000.00	992,113,306.42		57,800,000.00	1,663,235.70		40,299,444.45	993,776,542.12
16 Donglin 02	600,000,000.00	2016/8/10	5 years	594,600,000.00	594,983,470.84		28,200,000.00	997,759.27		11,045,000.00	595,981,230.11
16 Donglin 03	600,000,000.00	2016/10/24	5 years	594,905,660.38	595,077,490.55		24,000,000.00	944,458.26		4,400,000.00	596,021,948.81
Qianhai Wutong Privately-offered Fund	80,000,000.00	2015/6/30	3 years	72,880,000.00	63,275,539.50		7,831,914.31	3,148,914.41	8,000,000.00		58,424,453.91
Total	/	/	/	3,744,385,660.38	3,742,791,484.12		192,409,692.09	9,093,991.40	1,008,000,000.00	72,773,611.12	2,743,885,475.52

(XXXIV) Differed Income

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance	Reason for formation
Governmental subsidy	17,744,588.56	17,134,754.00	3,152,129.88	31,727,212.68	Governmental subsidy
Total	17,744,588.56	17,134,754.00	3,152,129.88	31,727,212.68	/

Projects involving governmental subsidy:

Liability projects	Opening balance	Amount of newly increased subsidy in the current period	Amounts recognized in other incomes at current period	Other changes	Ending balance	Related to assets/Related to income
Jinhu Xinpin Phase I received subsidy from Jinhu County Financial Treasury Centralized Payment Center	90,000.00				90,000.00	Related to income
Special financial support for high-tech industry development of Chaoyang District	1,039,500.00				1,039,500.00	Related to income
Research on technology for ecological safety guarantee of Beijing-Tianjin-Hebei City Group	302,500.00	556,000.00			858,500.00	Related to income
Water body pollution control and management	900,000.00	300,000.00			1,200,000.00	Related to income
Construction of Landscape design resources platform		300,000.00			300,000.00	Related to income
Research on the field of ecological rehabilitation of urban water body and information on patent competition		80,000.00	80,000.00			Related to income
Granting for the Company's 50,000t/y reclaimed copper smelting technology energy-conservation reconstruction project	2,420,168.12		302,521.00		2,117,647.12	Related to assets
Special fund for technical reconstruction of the financial department	1,660,666.64		188,000.00		1,472,666.64	Related to assets
Research & development and demonstration of technology for ecological rehabilitation of artificial desert	1,070,500.00		1,070,500.00			Related to income
Guidance funds from Chaoyang District Finance Bureau for 2016 Cultural and Creative Industry Development	1,090,000.00				1,090,000.00	Related to income
Research on functional wetland green ecological space construction technology and engineering demonstration project		8,421,400.00			8,421,400.00	Related to income
Sludge treatment project of sewage treatment plant	1,421,253.80		310,091.76		1,111,162.04	Related to assets
Municipal demonstrative project of composting technology for comprehensive use of sludge	7,750,000.00		1,000,000.00		6,750,000.00	Related to assets
Energy-saving cycle and resource conservation		4,925,000.00	197,000.00		4,728,000.00	Related to income
Land return		552,354.00	4,017.12		548,336.88	Related to income
Planning and design fee for characteristic town		2,000,000.00			2,000,000.00	Related to assets
Total	17,744,588.56	17,134,754.00	3,152,129.88		31,727,212.68	

(XXXV) Capital Stock

Items	Opening balance	Changes during current period: plus (+) minus (—)					Ending balance
		New shares issued	Shares presented for free	Shares converted from public reserve	Others	Subtotal	
Total amount of shares	2,677,360,406.00	5,418,078.00					2,682,778,484.00

(XXXVI) Capital Reserve

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance
Capital premium (capital stock premium)	1,705,805,015.80	46,920,581.68	38,993,074.22	1,713,732,523.26
Other capital reserve	56,729,529.65	21,473,246.25	7,995,559.00	70,207,216.90
Total	1,762,534,545.45	68,393,827.93	46,988,633.22	1,783,939,740.16

Description of capital reserve

The capital premium increased by RMB 46,920,581.68, the capital premium generated due to the capital invested by the exercise employee is RMB 38,431,948.46; the equity incentive expense of RMB 7,995,559.00 caused by exercise was transferred from other capital reserves; the Company's undistributed profit RMB -493,074.22, the amount incurred before the merger of the culture and travel assets of the companies under same control, was restored from capital reserve.

The decrease of capital premium by RMB 38,993,074.22 was due to the purchase of culture and travel assets under the same control at the current period. The balance between the purchase price and the net book value of the culture and travel assets on the consolidation date was RMB 33,993,074.22, which was offset by the capital reserve; the acquisition of culture and travel assets at the current period and the merger of culture and travel assets at the beginning of the period lead to the capital reserve increased by RMB 5,000,000.00. The actual payment of purchase consideration at the current period resulted in a corresponding decrease in the initial increased capital reserve of RMB 5,000,000.00.

Other capital reserves increased by RMB 21,473,246.25, of which RMB 19,634,453.71 was the equity incentive fee withdrawn in this term, and RMB 1,838,792.54 was the caused by the dispose of the Equity of the subsidiary Fuyang Shen-neng.

(XXXVII) Surplus Reserve

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance
Statutory surplus reserve	434,095,855.60	167,054,654.93		601,150,510.53
Total	434,095,855.60	167,054,654.93		601,150,510.53

(XXXVIII) Undistributed Profit

Items	Amount of current period	Amount of last period
Undistributed profit at the end of last period before adjustment	4,316,479,967.58	3,161,014,629.63
Total of undistributed profit at the beginning of the year of adjustment (increase adjusted +, decrease adjusted -)	-366,842.27	-108,865.45
Undistributed profit at the beginning of the year	4,316,113,125.31	3,160,905,764.18
Plus: Net profit attributed to the parent company's owners in the current period	2,177,921,682.27	1,295,350,567.58
Less: Statutory surplus reserve withdrawn	167,054,654.93	79,620,489.63
Withdrawal of other surplus reserves		
General risk reserve withdrawn		
Common stock dividends payable	80,320,812.18	60,522,716.82
Ordinary share dividends transferred to capital		
Others		
Ending undistributed profit	6,246,659,340.47	4,316,113,125.31

Description of the undistributed profit

Common Stock Dividends Payable: the 2016 annual general meeting of the Company was held on May 23, 2017. The meeting resolved to agree the 2016 profit distribution plan: The net profit attributable to common shareholders of the parent company in 2016 was RMB 1,295,608,544.40, of which the net profit of RMB 796,204,896.27 realized by the parent company. According to relevant provisions of the Company Law and the Articles of Association, the statutory surplus accumulation fund of RMB 79,620,489.63 was drawn at 10% of the net profit of the parent company, after adding the undistributed profit of the parent company RMB 2,928,478,209.96 at the beginning of the year, and less the distributed dividends of RMB 60,522,716.82 during the reporting period, and the company's profits available for distribution to shareholders was RMB 3,584,539,899.78. In order to repay the shareholders of the Company, by taking into account the actual business situation in 2016 and the profit distribution policy of the Company, the profit distribution proposal of Company is to take the general capital 2,677,360,406 shares on December 31, 2016 as the cardinal number, and distribute cash bonus RMB 0.3 (tax

included) for each 10 shares of all shareholders. The total distributed amount is RMB 80,320,812.18.

(XXXIX) Operating Income and Operating Cost

Items	Amount incurred of current period		Amount incurred of last period	
	Income	Cost	Income	Cost
Main businesses	15,204,151,548.72	10,415,196,804.33	8,562,957,058.81	5,752,495,467.62
Other businesses	21,950,163.07	6,167,959.96	1,039,910.06	-
Total	15,226,101,711.79	10,421,364,764.29	8,563,996,968.87	5,752,495,467.62

(XL) Taxes and Surcharge

Items	Amount incurred of current period	Amount incurred of last period
Sales tax		12,033,487.28
Urban maintenance and construction tax	19,775,402.54	10,891,554.88
Educational surtax	17,955,613.05	10,700,534.49
Stamp duty	15,066,922.18	2,685,358.34
Housing duty	6,428,686.94	3,803,259.66
Land use tax	5,051,715.02	820,484.76
Others	10,547,431.55	10,192,508.76
Total	74,825,771.28	51,127,188.17

(XLI) Selling Expenses

Items	Amount incurred of current period	Amount incurred of last period
Human resources expenses	8,178,362.15	4,115,603.46
Travel expenses	1,126,709.98	829,313.70
Entertainment fee	133,262.93	62,982.60
Other expenses	4,130,176.27	2,012,084.69
Administrative expenses	1,505,381.80	259,548.67
Propaganda fee		2,625.00
Transportation costs	26,697,139.08	14,224,135.25
Total	41,771,032.21	21,506,293.37

(XLII) Management Expenses

Items	Amount incurred of current period	Amount incurred of last period
Human resources expenses	532,593,704.90	270,669,769.98
Research and development expenses	203,828,917.68	108,557,746.56

Items	Amount incurred of current period	Amount incurred of last period
Travel and entertainment expenses	166,310,932.41	68,359,278.66
House rental fee	42,744,120.49	39,197,761.34
Administrative expenses	46,470,304.95	31,600,648.67
Audit, appraisal and consulting fees	47,190,915.98	59,585,796.54
Depreciation and amortization	52,576,613.56	38,401,563.15
Traffic and vehicle expenses	17,237,691.70	13,617,028.84
Recruitment fee	15,637,571.08	2,665,657.17
Training and conference expenses	16,022,319.47	11,825,405.02
Labor protection fee	10,456,801.96	5,154,650.68
Propaganda fee	3,966,939.12	1,982,774.50
Expensed production costs after the seedling asset's closure	12,757,992.07	8,266,728.49
Options tariff	19,634,453.71	11,115,825.32
Other expenses	45,120,793.90	25,865,513.07
Total	1,232,550,072.98	696,866,147.99

(XLIII) Financial Expenses

Type	Amount incurred of current period	Amount incurred of last period
Interest expenditure	382,331,013.39	315,106,350.73
Less: Interest income	15,655,652.77	26,598,672.01
Exchange gain or loss	1,326,426.27	-8,964.14
Handling charges	30,514,575.53	14,219,331.99
Total	398,516,362.42	302,718,046.57

(XLIV) Asset Impairment Loss

Items	Amount incurred of current period	Amount incurred of last period
Bad debt loss	400,730,495.08	223,983,567.18
Inventory depreciation loss	-12,114,328.86	-22,421,582.28
Loss on bad debts for prepayments		531,291.35
Fixed assets impairment	3,087,916.53	
Total	391,704,082.75	202,093,276.25

(XLV) Investment Yield

Items	Amount incurred of current period	Amount incurred of last period
Gain on long-term equity investments subject to accounting with equity method	-4,400,906.14	-3,318,924.54
Investment yield obtained from disposal of long-term equity investments	-121,600,273.27	31,689,990.17
Investment yield during the holding of available-for-sale	1,101,485.84	756,515.00

Items	Amount incurred of current period	Amount incurred of last period
financial assets		
Total	-124,899,693.57	29,127,580.63

(XLVI) Proceeds from asset disposal

Items	Amount incurred of current period	Amount incurred of last period	Amount recorded in the non-recurring gain or loss of current period
Total disposal on non-current assets	-17,489,486.17	13,441.46	-17,489,486.17
Total	-17,489,486.17	13,441.46	-17,489,486.17

(XLVII) Other Income

Subsidy items	Amount incurred of current period	Amount incurred of last period	Related to assets/Related to income
Governmental subsidy	93,934,632.45		For details, please refer to Note 11 of the governmental subsidy
Total	93,934,632.45		

(XLVIII) Non-Operating Income

Items	Amount incurred of current period	Amount incurred of last period	Amount recorded in the non-recurring gain or loss of current period
Gains from debt restructuring			
Received donation			
Governmental subsidy		69,792,790.83	
Gains from inventory profit			
Others	1,381,294.15	1,699,416.12	1,381,294.15
Total	1,381,294.15	71,492,206.95	1,381,294.15

(XLIX) Non-Operating Expenditure

Items	Amount incurred of current period	Amount incurred of last period	Amount recorded in the non-recurring gain or loss of current period
Losses from debt restructuring			
External donation	631,582.07	55,000.00	631,582.07
Abnormal losses			
Inventory loss			
Retirement and damage loss of non-current assets			
Others	2,920,700.09	424,153.74	2,920,700.09
Total	3,552,282.16	479,153.74	3,552,282.16

(L) Expense of income tax

1 Table of Income Tax

Items	Amount incurred of current period	Amount incurred of last period
Expense of income tax in the current period	455,166,162.62	287,234,149.22
Deferred income tax expenses	-61,047,933.93	-30,737,085.11
Total	394,118,228.69	256,497,064.11

2 Adjustment Process of Accounting Profit and Expense of Income Tax

Items	Amount incurred of current period
Total profit	2,614,744,090.56
Expense of income tax calculated with statutory [or applicable] tax rate	392,211,613.57
Influences of different tax rates applicable to subsidiaries	43,606,662.35
Influences of adjustment of previous income tax	1,038,679.18
Influences of non-taxable income	-20,708,830.41
Influences of non-deductible costs, expenses and losses	10,130,208.74
Influences of deductible losses of previous non-confirmed deferred income tax assets used	
Influences of deductible temporary difference or deductible loss of non-confirmed deferred income tax assets in the current period	10,953,453.03
Others	-43,113,557.77
Expense of income tax	394,118,228.69

(LI) Items of Cash Flow Statement

1 Cash Received Relating to Other Operating Activities

Items	Amount incurred of current period	Amount incurred of last period
Performance bond	30,688,596.92	27,549,476.60
Bid bonds/ cash pledge	536,519,028.96	279,903,635.02
Governmental subsidy	20,204,875.64	17,635,934.90
Interest income	15,655,652.77	28,872,273.24
Current account and others	322,684,139.05	113,458,212.91
Total	925,752,293.34	467,419,532.67

2 Cash Paid Relating to Other Operating Activities

Items	Amount incurred of current period	Amount incurred of last period
Travel and entertainment expenses	152,662,667.96	71,113,346.45
Audit, appraisal and consulting fees	48,710,593.14	38,127,704.76
House rental fee	29,159,160.70	21,701,363.86
Administrative expenses	38,859,215.86	29,769,451.42

Items	Amount incurred of current period	Amount incurred of last period
Training and conference expenses	17,622,888.04	9,943,039.61
Labor protection fee	7,287,738.30	2,847,667.29
Traffic and vehicle expenses	15,863,926.98	14,753,866.25
Propaganda fee	2,470,887.62	1,976,327.30
Recruitment fee	15,728,550.68	2,508,082.53
Other expenses	52,296,003.21	35,040,152.55
Performance bond	47,506,580.17	21,429,128.62
Bid bonds/ cash pledge	755,984,926.46	253,387,504.19
Net amount of petty cash revenue and expenditure	23,644,314.94	11,587,481.11
Current account and others	412,547,258.80	261,520,066.19
Total	1,620,344,712.86	775,705,182.13

3 Cash Paid Relating to Other Investment Activities

Items	Amount incurred of current period	Amount incurred of last period
Payments of guarantee deposit for equity purchasing		30,240,000.00
Payments of issued share		21,263,000.00
Total		51,503,000.00

4 Cash Received Relating to Other Financing Activities

Items	Amount incurred of current period	Amount incurred of last period
Bank acceptance guarantee deposit	41,824,797.41	4,762,052.00
Total	41,824,797.41	4,762,052.00

5 Cash Paid Relating to Other Financing Activities

Items	Amount incurred of current period	Amount incurred of last period
Handling charge for bank loan, and financial consulting fee, etc.	14,268,009.95	13,904,793.86
Bank acceptance guarantee deposit	468,026,921.98	114,674,579.25
Gold rental fee		426,594.35
Total	482,294,931.93	129,005,967.46

(LII) Supplementary Data of Cash Flow Statement

1 Supplementary Data of Cash Flow Statement

Supplementary Data	Amount of current period	Amount of last period
1 Net profit adjusted to cash flow of operating activities		

Supplementary Data	Amount of current period	Amount of last period
Net profit	2,220,625,861.87	1,380,847,560.09
Plus: Asset depreciation reserve	391,704,082.75	202,093,276.25
Depreciation of fixed assets	64,568,430.24	63,308,169.91
Intangible asset amortization	34,471,071.43	13,756,528.96
Long-term deferred expense amortization	15,078,385.22	26,971,999.24
Loss on disposal of fixed assets, intangible assets and other long-term assets (income represented with “—”)	17,489,486.17	-13,441.46
Loss from fixed asset retirement (Income is represented with “—”)		
Loss from changes in fair value (income is represented with “—”)		
Financial expenses (income represented with “—”)	382,331,013.39	315,106,350.73
Investment loss (income represented with “—”)	124,899,693.57	-29,127,580.63
Decrease of deferred income tax assets (increase represented with “—”)	-57,855,421.56	-28,250,415.28
Increase of deferred income tax liabilities (decrease represented with “—”)	-3,192,512.37	-2,486,669.83
Decrease of inventories (increase represented with “—”)	-3,638,054,997.20	-1,929,652,203.73
Decrease of operating items receivable (increase represented with “—”)	-1,672,172,682.10	-585,005,607.90
Increase of operating items payable (decrease represented with “—”)	5,024,035,022.90	2,129,325,276.08
Others	19,634,453.71	11,115,825.32
Net amount of cash flow from operating activities	2,923,561,888.02	1,567,989,067.75
2 Major investment and financing activities not involving cash revenue and expenditure		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3 Net change of cash and cash equivalents		
Ending balance of cash	2,143,973,525.52	2,097,698,747.33
Less: Opening balance of cash	2,097,698,747.33	2,146,463,460.51
Plus: Balance of cash equivalents at the end of the year		25,000,000.00
Less: balance of cash equivalents at the beginning of the year	25,000,000.00	
Net increment of cash and cash equivalents	21,274,778.19	-23,764,713.18

2 Net Amount of Cash Paid for Acquisition of Subsidiaries in Current Period

Items	Amount
Cash or cash equivalents for business combination of current period and paid in current period	621,670,000.00
In which: Hubei Shunda Construction Group Co., Ltd.	354,000,000.00
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	162,240,000.00

Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.	62,130,000.00
Sichuan Ruiheng Lubricating Oil Co., Ltd.	4,800,000.00
Beijing Oriental Cultural Tourism Asset Management Co., Ltd.	38,500,000.00
Less: Cash and cash equivalents held by subsidiaries on the date of purchasing	7,322,859.31
In which: Hubei Shunda Construction Group Co., Ltd.	4,929,617.73
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	2,037,262.95
Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.	328,679.15
Ningxia Laide Energy Co., Ltd.	27,299.48
Plus: Cash or cash equivalents for business combination of previous period and paid in current period	101,987,345.49
In which: Zhongshan Environmental Protection Industry Co., Ltd.	48,087,345.49
Shanghai Liyuan Water Treatment Technology Co., Ltd.	15,000,000.00
Suzhou Haifengsheng Environmental Protection Investment Co., Ltd.	34,000,000.00
Shanghai Kaiyuan Building Engineering Co., Ltd.	4,900,000.00
Net amount of cash paid for acquisition of subsidiaries	716,334,486.18

3 Net Amount of Cash Received from Disposal of Subsidiaries in Current Period

Items	Amount
Cash or cash equivalents received from disposal of subsidiaries in current period	1,183,579,750.00
Wherein: Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd.	1,180,500,000.00
Xuzhou Dongfang Zhongkuang Ecological Technology Co., Ltd.	3,079,750.00
Less: Cash and cash equivalents held by subsidiaries on the date when control right is lost	24,308,141.81
Wherein: Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd.	20,675,430.40
Xuzhou Dongfang Zhongkuang Ecological Technology Co., Ltd.	3,632,711.41
Plus: cash or cash equivalents received in the current period by subsidiary disposal in the previous periods	
Net amount of cash received from disposal of subsidiaries	1,159,271,608.19

4 Composition of Cash and Cash Equivalents

Items	Ending balance	Opening balance
I Cash	2,143,973,525.52	2,097,698,747.33
Including: Cash on hand	137,366.01	257,177.22
Bank deposit available for payment anytime	2,143,836,159.51	2,097,441,570.11
Other monetary capital available for payment		
Due from Central Bank payable		

Items	Ending balance	Opening balance
Deposits with other banks		
Due from banks		
II Cash equivalent		25,000,000.00
Including: Financing investments coming due within three months		25,000,000.00
III Ending balance of cash and cash equivalents	2,143,973,525.52	2,122,698,747.33
Including: Cash and cash equivalents the use of which by the parent company or any member of the group is limited		

(LIII) Assets with Ownership or Use Right Restricted

Item	Ending book value	- Reason for restriction
Other monetary resources	1,259,219,252.43	Deposits
Fixed assets	36,079,411.14	Loan mortgage
Intangible assets	101,226,218.16	Loan mortgage \Mortgaged to guarantee company issuing Qianhai Bond
Other non-current assets-BOT construction in progress	70,146,106.38	Mortgaged to guarantee company issuing Qianhai Bond
Total	1,466,670,988.11	

VI Change of Combination Scope

(I) Business Combination not Under the Same Control

1 Business combination not under the same control in current term:

Name of purchased parties	Time point of equity acquisition	Cost of equity acquisition	Proportion of equity acquired (%)	Way to acquire the stock equity	Date of purchasing	Basis for determining the date of purchasing	The purchased party's income from the date of purchasing to the end of period	The purchased party's net profit from the date of purchasing to the end of period
Hubei Shunda Construction Group Co., Ltd.	2017.7.31	634,200,000.00	100.00	Purchasing	2017.7.31	Change of business management and dispatch of management personnel	498,598,457.63	144,224,699.91
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	2017.1.31	270,400,000.00	80.00	Purchasing	2017.1.31	Change of business management and dispatch of management personnel	32,903,710.69	6,032,042.42
Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.	2017.2.28	65,400,000.00	60.00	Purchasing	2017.2.28	Change of business management and dispatch of management personnel	38,893,033.67	4,391,276.96
Ningxia Laide Energy Co., Ltd.	2017.9.1	20,000,000.00	100.00	Purchasing	2017.9.1	Change of business management and dispatch of management personnel	2,878,585.12	-6,015,665.07
Sichuan Ruiheng Lubricating Oil Co., Ltd.	2017.3.31	8,000,000.00	100.00	Purchasing	2017.3.31	Change of business management and dispatch of management personnel		-379,573.56

2 Combination Cost and Goodwill

	Hubei Shunda Construction Group Co., Ltd.	Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.	Ningxia Laide Energy Co., Ltd.	Sichuan Ruiheng Lubricating Oil Co., Ltd.
Combination cost	634,200,000.00	270,400,000.00	65,400,000.00	20,000,000.00	8,000,000.00
—Cash	634,200,000.00	270,400,000.00	65,400,000.00	20,000,000.00	8,000,000.00
—Fair value of non-cash assets					
—Fair value of issued or undertaken debts					
—Fair value of issued equity securities					
—Fair value of contingent consideration					
—Purchase-date fair value of entities held before the purchase date					
—Others					
Total combination cost	634,200,000.00	270,400,000.00	65,400,000.00	20,000,000.00	8,000,000.00
Less: Fair value shares of distinguishable net assets obtained	69,023,249.58	64,135,488.50	22,976,540.83	-10,893,018.26	475,000.00
Amount that goodwill/ combination cost is smaller than the fair value shares of distinguishable net assets obtained	565,176,750.42	206,264,511.50	42,423,459.17	30,893,018.26	7,525,000.00

Main reason for formation of big-amount goodwill:

1 In July 2017, the Company purchased 100% equity of Hubei Shunda Construction Group Co., Ltd. (“Hubei Shunda”) with monetary resources of RMB 634.2 million. The purchasing consideration was determined as per the result of Hubei Shunda’s appraisal with equity method on June 30, 2017. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Hubei Shunda on the date of purchasing was confirmed by the Company as goodwill.

2 In January 2017, the Company purchased 80% equity of Nantong Jiuzhou Environmental Protection Technology Co., Ltd. (“Nantong Jiuzhou”) with monetary resources of RMB270,400,000. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Nantong Jiuzhou on the date of purchasing was confirmed as goodwill.

3 In February 2017, the Company purchased 60% equity of Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd. (“Hangzhou Lvjia”) with monetary resources of RMB 65.4 million. The purchasing consideration was determined as per the result of Hangzhou Lvjia’s appraisal with equity method on June 30, 2016. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Hangzhou Lvjia on the date of purchasing was confirmed by the Company as goodwill.

4 In September 2017, the Company purchased 100% equity of Ningxia Laide Energy Co., Ltd. (“Ningxia Laide”) with monetary resources of RMB 20 million. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Ningxia Laide on the date of purchasing was confirmed as goodwill.

5 In March 2017, the Company purchased 100% equity of Sichuan Ruiheng Lubricating Oil Co., Ltd. (“Sichuan Ruiheng”) with monetary resources of RMB8,000,000. The purchasing consideration was determined by both parties through negotiation. The balance that the purchasing consideration was bigger than the fair value of the book distinguishable net assets enjoyed by the Company in Sichuan Ruiheng on the date of purchasing was confirmed as goodwill.

3 Distinguishable Assets and Liabilities of Purchased Parties on the Date of Purchasing

Items	Hubei Shunda Construction Group Co., Ltd.		Nantong Jiuzhou Environmental Protection Technology Co., Ltd.		Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.		Ningxia Laide Energy Co., Ltd.		Sichuan Ruiheng Lubricating Oil Co., Ltd.	
	Fair value on the date of purchasing	Book value on the date of purchasing	Fair value on the date of purchasing	Book value on the date of purchasing	Fair value on the date of purchasing	Book value on the date of purchasing	Fair value on the date of purchasing	Book value on the date of purchasing	Fair value on the date of purchasing	Book value on the date of purchasing
Assets:										
Monetary Resources	4,929,617.73	4,929,617.73	2,037,262.95	2,037,262.95	328,679.15	328,679.15	27,299.48	27,299.48		
Accounts receivable	48,949,933.96	48,949,933.96	19,862,245.97	19,862,245.97	13,826,539.24	13,826,539.24	5,517,355.63	5,517,355.63	475,000.00	475,000.00
Inventories	75,183,079.60	75,183,079.60	192,115.45	192,115.45	1,401,710.66	1,401,710.66	3,572,516.39	3,572,516.39		
Other Current Assets			3,286,571.65	3,286,571.65	309,115.02	309,115.02	33,331.02	33,331.02		
Fixed assets	76,873.68	76,873.68	110,554,298.95	110,554,298.95	9,125,250.29	9,125,250.29	58,243,967.69	58,243,967.69		
Construction in Progress			1,590,598.49	1,590,598.49	14,214,729.12	14,214,729.12				
Intangible assets			8,079,627.85	8,079,627.85	9,243,418.47	9,243,418.47	4,422,375.53	4,422,375.53		
Deferred income tax assets					192,539.51	192,539.51	55,839.36	55,839.36		
Liabilities:										
Loan	-	-					18,000,000.00	18,000,000.00		
Accounts payable	60,116,255.39	60,116,255.39	65,433,360.68	65,433,360.68	10,347,746.75	10,347,746.75	59,288,349.36	59,288,349.36		
Differed Income							5,477,354.00	5,477,354.00		
Net assets	69,023,249.58	69,023,249.58	80,169,360.63	80,169,360.63	38,294,234.71	38,294,234.71	-10,893,018.26	-10,893,018.26	475,000.00	475,000.00
Less: Minor shareholders' equity			16,033,872.13	16,033,872.13	15,317,693.88	15,317,693.88				
Net assets obtained	69,023,249.58	69,023,249.58	64,135,488.50	64,135,488.50	22,976,540.83	22,976,540.83	-10,893,018.26	-10,893,018.26	475,000.00	475,000.00

(II) Business combination under the same control

1 Business Combination under the Same Control in the Current Period

Name of combined party	Proportion of equity obtained in business combination	Basis for composition of business combination under the same control	Date of combination	Basis for determining the date of combination	The combined party's income from the beginning of the very period of combination to the date of combination	The combined party's net profit from the beginning of the very period of combination to the date of combination	The combined party's income in comparative period	The combined party's net profit in comparative period
Beijing Oriental Cultural Tourism Asset Management Co., Ltd.	100%	The Company is controlled by He Qiaonv and Tang Kai as a couple.	2017.6.30	Change of business management and dispatch of management personnel		-126,231.95		-257,976.82

2 Combination cost

	Beijing Oriental Cultural Tourism Asset Management Co., Ltd.
Combination cost	38,500,000.00
—Cash	38,500,000.00
—Book value of the non-cash assets	
—Issue or undertake book value of the debt	
—The face value of the issue of equity securities	
—Or consideration	

3 Book Value of Combined Party's Assets and Liabilities on the Date of Combination

Items	Beijing Oriental Cultural Tourism Asset Management Co., Ltd.	
	Date of combination	End of last period
Assets:		
Monetary Resources	4,534,001.91	29,388.28
Accounts receivable	49,096.00	4,602,089.45
Inventories		
Fixed assets		
Intangible assets		
Liabilities:		
Loan		
Accounts payable	76,818.13	-1,680.00
Net assets	4,506,925.78	4,633,157.73
Less: Minor shareholders' equity		
Net assets obtained	4,506,925.78	4,633,157.73

(III) Disposal of Subsidiaries

1 Conditions of single disposal of the subsidiary's investment, and losing the control power

Name of subsidiaries	Equity disposal price	Proportion of equity disposed (%)	Way to dispose equity	Time point of losing control right	Basis for determining the time point of losing control right	Balance between the disposal price and subsidiary's net asset shares which shall be shared at the layer of consolidated financial statement and is corresponding to disposed investment	Proportion of remained equity on the date when control right is lost	Book remained equity on the date when control right is lost value of	Fair value of remained equity on the date when control right is lost	Gain or loss on the re-measurement of remained equity as per fair value	Method and main assumption for determining the fair value of remained equity on the date when control right is lost	The amount of other composite benefits related to original subsidiary's equity investment and transferred into investment yield
Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd.	1,511,500,000.00	60.00	Equity transfer	2017/6/30	Equity transfer fee are totally collected	1,154,406,415.35						
Xuzhou Dongfang Zhongkuang Ecological Technology Co., Ltd.	30,250,000.00	45.50	Equity transfer	2017/3/31	Sign the transfer agreement	-93,214.99						

(IV) Changes of Combination Scope for Other Reasons

New subsidiaries in the current period:

- 1 The Company invested RMB 18,000,000 for twice (accounting for 60% shares) to establish Gansu Dongfang Ruilong Environmental Management Co., Ltd. in March and July 2017, and had handled industrial and commercial registration.
- 2 The Company invested RMB1,000,000 (accounting for 80% shares) to establish Zhoukou Orient Landscape Environmental Protection Technology Co., Ltd. in May 2017, and had handled industrial and commercial registration.
- 3 The Company (accounting for 100% shares) established Tianjin Orient Landscape Environmental Protection Technology Co., Ltd. in April 2017, and had handled industrial and commercial registration.

4 The Company invested RMB 10,000,000 (accounting for 60% shares) to increase the capital in Beijing Huafei Xingda Environmental Protection Technology Co., Ltd. in September 2017, and had handled industrial and commercial registration.

5 The Company invested RMB 1,000,000 (accounting for 100% shares) to establish Liaoning Orient Landscape Environmental Protection Technology Co., Ltd. in October 2017, and had handled industrial and commercial registration.

6 The Company (accounting for 100% shares) established Heilongjiang Orient Landscape Environmental Protection Technology Co., Ltd. in August 2017, and had handled industrial and commercial registration.

VII Equity in Other Subjects

(I) Equity in Subsidiaries

1 Composition of the Enterprise Group

Name of subsidiaries	Main business place	Registered place	Business nature	Share holding proportion (%)		Acquisition method
				Direct	Indirect	
1 Beijing Dongfang Lihe Landscape Design Co., Ltd.	Beijing	Beijing	Environmental landscape design	100		Establishment
2 Beijing Dongfang Yidi Landscape Design Co., Ltd.	Beijing	Beijing	Environmental landscape design	100		Purchasing
3 Dalian Dongfang Shengjing LandscapeCo., Ltd.	Dalian	Dalian	Landscaping engineering	100		Establishment
4 Suzhou Haifengsheng Environmental Protection Investment Co., Ltd.	Suzhou	Suzhou	Environmental protection and new energy project investment	60		Purchasing
5 Shanghai Kaiyuan Building Engineering Co., Ltd.	Shanghai	Shanghai	Engineering construction	100		Establishment
6 Hubei Orient Miaolian Seedling Technology Co., Ltd.	Huanggang	Huanggang	Research and development, planting and sale of landscape plants	100		Establishment
7 Wenzhou Shengli Landscape Engineering Co., Ltd.	Wenzhou	Wenzhou	Landscaping engineering	100		Establishment
8 Nanning Yuanboyuan Landscape Engineering Co., Ltd.	Nanning	Nanning	Landscaping engineering	100		Establishment
9 Oriental Libang Construction Co., Ltd.	Shengzhou	Shengzhou	Water conservancy engineering construction	100		Purchasing
10 Beijing Miaolianwang Technology Co., Ltd.	Beijing	Beijing	Seedling investment and management	100		Establishment
11 Beijing Orient Landscape Fund Management Co., Ltd.	Beijing	Beijing	Fund management	100		Establishment
12 Zhongbang Construction Engineering Co., Ltd.	Wuhan	Wuhan	Municipal and environmental protection engineering construction	100		Purchasing
13 Beijing Oriental Decong Ecological Technology Co., Ltd.	Beijing	Beijing	Ecological landscape design	60		Establishment

14	Hangzhou Fuyang Jinyuan Copper Co., Ltd.	Chongqing	Chongqing	Resource-oriented use of non-ferrous metal solid hazardous wastes	100		Purchasing
15	Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.	Suzhou	Suzhou	Treatment of industrial solid wastes	80		Purchasing
16	Beijing Orient Landscape Environmental Investment Co., Ltd.	Beijing	Beijing	Project investment	100		Establishment
17	Zhongshan Environmental Protection Industry Co., Ltd.	Zhongshan	Zhongshan	Undertaking environmental pollution prevention and control engineering, municipal engineering, and building engineering	100		Purchasing
18	Shanghai Liyuan Water Treatment Technology Co., Ltd.	Shanghai	Shanghai	Dealing with water treatment technology	100		Purchasing
19	Shanghai Puneng Investment Co., Ltd.	Shanghai	Shanghai	Investment management	100		Establishment
20	Beijing Dongfang Fudi Environmental Technology Co., Ltd.	Beijing	Beijing	Soil rehabilitation	52		Establishment
21	Orient Landscape (Pingyuan) Environmental Technology Co., Ltd.	Dezhou	Dezhou	Disposal of medical wastes and industrial hazardous wastes	100		Establishment
22	Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	Nantong	Nantong	Disposal of hazardous wastes	80		Purchasing
23	Beijing Dongfang Shanhexiumei Environmental Engineering Co., Ltd. (nonoperative)	Beijing	Beijing	Water conservancy, environment and public facility management	75		Establishment
24	Orient Landscape Biological Co., Ltd.(nonoperative)	Hong Kong	Hong Kong	Investment, R&D on the environmental ecological project	100		Establishment
25	Orient Landscape Ecological investment Co., Ltd. (nonoperative)	British Virgin Islands	British Virgin Islands	Investment, R&D on the environmental ecological project	100		Establishment
26	Zhuhai Orient Landscape Co., Ltd. (nonoperative)	Zhuhai	Zhuhai	Research and development, planting and sale of landscape plants	100		Establishment
27	Gansu Dongfang Ruilong Environmental ManagementCo., Ltd.	Jiuquan	Jiuquan	Low-level radioactive solid waste treatment	60		New establishment
28	Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.	Chongqing	Chongqing	Waste acid disposal and comprehensive utilization	60		Purchasing
29	Sichuan Ruiheng Lubricating Oil Co., Ltd.	Shifang	Shifang	Comprehensive disposal of waste mineral oil and	100		Purchasing

			emulsion, sales of lubricant			
30	Zhoukou Orient Landscape Environmental Protection Technology Co., Ltd.	Zhoukou	Zhoukou	Disposal of medical wastes and industrial hazardous wastes	80	New establishment
31	Beijing Oriental Cultural Tourism Asset Management Co., Ltd.	Beijing	Beijing	Investment management	100	Purchasing
32	Hubei Shunda Construction Group Co., Ltd.	Wuhan	Wuhan	Construction project	100	Purchasing
33	Tianjin Orient Landscape Environmental Protection Technology Co., Ltd.	Tianjin	Tianjin	Environmental technology promotion, environmental protection material sales, environmental engineering design and construction and environmental management	100	New establishment
34	Ningxia Laide Energy Co., Ltd.	Wuzhong	Wuzhong	Disposal of sludge and waste mineral oil	100	Purchasing
35	Beijing Huafei Xingda Environmental Protection Technology Co., Ltd.	Beijing	Beijing	Petroleum technology development and technical services	60	New establishment
36	Liaoning Orient Landscape Environmental Protection Technology Co., Ltd.	Jinzhou	Jinzhou	R&D, manufacturing of environmental protection equipment and environmental protection technologies and hazardous waste disposal	100	New establishment
37	Heilongjiang Orient Landscape Environmental Protection Technology Co., Ltd.	Daqing	Daqing	Environmental protection technology development, environmental protection equipment manufacturing sales and solid waste treatment	100	New establishment

2 Important Non-sole Subsidiaries

Name of subsidiaries	Proportion of shares held by minor shareholders (%)	Gain or loss attributed to minor shareholders in current period	Dividends declared to distribute to minor shareholders in current period	Ending balance of minor shareholders' equity
Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.	20.00	-4,490,521.11		6,637,674.09
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	20.00	1,206,408.48		17,240,280.61

3 Main Financial Information of Important Non-sole Subsidiaries

Beijing Orient Landscape & Environment Co., Ltd.
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Name of subsidiaries	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd.							611,005,475.40	391,020,434.00	1,002,025,909.40	426,511,869.37	19,350,035.55	445,861,904.92
Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.	24,577,950.47	77,028,078.48	101,606,028.95	32,910,907.40	643,693.42	33,554,600.82	66,766,413.73	32,366,951.06	99,133,364.79	7,242,810.35	1,386,520.78	8,629,331.13
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	28,217,130.17	159,475,351.98	187,692,482.15	43,491,079.10	58,000,000.00	101,491,079.10						

Name of subsidiaries	Amount incurred of current period				Amount incurred of last period			
	Operating income	Net profit	Total amount of composite benefits	Cash flow from operating activities	Operating income	Net profit	Total amount of composite benefits	Cash flow from operating activities
Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd.	434,295,967.06	118,158,636.61	118,158,636.61	251,737,980.49	750,948,529.59	215,233,184.63	215,233,184.63	-16,094,465.86
Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.		-22,452,605.53	-22,452,605.53	-7,464,740.96	26,068,192.41	3,985,653.57	3,985,653.57	20,217,501.13
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	32,903,710.69	6,032,042.42	6,032,042.42	-16,125,349.22				

(II) Equity in Joint Venture or Jointly-Run Enterprises

1 Cooperative enterprises or joint ventures

Name of joint ventures or associated enterprises	Main business place	Registered place	Business nature	Share holding proportion (%)		Accounting treatment methods for the investment of joint ventures
				Direct	Indirect	
Beijing Orient Aidi Landscape Design Co., Ltd.	Beijing	Beijing	Design	50.00		Equity method
CITIC Qingshui Rujiang (Wuhan) Investment and Construction Co., Ltd.	Wuhan	Wuhan	Municipal engineering	25.00		Equity method
Jilin Dongyuan Investment Co., Ltd.	Jilin	Jilin	Landscaping engineering	49.00		Equity method
Huangshan Jiangnan Forestry Property Exchange Co., Ltd.	Anhui	Anhui	Forestry exchange	30.00		Equity method
Libo Dongfang Investment and Development Co., Ltd.	Guizhou	Guizhou	Landscaping engineering	48.00		Equity method
Wuhan Zhengye Dongfang Construction and Investment Co., Ltd.	Wuhan	Wuhan	Landscaping engineering	29.00		Equity method
Huaxi Orient Investment Management (Beijing) Co., Ltd.	Beijing	Beijing	Investment	49.00		Equity method

2 Financial summary of joint ventures and affiliated enterprises

Items	Balance as of December 31, 2017/ amount of 2017	Balance as of December 31, 2016/ amount of 2016
Joint venture:		
Beijing Orient Aidi Landscape Design Co., Ltd.	2,304,270.95	3,737,372.38
Total book value of investments	2,304,270.95	3,737,372.38
Total amount of the following items calculated as per share holding proportion		
—Net profit	445,667.28	362,613.63
—Other composite benefits		
—Total amount of composite benefits	445,667.28	362,613.63
—Distributed cash dividends or profit	1,878,768.71	
Jointly-run enterprises:		
CITIC Qingshui Rujiang (Wuhan) Investment and Construction Co., Ltd.	23,569,271.87	24,381,832.60
Jilin Dongyuan Investment Co., Ltd.	7,723,925.65	8,618,931.87
Huangshan Jiangnan Forestry Property Exchange Co., Ltd.	19,978,402.49	20,013,557.55
Changchun Lvyuan District Hexin New Urbanization Investment and Construction Management Co., Ltd.		9,377,059.62
Libo Dongfang Investment and Development Co., Ltd.	47,996,000.00	47,996,000.00
Wuhan Zhengye Dongfang Construction and Investment Co., Ltd.	27,855,808.10	27,705,669.91

Guizhou Shuitou Dongfang Ecological Environment Co., Ltd.		21,656,061.78
Huaxi Orient Investment Management (Beijing) Co., Ltd.	4,854,697.72	4,879,161.18
Total book value of investments	131,978,105.83	164,628,274.51
Total amount of the following items calculated as per share holding proportion		
—Net profit	-4,846,573.42	-3,681,538.17
—Other composite benefits		
—Total amount of composite benefits	-4,846,573.42	-3,681,538.17

VIII Risks Related to Financial Instruments

The Company faces various financial risks in business operation, including credit risk, market risk and fluidity risk. The Company's Board of Directors comprehensively takes charge of determining risk management objectives and policies, and undertakes ultimate responsibility for the risk management objectives and policies. However, the Board of Directors has authorized the Company's management level to design and implement the procedures which could guarantee the effective implementation of the risk management objectives and policies.

The overall objective of the Company's risk management is to make risk management policies which could lower risks to the greatest extent in condition of not excessively affecting the Company's competitiveness and ability to meet emergencies.

(I) Credit Risk

Credit risk indicates the risk that one party to financial instruments does not implement its obligations, so the other party suffers from financial losses. The Company mainly faces the customer credit risk caused by sales on account. Before signing a new contract, the Company will appraise a new customer's credit risk, including external credit rating and bank credibility letter (if available) under some circumstances.

The Company ensures that the Company's overall credit risk is within a controllable scope through quarterly monitoring on existing customers' credit rating as well as monthly audit on the account age analysis on accounts receivable. When monitoring customers' credit risk, the Company divides customers into different groups according to their credit characteristics. Customers rated to be "high-risk" level will appear in the shortlist of restricted customers, and only in the precondition of obtaining extra approval, will they enjoy the sales on account in future, or they must pay corresponding accounts in advance.

(II) Market Risk At present, market competition has become increasingly drastic, and the Company will also face the risk of price drop in landscaping projects. However, in order to avoid the risk of profit drop due to price drop, the Company's management level has adopted the measures to avoid such risk, such as optimizing design structure and lowering purchasing cost, etc.

Market risk of financial instruments indicate the risk that the fair value or future cash flow of financial instruments fluctuates due to change of market price, including exchange rate risk, interest rate risk and other price risk.

(1) Interest Rate Risk

Interest rate risk indicates the risk that the fair value or future cash flow of financial instruments fluctuates due to change of market interest rate. The interest rate risk faced by the Company is mainly sourced from bank loan. By establishing good bank-enterprise relationship, the Company reasonably designs the credit line, credit variety and credit period, guarantees sufficient credit line obtained from banks, meeting the Company's various short-term financing demands. Meanwhile, by shortening the period of single loans, and specially stipulating the clauses of advanced repayment, the Company reasonably lowers the risk of interest rate fluctuation.

(2) Foreign Exchange Risk

Foreign exchange risk indicates the risk that the fair value or future cash flow of financial instruments fluctuates due to change of exchange rate. The Company does not have foreign exchange business, so the change of foreign exchange rate won't bring about risks to the Company.

(3) Other Price Risk

At present, the market competition is becoming increasingly fierce, making the Company's landscaping engineering facing the risk of price cuts. However, in order to avoid the risk of shrinking earnings caused by price cuts, the Company's management has taken measures such as optimizing the design structure and reducing procurement costs to avoid the risk.

(III) Fluidity Risk

Fluidity risk indicates the risk of capital shortage which occurs during the enterprise's implementing the obligation of accounts settlement by delivering cash or other financial assets. The Company's policy is to ensure sufficient cash for repaying debts coming due. Fluidity risk is under the centralized control of the Company's financial department. By

monitoring the balance of cash and the securities which could be realized anytime, and through rolling prediction on the cash flow in the upcoming 12 months, the financial department ensures the Company to have sufficient funds to repay debts under all reasonably predicted circumstances. See the related subjects in the Note 5 for the disclosure of all financial liabilities of the Company at non-discounting contractual cash flows are listed as per due date.

IX Related party and related transaction

(I) Information on the actual controller of the Company

Shareholders' name	Proportion of shares held in the Company (%)	Proportion of voting rights in the Company (%)
He Qiaonv	41.54	41.54
Tang Kai	7.66	7.66

(II) Information about Subsidiaries of the Company

Please refer to Note VII. Equities in other subjects for the detailed information of the company's subsidiaries.

(III) Conditions of the company's cooperative enterprises and joint ventures

Please refer to Note 7 Equities in Other Subjects of the foot-notes for the detailed information of the Company's joint ventures

(IV) Other Affiliated Parties

Name of other affiliated parties	Relationship of other affiliated parties and the enterprise
Beijing Orient Landscape Investment Holdings Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Tianjin Orient Landscape Health Management Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Tianjin LAVIN Aegean Sea Culture Communication Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Tianjin Orient Landscape Gene Technology Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Shanghai Zhubo Investment Management Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Beijing Orient Shengjing Investment Holdings Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Orient Landscape Industry Group Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Beijing Orient Rose Investment Management Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Nanjing Lavin Culture Communication Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Beijing Orient Cultural Tourism Industry Investment Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Beijing Rose Festival Cultural Communication Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Shanghai Golden Rose Cultural Communication Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Lavin Culture Group Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv

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Tibet Orient Landscape Biological Technology Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Beijing Orient Landscape Internet Technology Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Tianjin Orient Landscape Medical Investment Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Beijing Orient Landscape Capital Management Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Beijing Orient Shengjing Fund Management Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Tianjin Orient Landscape Biological Pharmaceutical Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Yaan Orient Bifengxia Tourism Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Nanjing Golden Rose Cultural Communication Co., Ltd.	A company controlled by the Company's actual controller He Qiaonv
Ltd.	A company controlled by the Company's actual controller He Qiaonv
Zhejiang Tiange Industry Co., Ltd.	The Company's actual controller, He Qiaonv, serves as a director of the Company
Beijing Zhongguancun Bank Co., Ltd.	The Company's actual controller, He Qiaonv, serves as a director of the Company
Beijing iLife3 Technology Co., Ltd.	The Company's actual controller, He Qiaonv, serves as a director of the Company
Beijing Orient Cultural Tourism Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Tianyuan Orient Investment Group Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Orient Tianyuan Agriculture Development Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Dongfangcheng Real Estate Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wenzhou Yonghuayuan Real Estate Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wenzhou Yayuan Real Estate Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Suzhou Dongfangcheng Sunan Real Estate Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Suzhou Canal Library Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Beijing Dongfangcheng Asset Management Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Beijing Dongfang Meijia Asset Management Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Shanghai Dongfangcheng Meijia Investment Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Shanghai Yayuan Investment Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Tianyuan Orient Hotel Management Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Tianyuan Orient Amusement Park Management Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Beijing Tianyuan Orient Operation Management Co.,	A company controlled by the Company's director

Ltd.	Zhang Cheng
Shanghai Xiangjian Creative Design Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Tianyuan Jialan (Beijing) Architectural Planning and Design Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Deqing Moganshan Luminggu Tourism Development Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wuxi Tianyuan Orient Fumin Industry Investment Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wuxi Tianyuan Orient Investment Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wuxi Tianyuan Orient Property Management Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wuxi Orient Cultural Tourism Investment Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wuxi Tianyuan Fanshuteng Catering Management Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Wuxi Tianyuan Orient Agricultural Development Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Beijing Jiapu Cultural Tourism Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Shanghai CBI China Bridge Business Consulting Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Beijing Shifang Cultural Communication Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Chengdu Tianyuan Orient Hesheng Travel Management Co., Ltd.	A company controlled by the Company's director Zhang Cheng
Shanghai Chuangwubang Information Technology Services Co., Ltd.	A company whose director is the Company's director Zhang Cheng
Sichuan Chuanrui Investment & Development Co., Ltd.	A company whose director is the Company's director Zhang Cheng
Datong Wenyinghu Investment Management Co. Ltd.	A company whose director is the Company's executive Xie Xiaozhong
Wuyi Dongfang Tealeaf Landscape	A company controlled by a lineal kin of the Company's actual controller He Qiaonv
Zhao Dong	Vice chairman, Co-president
Jin Jian	Vice chairman, Co-president
Liu Weijie	Director, Co-president
Zhang Cheng	Director
Su Jinqi	Independent director
Zhang Tao	Independent director
Zhou Shaoni	Independent director
Hu Jihua	Independent director
Fang Yi	Chairman of Board of Supervisors
He Lan	Supervisor
Sun Xiangbin	Employee representative supervisor
Huang Xinzong	Vice president
Zhang Zhendi	Vice president
Yang Lijing	Vice president, Secretary to Board of Directors
Zhou Shu	Financial principal

Jia Ying	Vice president
Hou Jiandong	Vice president
Xie Xiaozhong	Vice president
Ma Zhegang	Vice chairman (has left the post)
Jiang Li	Independent director (has left the post)
Liu Kaixiang	Independent director (has left the post)
Mo Yueming	Vice president (has left the post)
Zhang Qiang	Vice president (has left the post), Secretary to Board of Directors (has left the post)
He Yongcai	A lineal kin of the Company's controlling shareholder He Qiaonv
He Qiaoling	The Company's employee, and a lineal kin of the Company's controlling shareholder He Qiaonv
He Guojie	The Company's employee, and a lineal kin of the Company's controlling shareholder He Qiaonv
He Qiaoyong	The Company's employee, and a lineal kin of the Company's controlling shareholder He Qiaonv
He Jiehong	The Company's employee, and a lineal kin of the Company's controlling shareholder He Qiaonv

(V) Affiliated Transactions**1 Affiliated Transactions of Purchasing and Selling Goods, Rendering and Accepting Labor Services****Form of Information on Purchasing of Goods/ Accepting of Labor Services**

Affiliated parties	Contents of affiliated transactions	Amount incurred of current period	Amount incurred of last period
Beijing Orient Aidi Landscape Design Co., Ltd.	Accepting design services	29,700,147.90	27,174,863.96
ODUG (Shanghai) Creative Design and Development Co., Ltd.	Accepting design services		24,311,781.03
Wuyi Dongfang Tealeaf Landscape	Purchasing seedlings	1,700,747.14	2,019,178.00
Shanghai Nita Architecture Landscape Design Co., Ltd.	Accepting design services		450,076.64
Lavin Nuptial Culture Co., Ltd.	Receiving of services	1,041,000.00	159,000.00
Wuxi Orient Cultural Tourism Investment Co., Ltd.	Receiving of services	4,080.00	
Yaan Orient Bifengxia Tourism Co., Ltd.	Purchase of goods	1,259,352.00	

Table of selling commodities/ supplying labor

Affiliated parties	Contents of affiliated transactions	Amount incurred of current period	Amount incurred of last period
Yaan Orient Bifengxia Tourism Co., Ltd.	Rending design services	1,235,394.91	504,716.98
Orient Landscape Industry Group Co., Ltd.	Rending design services		94,339.62
Beijing Orient Aidi Landscape Design Co., Ltd.	Rending lease	1,725,957.17	

2 Affiliated Guarantees

The Company as guaranteeing party:

Name of guaranteed objects	Actual guarantee amount (Yuan)	Starting date	Expiry date	Guarantee completed or not
Shanghai Liyuan Water Treatment Technology Co., Ltd.	322,700.00	2016/7/1	2018/4/30	No
Shanghai Liyuan Water Treatment Technology Co., Ltd.	189,189.00	2016/7/14	2018/10/6	No
Shanghai Liyuan Water Treatment Technology Co., Ltd.	10,000,000.00	2017/11/24	2018/5/24	No
Shanghai Liyuan Water Treatment Technology Co., Ltd.	9,200,000.00	2017/10/30	2018/4/30	No
Shanghai Liyuan Water Treatment Technology Co., Ltd.	134,626,702.67	2016/11/23	2022/11/22	No
Shanghai Liyuan Water Treatment Technology Co., Ltd.	20,000,000.00	2017/12/19	2018/12/18	No
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.	74,000,000.00	2017/4/29	2022/3/19	No
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	100,000,000.00	2017/5/24	2018/5/21	No
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	30,000,000.00	2017/12/6	2018/12/6	No
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	30,000,000.00	2017/6/16	2018/6/1	No
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	50,000,000.00	2017/6/27	2018/6/26	No
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	50,000,000.00	2017/6/28	2018/6/28	No
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	60,000,000.00	2017/9/29	2018/9/28	No
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	40,000,000.00	2017/9/28	2018/9/23	No
Zhongshan Environmental Protection Industry Co., Ltd.	5,000,000.00	2017/1/20	2018/1/18	No
Zhongshan Environmental Protection Industry Co., Ltd.	5,000,000.00	2017/1/23	2018/1/18	No
Zhongshan Environmental Protection Industry Co., Ltd.	900,000.00	2017/2/13	2018/1/18	No
Zhongshan Environmental Protection Industry Co., Ltd.	1,118,577.00	2017/2/15	2018/1/18	No
Zhongshan Environmental Protection Industry Co., Ltd.	1,760,000.00	2017/4/14	2018/4/13	No
Zhongshan Environmental Protection Industry Co., Ltd.	7,000,000.00	2017/5/31	2018/5/25	No

Zhongshan Environmental Protection Industry Co., Ltd.	2,600,000.00	2017/7/17	2018/7/13	No
Zhongshan Environmental Protection Industry Co., Ltd.	1,280,000.00	2017/9/1	2018/8/27	No
Zhongshan Environmental Protection Industry Co., Ltd.	8,500,000.00	2017/10/10	2018/9/28	No
Zhongshan Environmental Protection Industry Co., Ltd.	6,800,000.00	2017/10/23	2018/10/18	No
Zhongshan Environmental Protection Industry Co., Ltd.	20,000,000.00	2017/12/29	2018/11/16	No
Zhongshan Environmental Protection Industry Co., Ltd.	5,256,941.13	2017/12/4	2018/6/4	No
Zhongshan Environmental Protection Industry Co., Ltd.	136,067.40	2017/12/14	2018/6/14	No
Zhongshan Environmental Protection Industry Co., Ltd.	30,000,000.00	2017/4/14	2018/4/13	No
Zhongshan Environmental Protection Industry Co., Ltd.	5,000,000.00	2017/5/11	2018/5/10	No
Zhongshan Environmental Protection Industry Co., Ltd.	15,000,000.00	2017/11/14	2018/10/13	No
Zhongshan Environmental Protection Industry Co., Ltd.	49,950,000.00	2017/5/26	2018/5/25	No
Zhongshan Environmental Protection Industry Co., Ltd.	700,000.00	2017/7/7	2018/1/7	No
Zhongshan Environmental Protection Industry Co., Ltd.	17,089,010.40	2017/9/22	2018/3/22	No
Zhongshan Environmental Protection Industry Co., Ltd.	20,226,240.72	2017/10/30	2018/4/30	No
Zhongshan Environmental Protection Industry Co., Ltd.	11,672,248.03	2017/11/28	2018/5/28	No
Zhongshan Environmental Protection Industry Co., Ltd.	12,735,009.49	2017/12/22	2018/6/22	No
Zhongshan Environmental Protection Industry Co., Ltd.	30,000,000.00	2017/8/11	2018/8/10	No
Zhongshan Environmental Protection Industry Co., Ltd.	18,621,226.99	2017/9/1	2018/3/1	No
Zhongshan Environmental Protection Industry Co., Ltd.	5,000,000.00	2017/10/25	2018/4/26	No
Zhongshan Environmental Protection Industry Co., Ltd.	5,040,000.00	2017/10/25	2018/4/26	No
Zhongshan Environmental Protection Industry Co., Ltd.	2,000,000.00	2017/11/16	2018/5/16	No
Zhongshan Environmental Protection Industry Co., Ltd.	3,000,000.00	2017/12/4	2018/6/4	No
Zhongshan Environmental Protection Industry Co., Ltd.	20,000,000.00	2017/12/11	2018/9/9	No
Zhongshan Environmental Protection Industry Co., Ltd.	1,500,000.00	2017/12/26	2018/6/26	No
Zhongshan Environmental Protection Industry Co., Ltd.	4,060,000.00	2017/7/6	2018/1/6	No
Zhongshan Environmental Protection Industry Co., Ltd.	4,395,807.15	2017/7/17	2018/1/17	No
Zhongshan Environmental	9,706,449.54	2017/8/10	2018/2/10	No

Protection Industry Co., Ltd.				
Zhongshan Environmental Protection Industry Co., Ltd.	11,539,549.67	2017/8/14	2018/2/14	No
Zhongshan Environmental Protection Industry Co., Ltd.	10,000,000.00	2017/10/26	2018/10/26	No
Zhongshan Environmental Protection Industry Co., Ltd.	8,700,000.00	2017/11/29	2018/11/29	No
Zhongshan Environmental Protection Industry Co., Ltd.	17,883,415.90	2017/11/1	2018/5/1	No
Zhongshan Environmental Protection Industry Co., Ltd.	3,426,177.67	2017/11/3	2018/5/3	No
Zhongshan Environmental Protection Industry Co., Ltd.	3,144,720.82	2017/11/6	2018/5/6	No
Zhongshan Environmental Protection Industry Co., Ltd.	5,475,193.50	2017/11/21	2018/5/21	No

3 Assets Transfer and Debts Reorganization of Affiliated Parties

Affiliated parties	Contents of affiliated transactions	Amount incurred of current period	Amount incurred of last period
Orient Landscape Industry Group Co., Ltd.	Business combination under the same control Beijing Oriental Cultural Tourism Asset Management Co., Ltd.	38,500,000.00	

4 Remuneration of Key Management Personnel

Unit: RMB Ten thousand Yuan

Executive name	Remuneration of this year	Remuneration of last year
He Qiaonv	120.00	120.00
Zhao Dong	145.00	130.00
Jin Jian	70.00	-
Tang Kai	120.00	120.00
Liu Weijie	125.00	62.50
Su Jinqi	10.00	10.00
Zhang Tao	10.00	10.00
Zhou Shaoni	5.83	-
Hu Jihua	0.83	-
Sun Xiangbin	39.32	28.20
Huang Xinzong	97.50	90.00
Zhang Zhendi	97.50	90.00
Jia Ying	106.50	88.75
Hou Jiandong	35.00	-
Xie Xiaozhong	75.00	70.00
Yang Lijing	58.75	50.80
Zhou Shu	70.00	70.00
Ma Zhegang	40.37	150.00
Jiang Li	3.33	10.00
Liu Kaixiang	10.00	10.00
Mo Yueming	23.33	-
Chen Xingfu	-	108.33

Zhang Qiang	37.50	75.00
Wang Qiong	51.90	42.00
Total	1,352.68	1,335.58

(VI) Accounts Receivable and Accounts Payable of Affiliated Parties

1 Items Receivable

Name of items	Affiliated parties	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable					
	Wenzhou Yayuan Real Estate Co., Ltd.			586,664.00	58,666.40
Other accounts receivable					
	UDG (Shanghai) Creative Design and Development Co., Ltd.			46,315,964.00	5,395,716.40

2 Items Payable

Name of items	Affiliated parties	Ending book balance	Book balance at the beginning of year
Accounts payable			
	Beijing Orient Aidi Landscape Design Co., Ltd.	666,700.00	3,416,400.00
	UDG (Shanghai) Creative Design and Development Co., Ltd.		5,046,984.00
	Wuyi Dongfang Tealeaf Landscape	1,718,012.15	4,786,418.50
Other accounts payable			
	Beijing Orient Aidi Landscape Design Co., Ltd.	90,000.00	90,000.00
	Shanghai Nita Architecture Landscape Design Co., Ltd.		143,000.00
	UDG (Shanghai) Creative Design and Development Co., Ltd.		1,993,007.91
	Yaan Orient Bifengxia Tourism Co., Ltd.	357,600.00	

X Share-Based Payment

(I) Overall Information on Share-Based Payment

Total amount of various equity instruments granted by the Company in current period:
RMB 7,082,635.69

Total amount of various equity instruments excised by the Company in current period:
RMB 7,995,559.00

Total amount of various equity instruments going invalid of the Company in current period: RMB 21,315,553.71

Scope of exercise price and remained contract period of stock options issued by the Company at the end of the period: (1) Phase-2 option: Exercise price RMB 7.23/ share, remained period 2 years; (2) Phase-2 option reserved: Exercise price RMB 9.62/ share, remained period 2 years; (3) Phase-3 option: Exercise price RMB 8.89/ share, remained period 4 years; (4) Phase-3 option reserved: Exercise price RMB 16.63/ share, remained period 3 years.

Other description:

Execution of Phase-2 Stock Incentive Plan

On Aug. 15, 2014, the Company held a meeting of the Board of Directors, deliberated and passed the Phase-2 Stock Incentive Plan of Beijing Orient Landscape Co., Ltd. (Draft) and its Abstract ("Phase-2 Stock Incentive Plan "), which passed the examination of CSRC. On Dec. 4, 2014, the Company held a general meeting of shareholders' conference, and deliberated and passed the Phase-2 Stock Incentive Plan. Detailed contents of the Phase-2 Stock Incentive Plan:

- (1) Date of first granted: Dec. 18, 2014.
- (2) The incentive objects of the first granted were the Company's 225 middle-level management personnel, who held 8,621,700 shares of stock option in total, accounting for 0.85% of the Company's total capital stock 1,008,711,947 shares at the time of granted; the incentive plan reserved 1,000,000 shares of stock option mainly based on that, the Company is in the important period of development and business transformation at present, needs to attract the joining of plentiful excellent management and technical talents, and providing equity incentive to excellent talents is an important way to excite their work enthusiasm and creativity.

The total number of target shares involved in the Company's all effective Stock Incentive Plans does not exceed 10% of the Company's total capital stock. The total number of shares involved in the stock option incentive which is received by any single incentive object is not more than 1% of the Company's total capital stock. If meeting excise conditions, every share of stock option will have the right to buy 1 share of the Company's stock at exercise price within the exercise period;

- (3) Exercise price: The exercise price of first granted stock option is RMB18.20.
- (4) For the stock options firstly granted under the plan, 12 months after granted date of the incentive plan, incentive objects may exercise right by installments and at average

speed according to the exercise proportion of 25%: 25%: 25%: 25% within exercisable days. Relevant exercise conditions and exercise periods are as shown below:

① Within the waiting period, the net profit (net profit attributing to the Company's common stock holders after deduction of non-recurring gain or loss in the consolidated financial report, with option cost presented in recurring gain or loss, same as below) attributed to the listed company's shareholders of each year in the Company's consolidated financial report which has been audited and the net profit attributed to the listed company's shareholders after deduction of non-recurring gain or loss shall not be lower than the average level of the latest three fiscal years before the date of granted, and shall not be negative.

② If it is available to exercise the second year after the date of granted, the exercise of no more than 25% of the granted stock options shall still meet the following performance conditions: With the Company's net profit in 2014 as base amount, the growth rate of the Company's net profit in 2015 shall reach up to 35%, and the weighted average net rate of return on assets after deduction of non-recurring gain or loss shall not be lower than 14%. If such performance conditions are satisfied, the exercise period for such part of stock option will be from the next trading day after one year since the date of granted to the trading date when it is two full years since the date of granted; if the performance conditions are not satisfied, such part of stock option will be cancelled.

③ If it is available to exercise the third year after the date of granted, the exercise of no more than 25% of the granted stock options shall still meet the following performance conditions: With the Company's net profit in 2014 as base amount, the growth rate of the Company's net profit in 2016 shall reach up to 90%, and the weighted average net rate of return on assets after deduction of non-recurring gain or loss shall not be lower than 15%. If such performance conditions are satisfied, the exercise period for such part of stock option will be from the next trading day after two years since the date of granted to the trading date when it is three full years since the date of granted; if the performance conditions are not satisfied, such part of stock option will be cancelled.

④ If it is available to exercise the fourth year after the date of granted, the exercise of no more than 25% of the granted stock options shall still meet the following performance conditions: With the Company's net profit in 2014 as base amount, the growth rate of the Company's net profit in 2017 shall reach up to 160%, and the weighted average net rate of return on assets after deduction of non-recurring gain or loss shall not be lower than 16%. If such performance conditions are satisfied, the exercise period for such part of stock

option will be from the next trading day after three years since the date of granted to the trading date when it is four full years since the date of granted; if the performance conditions are not satisfied, such part of stock option will be cancelled.

⑤ If it is available to exercise the fifth year after the date of granted, the exercise of no more than 25% of the granted stock options shall still meet the following performance conditions: With the Company's net profit in 2014 as base amount, the growth rate of the Company's net profit in 2018 shall reach up to 260%, and the weighted average net rate of return on assets after deduction of non-recurring gain or loss shall not be lower than 17%. If such performance conditions are satisfied, the exercise period for such part of stock option will be from the next trading day after four years since the date of granted to the trading date when it is five full years since the date of granted; if the performance conditions are not satisfied, such part of stock option will be cancelled.

⑥ On Dec. 12, 2014, the Company held the 19th meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Shortlist of Incentive Objects for the First Time and First Granted Quantity of Phase-2 Stock Incentive Plan.

Among the 239 target incentive objects of first granted of Phase-2 Stock Incentive Plan, 14 personnel left the Company for personal reasons. In accordance with the provisions of Phase-2 Stock Incentive Plan, relevant contents of the Company's Phase-2 Stock Incentive Plan were adjusted, the number of incentive objects for the first time was changed from 239 persons to 225 persons, and corresponding 378,300 shares of option to grant were cancelled. The quantity of options of first granted under the Company's Phase-2 Stock Incentive Plan was adjusted from 9,000,000 shares to 8,621,700 shares.

⑦ On Aug. 7, 2015, the Company held the 26th meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Exercise Price of First Granted of Phase-2 Stock Incentive Plan, adjusted the exercise price of the Company's Phase-2 Stock Incentive Plan according to the method regulated in the Phase-2 Stock Incentive Plan of Beijing Orient Landscape Co., Ltd. (Draft). After adjustment, the exercise price of the first granted was RMB18.14.

⑧ On Dec. 3, 2015, the Company held the 33rd meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Postponing the Granted of Reserved Stock Option of Phase-2 Stock Incentive Plan. The Board of Directors agreed the Company to postpone the granted of reserved stock option under Phase-2 Stock

Incentive Plan, and to complete the granted of reserved stock option in time after the window phase conditions for granted date of reserved stock option are satisfied.

⑨ On Jan. 25, 2016, the Company held the 34th meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Determining the Matters Concerning the Granted of Reserved Stock Option under Phase-2 Stock Incentive Plan. The Board of Directors considered that the conditions for granted of reserved stock option under the Company's Phase-2 Stock Incentive Plan had been satisfied, and determined to grant 1,000,000 shares of stock option to 8 incentive objects meeting granted conditions on Jan. 25, 2016 as the granted date of reserved stock option, and the exercise price was RMB24.10.

⑩ On Apr. 14, 2016, the Company held the 38th meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Shortlist and Quantity of First Conference Incentive Objects of the Company's Phase-2 Stock Incentive Plan. Among the incentive objects for the first time of phase-2 Stock Incentive Plan, 60 persons left the Company for personal reasons. In accordance with the provisions of relevant documents like the Phase-2 Stock Incentive Plan of the Company (Draft) and the Administrative Measures for Assessment on the Implementation of the Company's Phase-2 Stock Incentive Plan, the Company adjusted relevant contents of the first granted of Phase-2 Stock Incentive Plan, adjusted the number of incentive objects of first granted from 225 persons to 165 persons, and corresponding 2,083,300 shares of option were cancelled. The number of options authorized to and not excised by the incentive objects of the first granted of the Company's Phase-2 Stock Incentive Plan was adjusted from 8,621,700 shares to 6,538,400 shares.

⑪ Exercise in the first exercise period of phase-2 stock option incentive plan: On Apr. 14, 2016, the Company held the 38th meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on that the First Excise Period of First Granted Stock Option of the Company's Phase-2 Stock Incentive Plan Does Not Meet Excise Conditions, and decided to cancel corresponding total 1,634,600 shares of stock option in the first exercise period of the first granted stock option of Phase-2 Stock Incentive Plan already granted to 165 incentive objects.

⑫ On Aug. 2, 2016, the Company held the 43rd meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Quantity and Exercise Price of the Stock Option of the Company's Phase-3 Stock Incentive Plans. The Company has recently completed the implementation of equity distribution in 2015, so in

accordance with the adjustment method regulated in the Phase-2 Stock Incentive Plan of Beijing Orient Landscape Ecology Co., Ltd. (Draft), the Company intended to adjust the price of first granted from RMB18.14 to RMB7.23, and the quantity of non-exercised options from 4,903,800 shares to 12,259,500 shares; to adjust the price of the reserved granted from RMB 24.10 to RMB 9.62 and the quantity of non-exercised options of reserved granted from 1,000,000 shares to 2,500,000 shares.

⑬ On May 12, 2017, the Company held the 11th meeting of the sixth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Shortlist and Quantity of First Conference Incentive Objects of the Company's Phase-2 Stock Incentive Plan. Among the incentive objects for the first time of phase-2 Stock Incentive Plan, 37 persons left the Company for personal reasons. In addition, Mrs. Sun Xiangbin, an incentive object of Phase-2 Stock Incentive Plan, was elected as an employee representative supervisor of the Company's sixth session of Board of Supervisors in August 2016, and did not meet the conditions for obtaining stock option. In accordance with the Phase-2 Stock Incentive Plan and the provisions of relevant documents like the Administrative Measures for Assessment on the Implementation of the Company's Phase-2 Stock Incentive Plan, etc., the Company adjusted relevant contents of the first granted of Phase-2 Stock Incentive Plan, adjusted the number of incentive objects of first granted from 165 persons to 127 persons, and corresponding 2,610,375 shares of option were cancelled. The number of first granted was adjusted from 12,259,500 shares to 9,649,125 shares.

⑭ On May 12, 2017, the Company held the 11th meeting of the sixth session of the Board of Directors, deliberated and passed the Proposal on that the Second Exercise Period of First Granted Stock Option and the First Exercise Period of Reserved Granted Stock Option of the Company's Phase-2 Stock Incentive Plan Meet Exercise Conditions. In accordance with the provisions of Phase-2 Stock Incentive Plan, the Second Exercise Period of First Granted Stock Option and the First Exercise Period of Reserved Granted Stock Option of the Company's Phase-2 Stock Incentive Plan met exercise conditions. 12 incentive objects did not meet standards, and their stock options (271,501 shares) in the present year should be cancelled, while other 115 incentive objects of first granted stock option and 8 incentive objects of reserved granted options met exercise conditions. The 115 incentive objects of first granted stock option had a total of 2,944,874 shares of excisable options in the second exercise period; and the 8 incentive objects of reserved

granted stock option had a total of 850,000 shares of exercisable options in the first exercise period.

(15) On June 12, 2017, the Company completed the exercise work in the second exercise period of the first granted stock option and in the first exercise period of reserved granted stock option of phase-2 Stock Incentive Plan. 115 incentive objects exercised a total of 3,794,874 shares, and paid a total of RMB29,468,439.02 as fee for exercising to the Company. Wherein, the fee for exercising first granted stock option was RMB21,291,439.02, and the fee for exercising reserved option was RMB8,177,000.00. After completion of exercising, the Company's total capital stock increased by 3,794,874 shares, and such stocks went on the market for circulation on June 16, 2017.

(16) On Jul. 21, 2017, the 13th meeting of the sixth session of the Board of Directors deliberated and passed the Proposal on Adjusting the Quantity and Exercise Price of the Stock Option of the Company's Phase-2 Stock Incentive Plans. Due to the implementation of equity distribution in 2016, and in accordance with the adjustment method regulated in the Phase-2 Stock Incentive Plan (Draft), the Company intended to adjust the price of first time granted from RMB 7.23 to RMB 7.20, and the price of the reserved granted from RMB 9.62 to RMB 9.59.

Brief Introduction to Phase-3 Stock Incentive Plan

(1) On May 24, 2016, the Company held the 40th meeting of the fifth session of the Board of Directors, deliberated and passed the Phase-3 Stock Incentive Plan of Beijing Orient Landscape Ecology Co., Ltd. (Draft) ("Phase-3 Stock Incentive Plan") and its Abstract.

(2) On Aug. 2, 2016, the Company held the 2nd extraordinary meeting of shareholders' conference in 2016, deliberated and passed the Phase-3 Stock Incentive Plan of Beijing Orient Landscape Ecology Co., Ltd. (Draft).

(3) Phase-3 Stock Incentive Plan intended to grant to incentive objects 5,156,700 shares of stock options, accounting for around 0.51% of the Company's total capital stock of 1,008,711,947 shares when the incentive plan was signed. Including, 4,726,900 shares of stock option were granted for the first time, and 429,800 shares were reserved for granted. The exercise price was RMB22.28/ share, and the stocks were sourced from the Company's directed issue of A shares to incentive objects. The effective period of this stock option incentive plan was 60 months since the granted date of the stock option. Within 12 months after the granted date of this incentive plan, incentive objects shall exercise the stock option granted by this plan for the first time by four installments within

the exercisable days at average speed. As for the reserved 429,800 shares of stock option, the exercise was determined separately by the Board of Directors. The reserved stock options would be granted to incentive objects at one stroke by holding a meeting of the Board of Directors within 12 months after the granted date of such stock options according to relevant regulations;

(4) Adjustments to Phase-3 Stock Incentive Plan

① On Aug. 2, 2016, the Company held the 43rd meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Quantity and Exercise Price of the Stock Option of the Company's Phase-3 Stock Incentive Plans.

② The Company completed the implementation of equity distribution in 2015, so in accordance with the adjustment method regulated in the Phase-3 Stock Incentive Plan of Beijing Orient Landscape Ecology Co., Ltd. (Draft), the Company intended to adjust the price of first granted from RMB22.28 to RMB8.89, and the quantity of non-exercised options from 4,726,900 shares to 11,817,250 shares; to adjust the quantity of non-exercised options of reserved granted from 429,800 shares to 1,074,500 shares.

③ On Aug. 15, 2016, the Company held the 45th meeting of the fifth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Shortlist of Incentive Objects for the First Time and First Granted Quantity of Phase-3 Stock Incentive Plan and the Proposal on Determining the Matters Concerning First Granted of Phase-3 Stock Incentive Plan.

Among the 152 target incentive objects of first granted of Phase-3 Stock Incentive Plan, 16 personnel left the Company for personal reasons. In accordance with the provisions of Phase-3 Stock Incentive Plan, relevant contents of the Company's Phase-3 Stock Incentive Plan were adjusted, the number of incentive objects for the first time was changed from 152 persons to 136 persons, and corresponding 1,372,750 shares of option to grant to the 16 persons having left the Company were cancelled. The quantity of options of first granted under the Company's Phase-2 Stock Incentive Plan was adjusted from 11,817,250 shares to 10,444,500 shares.

④ On Mar. 15, 2017, the Company held the 6th meeting of the sixth session of the Board of Directors, deliberated and passed the Proposal on Determining the Matters Concerning the Granted of Reserved Stock Option under Phase-2 Stock Incentive Plan. The Board of Directors considered that the conditions for granted of reserved stock option under the Company's Phase-3 Stock Incentive Plan had been satisfied, and determined to grant 1,074,500 shares of stock option to 6 incentive objects meeting granted conditions

on Mar. 15, 2017 as the granted date of reserved stock option, and the exercise price was RMB16.63. After 12 months upon the expiration of the granted date of such reserved 1,074,500 shares of stock option (namely after Mar. 15, 2018), the incentive objects shall exercise the options by three installments at average speed as per 34%, 33%, 33% within exercisable days.

⑤ On Jul. 21, 2017, the 13th meeting of the sixth session of the Board of Directors deliberated and passed the Proposal on Adjusting the Quantity and Exercise Price of the Stock Option of the Company's Phase-3 Stock Incentive Plans. Due to the implementation of equity distribution in 2016, and in accordance with the adjustment method regulated in the Phase-3 Stock Incentive Plan (Draft), the Company intended to adjust the price of first time granted from RMB 8.89 to RMB 8.86, and the price of the reserved granted from RMB 16.63 to RMB 16.60.

⑥ On Dec. 13, 2017, the Company held the 18th meeting of the sixth session of the Board of Directors, deliberated and passed the Proposal on Adjusting the Shortlist and Quantity of First Conference Incentive Objects of the Company's Phase-3 Stock Incentive Plan. Among the incentive objects for the first time of phase-3 Stock Incentive Plan, 43 persons left the Company for personal reasons. In accordance with the adjustment method set out in Phase-3 Stock Incentive Plan of the Company (Draft), the Company adjusted contents relating to the first granting under Phase-2 Stock Incentive Plan, adjusted the number of incentive objects of first granted from 136 persons to 93 persons, and corresponding 3,051,000 shares of option were cancelled; adjusted the number of first granted options from 10,444,500 to 7,393,500.

⑦ On Dec. 13, 2017, the Company held the 18th meeting of the sixth session of the Board of Directors, deliberated and passed the Proposal on that the First Exercise Period of Stock Options First Granted under the Company's Phase-3 Stock Incentive Plan Meet Exercise Conditions. In accordance with the provisions of Phase-3 Stock Incentive Plan, the first exercise period of stock options first granted under the Company's Phase-3 Stock Incentive Plan met exercise conditions. 12 first granting incentive objects did not meet standards, and their stock options (225,190 shares) in the present year shall be cancelled, while other 81 incentive objects of first granted stock option met exercise conditions. The 81 incentive objects of first granted stock option had a total of 1,623,204 shares of excisable options in the first exercise period.

(II) Share-Based Payment Settled with Equity

Determination method for the fair value of entity instruments on the grant date: the

Company selected Black-Scholes Options Pricing Model to measure the fair value of the granted stock options.

Determination method for the optimal estimate of the number of exercisable entity instruments: On every date of balance sheet within the waiting period, the Company made optimum estimate about the latest follow-up information obtained such as the change in the number of exercisable employees, etc., corrected the quantity of predicted exercisable equity instruments. On exercisable day, the quantity of finally predicted exercisable equity instruments was consistent with the actual exercisable quantity.

Reason for great difference between the estimate of current period and the estimate of last period: None

The accumulative amount of share-based payment settled with equity and recorded in capital reserve: 36,597,399.39

Total amount of expenses confirmed as per the share-based payment settled with equity in current period: 19,634,453.71

XI Governmental subsidy

(I) Asset-related government subsidy

Type	Amount	Items listed in the balance sheet	Amount transferred to the profit or loss for the period or offset against relevant cost losses		Item transferred to the profit or loss for the period or offset against relevant cost losses
			Amount incurred of current period	Amount incurred of last period	
Granting for the Company's 50,000t/y reclaimed copper smelting technology energy-conservation reconstruction project	3,000,000.00	Differed Income	302,521.00	302,521.01	Other Income
Special fund for technical reconstruction of the financial department	1,880,000.00	Differed Income	188,000.00	188,000.01	Other Income
Sludge treatment project of sewage treatment plant	3,000,000.00	Differed Income	310,091.76	166,666.67	Other Income
Municipal demonstrative project of composting technology for comprehensive use of sludge	10,000,000.00	Differed Income	1,000,000.00		Other Income
Planning and design fee for characteristic town	2,000,000.00	Differed Income			
Total	19,880,000.00		1,800,612.76	657,187.69	

(II) Government subsidies related to income

Type	Amount	Amount transferred to the profit or loss for the period or offset against relevant cost losses		Item transferred to the profit or loss for the period or offset against relevant cost losses
		Amount incurred of current period	Amount incurred of last period	
value-added tax levied and refunded	49,390,026.93	49,390,026.93	43,841,828.23	Other Income
Tax rebate subsidy from local government	33,045,000.00	33,045,000.00	5,330,130.97	Other Income
"Trinity" integrated management concept-based urban river ecological restoration technology and industrialization government support fund collected by Rural Commercial Bank from 4,671 households	1,931,800.00	1,931,800.00		Other Income
R&D and demonstration project of artificial desert alga ecological rehabilitation technology	1,070,500.00	1,070,500.00		Other Income
Large-scale nursery subsidy from Tongzhou Government	754,200.00	754,200.00	754,200.00	Other Income
Subsidy for reconstruction of pollution source	688,000.00	688,000.00		Other Income
Loan subsidy from Finance Office, Sandian Subdistrict, Xinzhou District, Wuhan	672,260.00	672,260.00	50,000.00	Other Income
Large-scale nursery subsidy from Aiguanying Village Government	572,000.00	572,000.00	572,000.00	Other Income
Large-scale nursery subsidy from Pinggu District Government	564,000.00	564,000.00	564,000.00	Other Income
Subsidy for infrastructure construction	500,000.00	500,000.00		Other Income
Technology projects supporting funds	380,000.00	380,000.00		Other Income
Received subsidy from Finance Bureau of Chaoyang District	358,000.00	358,000.00		Other Income
Enterprise support fund	330,000.00	330,000.00		Other Income
2016 employment securing subsidy from Social Insurance Fund Management Center of Chaoyang District	307,679.48	307,679.48	390,741.87	Other Income
Boiler transformation subsidy	297,500.00	297,500.00		Other Income
Project subsidy of Beijing Chaoyang District Science and Technology Committee	250,000.00	250,000.00		Other Income
Energy-saving cycle and resource conservation	4,925,000.00	197,000.00		Other Income
Monitoring facility subsidy for enterprises discharging pollution	130,000.00	130,000.00		Other Income
Subsidy from Beijing Chaoyang District Science and Technology Committee	106,300.00	106,300.00	300,000.00	Other Income

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Subsidy for research and development expenses	100,000.00	100,000.00		Other Income
Acceptance expenditure for Zhongguancun Intellectual Property Bureau	100,000.00	100,000.00		Other Income
Land return	552,354.00	4,017.12		Other Income
Others	385,736.16	385,736.16	485,133.24	Other Income
Subsidy for 2015 Hangzhou Social Development Research Public Relations Project			100,000.00	Other Income
Rewards for winner of Hangzhou Science & Technology Progress Award			100,000.00	Other Income
Tax rebate subsidy from local government			5,330,130.97	Other Income
Special financial reward funds from Fuyang District Government in 2015			2,000,000.00	Other Income
Sludge disposal construction project			2,000,000.00	Other Income
Special financial subsidy for enterprises dealing with recycling resources in 2016			1,670,200.00	Other Income
Financial supporting funds for key industrial investment and "Replacing Manpower with Machines" project			1,471,000.00	Other Income
Appropriation from Finance Bureau of Chaoyang District			859,800.00	Other Income
Financial grants			613,500.00	Other Income
Special financial subsidy for enterprises dealing with recycling resources			579,300.00	Other Income
Reward from Chaoyang District Cultural and Creative Industry Leading Group for Beijing Liulihe Ancient Bridge Wetland Heritage Park			400,000.00	Other Income
Social premium subsidy of Shenyang Construction Enterprise Management Station			288,137.86	Other Income
Technology market special subsidy from Finance Bureau of Chaoyang District			200,000.00	Other Income
Boiler elimination subsidy from financial account of People's Government of Huanshan Township, Fuyang District			200,000.00	Other Income
Funds released by Zhongshan Foref			200,000.00	Other Income
Changyi Phase-1 forest tending subsidy from Forestry Bureau of Changyi City			199,500.00	Other Income
2016 science & technology project supporting funds			186,000.00	Other Income

Special fund subsidy for promotion of technology market from Chaoyang District Government			150,000.00	Other Income
2016 Capital Design Promotion Plan subsidy from Beijing Municipal Science & Technology Commission			150,000.00	Other Income
2015 Fuyang District Top Ten Meritorious Industrial Enterprise Awards			150,000.00	Other Income
Jinhu Xinpin Phase I received subsidy from Jinhu County Financial Treasury Centralized Payment Center	90,000.00			
Special financial support for high-tech industry development of Chaoyang District	1,039,500.00			
Research on technology for ecological safety guarantee of Beijing-Tianjin-Hebei City Group	858,500.00			
Water body pollution control and management	1,200,000.00			
Construction of Landscape design resources platform	300,000.00			
Guidance funds from Chaoyang District Finance Bureau for 2016 Cultural and Creative Industry Development	1,090,000.00			
Research on functional wetland green ecological space construction technology and engineering demonstration project	8,421,400.00			
Total	110,409,756.57	92,134,019.69	69,135,603.14	

XII Commitments and Contingencies

(I) Important Commitments

The Company has no significant commitments which require separate disclosure.

(II) Contingencies

Description of external guarantee: See Note 9, Related-Party and Related Guarantees (V) related party transactions 2 and information on related-party guarantee.

XIII Matters after the Date of Balance Sheet

(I) Important non-adjusting events

None

(II) Condition of profit distribution

(1) According to the audit of 2017 profit distribution plan by BDO China Shu Lun Pan CPAs, the net profit attributable to shareholders of the parent company in 2017 is RMB 2,177,921,682.27, of which the parent company realized a net profit of RMB

1,670,546,549.31. According to relevant provisions of the Articles of Association, a statutory surplus accumulation fund of RMB 167,054,654.93 was drawn at 10% of the net profit of the parent company, after adding the parent company's undistributed profit of RMB 3,584,539,899.78 at the beginning of the year and less the distributed dividends of RMB 80,320,812.18 during the reporting period, the Company's profits available for distribution to shareholders was RMB 5,007,710,981.98. In order to repay the shareholders of the Company, by taking into account the actual business situation in 2017 and the profit distribution policy of the Company, and as recommended by the Company's actual controller Ms. He Qiaonv and Mr. Tang Kai, the profit distribution proposal of Company is to take the general capital 2,682,778,484 shares as the cardinal number and distribute a cash bonus of RMB 0.65 (tax included) for each 10 shares. The total distributed amount is RMB 174,380,601.46. The Company did not distribute any bonus shares or convert public reserve funds into capitals for the year of 2017.

(III) Description for other events after the balance sheet date

1 Issuance of short-term financing bonds:

On Jan. 19, 2018, Beijing Orient Landscape & Environment Co., Ltd. issued the first phase of short-term financing bonds in 2018, with an actual amount issued of RMB 1 billion, a duration of 365 days, an interest rate of 5.98% and the maturity date of Jan. 19, 2019

On Feb. 12, 2018, Beijing Orient Landscape & Environment Co., Ltd. issued the second phase of short-term financing bonds in 2018, with an actual amount issued of RMB 500 million, a duration of 365 days, an interest rate of 6.0% and the maturity date of Feb. 12, 2019

2 Issuance and repayment of SCP:

On Mar. 4, 2018, the Company finished the redemption of the first phase of SCP, and repaid the principal and interest amounting to RMB 1,046,528,767.12.

On Mar. 12, 2018, Beijing Orient Landscape & Environment Co., Ltd. issued the first phase of SCP in 2018, with an actual amount issued of RMB 1 billion, a duration of 270 days, an interest rate of 5.99% and the maturity date of Dec. 7, 2018

XIV Other Important Matters

(I) Unsettled L/G

In order to ensure the successful completion of the project, the Company obtained a performance L/G issued by a commercial bank at the request of the Owner. As of Dec. 31,

2017, the outstanding amount under the L/G was RMB 668,313,900.

(II) Segment Information

1 Determination Basis and Accounting Policies of Report Segment

1 Determination Basis and Accounting Policies of Report Segment

During the reporting period, the Company's business was divided according to the environment & tourism and environmental protection businesses. The comprehensive treatment of water environment, municipal gardens, nursery stock business, and 'all-for-one' tourism were merged into the environment and tourism section; the environmental protection businesses such as solid waste treatment were classified into the environmental protection section.

Accounting Policies of Report Segment:

No related business occurred between the environment & tourism section and the environmental protection section. There was no inter-section price transfer.

Businesses under the environment & tourism section will be carried by the Company's headquarter and independent subsidiaries. Businesses under the environmental protection section will be carried out by Changzhou Jinyuan Copper Co., Ltd., Fuyang Shen-neng Solid Waste Recycling Co., Ltd., Suzhou Wuzhong District Solid Waste Treatment Co., Ltd., Suzhou Pingyuan Environmental Engineering Co., Ltd., Suzhou Haifeng Environmental Protection Investment Co., Ltd.; companies newly acquired in the present year including Nantong Jiuzhou Environmental Protection Technology Co., Ltd., Hangzhou Lvjia Water Purification Agent Technology Co., Ltd., Sichuan Ruiheng, Ningxia Laide Green Energy Co., Ltd.; subsidiaries established through the investment or capital increase in the current period including Heilongjiang Environmental Protection, Tianjin Environmental Protection, Liaoning Environmental Protection, Zhoukou Environmental Protection, Beijing Orient Ruilong Investment Management Co., Ltd. and Beijing Huafei Xingda. There are no cases where the costs indirectly attributable to various sections need to be apportioned, and the business data of the environmental protection section also consists of the financial data of the above 15 companies.

2 Financial Information of Report Segment

Items	Environmental block		Environmental protection block		Set off		Total	
	Amount of current period	Amount of last period	Amount of current period	Amount of last period	Amount of current period	Amount of last period	Amount of current period	Amount of last period
I Operating income	13,721,541,322.22	7,344,562,192.86	1,504,560,389.57	1,219,434,776.01			15,226,101,711.79	8,563,996,968.87
Including: Income from external transaction	13,721,541,322.22	7,344,562,192.86	1,504,560,389.57	1,219,434,776.01			15,226,101,711.79	8,563,996,968.87
Income from transaction between segments								
II Operating cost	9,184,566,723.14	4,854,016,224.57	1,236,798,041.15	898,479,243.05			10,421,364,764.29	5,752,495,467.62
Including: Cost of external transaction	9,184,566,723.14	4,854,016,224.57	1,236,798,041.15	898,479,243.05		-	10,421,364,764.29	5,752,495,467.62
Cost of transaction between segments								
III Asset Impairment Loss	379,241,777.90	209,223,819.80	12,462,304.85	-7,130,560.35			391,704,082.75	202,093,259.45
IV Depreciation costs and amortization charges	66,078,326.93	67,024,659.37	48,039,559.96	37,012,038.75			114,117,886.89	104,036,698.12
V Total profit	2,443,485,229.90	1,357,082,417.17	171,258,860.66	280,514,642.92			2,614,744,090.56	1,637,597,060.09
VI Expense of income tax	347,458,709.15	182,126,276.05	46,659,519.54	74,365,247.13			394,118,228.69	256,491,523.18
VII Net profit	2,096,026,520.75	1,174,956,141.12	124,599,341.12	206,149,395.79			2,220,625,861.87	1,381,105,536.91
VIII Total assets	34,043,205,304.59	22,030,313,867.38	1,367,943,620.26	2,235,026,478.92	296,812,125.99	259,469,390.83	35,114,336,798.86	24,005,870,955.47
IX Total liabilities	22,092,580,635.62	13,366,259,346.15	1,948,397,237.78	1,461,029,104.20	296,812,125.99	259,469,390.83	23,744,165,747.41	14,567,819,059.52

(III) Other important matter influencing investor decision-making

None

XV Notes to Main Items in the Financial Statements of the Parent Company

(I) Accounts receivable

1 Classified Disclosure of Accounts Receivable

Type	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)		Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts Receivable with Significant Single Amount and Having Bad Debt Reserve Withdrawn Independently										
Accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	6,916,429,302.03	100.00	858,461,169.19	12.41	6,057,968,132.84	4,847,211,336.25	100.00	584,022,690.71	12.05	4,263,188,645.54
Accounts receivable with insignificant single amount, but having bad debt reserve withdrawn separately										
Total	6,916,429,302.03	100.00	858,461,169.19		6,057,968,132.84	4,847,211,336.25	100.00	584,022,690.71		4,263,188,645.54

Accounts receivable with bad debt reserve withdrawn by means of account age analysis in the portfolios:

Account age	Ending balance		
	Accounts receivable	Bad debt reserve	Withdrawal proportion (%)
Within 1 year	4,174,880,472.66	208,744,023.64	5.00
1-2 years	1,013,997,339.57	101,399,733.96	10.00
2-3 years	796,050,928.24	79,605,092.82	10.00
3-4 years	369,785,777.87	110,935,733.36	30.00
4-5 years	407,876,396.70	203,938,198.42	50.00
More than 5 years	153,838,386.99	153,838,386.99	100.00
Total	6,916,429,302.03	858,461,169.19	

2 Receivables withdrawn, recovered or reversed in this period

Withdrawal of bad debt reserves is RMB 278,745,212.61 in the current period.

3 Accounts Receivable Actually Cancelled after Verification in the Current Period

Items	Amount cancelled after verification
Actual write-off account receivables	4,306,734.13

Top 5 Owning Parties Classified by Ending Balance of Accounts Receivable

Unit name	Ending balance		
	Accounts receivable	Proportion to total accounts receivable (%)	Bad debt reserve
Binzhou XX Management Committee	416,488,373.09	6.02	45,518,226.49
Bayannur XX Ecological Environment Investment Construction Development Co., Ltd.	378,888,280.30	5.48	18,944,414.02
Datong XX Investment Management Bureau	263,979,226.32	3.82	89,866,195.99
Hancheng XX Water Environmental Development Co., Ltd.	228,514,000.21	3.30	11,425,700.01
Pingchang XX Construction and Development Co., Ltd.	226,233,788.43	3.27	11,311,689.42
Total	1,514,103,668.35	21.89	177,066,225.93

(II) Other accounts receivable

1 Classified Disclosure of Other Accounts Receivable:

Type	Ending balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)		Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other accounts receivables that are individually significant and for which individual bad debt reserves are withdrawn										
Other accounts receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	1,722,305,778.19	100.00	35,516,519.60	2.06	1,686,789,258.59	1,413,015,815.64	100.00	32,856,054.26	2.33	1,380,159,761.38
Other accounts receivable with insignificant single amount and having bad debt reserve withdrawn separately										
Total	1,722,305,778.19	100.00	35,516,519.60		1,686,789,258.59	1,413,015,815.64	100.00	32,856,054.26		1,380,159,761.38

Other accounts receivable with bad debt reserve withdrawn by means of account age analysis in the portfolios:

Account age	Ending balance		
	Other accounts receivable	Bad debt reserve	Withdrawal proportion (%)
Within 1 year	151,832,985.41	7,592,124.28	5.00
1-2 years	63,434,368.28	6,343,436.83	10.00
2-3 years	54,804,364.02	5,480,436.41	10.00
3-4 years	11,011,506.65	3,303,452.00	30.00
4-5 years	3,074,850.00	1,537,425.00	50.00
More than 5 years	11,259,645.08	11,259,645.08	100.00
Total	295,417,719.44	35,516,519.60	

Other accounts receivable without bad debt reserve withdrawn among merged related parties is RMB 1,426,888,058.75.

2 Bad Debt Reserves Withdrawn, Recovered or Transferred Back in the Current Period

The amount of bad debt reserves withdrawn in the current period is RMB 2,900,465.34;

3 Classification of Other Accounts Receivable by Nature

Nature of accounts	Ending book balance	Book balance at the beginning of year
Current account	10,699,283.10	53,282,623.46
Guarantee deposit	246,520,075.79	206,786,607.74
Petty cash and others	21,674,153.23	18,175,074.19
Current account within the combination scope	1,426,888,058.75	1,122,071,510.25
Equity transfer fee	16,524,207.32	12,700,000.00
Total	1,722,305,778.19	1,413,015,815.64

4 Status of actual verified other receivables in current period

Items	Amount cancelled after verification
Other receivables actually cancelled after verification	240,000.00

5 Top 5 Owing Parties Classified by the Ending Balance of Other Accounts Receivable:

Unit name	Nature of accounts	Ending balance	Account age	Proportion in total receivables (%)	Bad debt reserve Ending balance
Beijing Miaolianwang Technology Co., Ltd.	Current account within the	656,284,252.75	1-3 years	38.10	

Unit name	Nature of accounts	Ending balance	Account age	Proportion in total receivables (%)	Bad debt reserve Ending balance
	combination scope				
Zhongshan Environmental Protection Industry Co., Ltd.	Current account within the combination scope	219,468,167.29	Within 1 year	12.74	
Ningbo Haifeng Environmental Protection Co., Ltd.	Current account within the combination scope	177,326,388.90	Within 1 year	10.30	
Shanghai Liyuan Water Treatment Technology Co., Ltd.	Current account within the combination scope	120,103,233.30	Within 1 year	6.97	
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	Current account within the combination scope	86,937,153.76	Within 1 year	5.05	
Total		1,260,119,196.00		73.16	

(III) Long-term Equity Investments

Items	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Investments in Subsidiaries	3,287,086,386.89		3,287,086,386.89	3,717,683,691.37		3,717,683,691.37
Investments in jointly-run enterprises and joint ventures	134,282,376.78		134,282,376.78	168,365,646.89		168,365,646.89
Total	3,421,368,763.67		3,421,368,763.67	3,886,049,338.26		3,886,049,338.26

1 Investments in Subsidiaries

Invested units	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance	Depreciation reserve withdrawn of current period	Ending balance of depreciation reserve
Beijing Dongfang Lihe Landscape Design Co., Ltd.	25,439,470.86			25,439,470.86		
Beijing Dongfang Yidi Landscape Design Co., Ltd.	24,234,011.35			24,234,011.35		
Dalian Dongfang Shengjing LandscapeCo., Ltd.	10,000,000.00			10,000,000.00		
Shanghai Kaiyuan Building Engineering Co., Ltd.	10,000,000.00			10,000,000.00		
Hubei Orient Miaolian Seedling Technology Co., Ltd.	10,000,000.00			10,000,000.00		
Wenzhou Shengli Landscape Engineering Co., Ltd.	1,000,000.00			1,000,000.00		
Nanning Yuanboyuan Landscape Engineering Co., Ltd.	22,163,320.00			22,163,320.00		
Oriental Libang Construction Co., Ltd.	279,750,000.00			279,750,000.00		
Beijing Miaolianwang Technology Co., Ltd.	15,506,761.52			15,506,761.52		
Beijing Orient Landscape Fund Management Co., Ltd.	5,000,000.00			5,000,000.00		
Zhongbang Construction Engineering Co., Ltd.	188,050,000.00			188,050,000.00		
Beijing Oriental Decong Ecological Technology Co., Ltd.	1,165,527.64	795,769.74		1,961,297.38		
Hangzhou Fuyang Jinyuan Copper Co., Ltd.	120,000,000.00			120,000,000.00		
Hangzhou Fuyang Shen-neng Solid Wastes and Environmental Protection Recycling Co., Ltd.	1,464,000,000.00		1,464,000,000.00			
Suzhou Wuzhong District Solid Wastes Treatment Co., Ltd.	181,600,000.00			181,600,000.00		
Xuzhou Dongfang Zhongkuang Ecological Technology Co., Ltd.	30,900,000.00		30,900,000.00			

Invested units	Opening balance	Amount increased of current period	Amount decreased of current period	Ending balance	Depreciation reserve withdrawn of current period	Ending balance of depreciation reserve
Shanghai Puneng Investment Co., Ltd.	50,000.00			50,000.00		
Beijing Dongfang Fudi Environmental Technology Co., Ltd.	5,200,000.00			5,200,000.00		
Zhongshan Environmental Protection Industry Co., Ltd.	950,000,000.00			950,000,000.00		
Shanghai Liyuan Water Treatment Technology Co., Ltd.	324,624,600.00			324,624,600.00		
Orient Landscape (Pingyuan) Environmental Technology Co., Ltd.	1,000,000.00			1,000,000.00		
Suzhou Haifengsheng Environmental Protection Investment Co., Ltd.	48,000,000.00			48,000,000.00		
Hubei Shunda Construction Group Co., Ltd.		634,200,000.00		634,200,000.00		
Nantong Jiuzhou Environmental Protection Technology Co., Ltd.		270,400,000.00		270,400,000.00		
Hangzhou Lvjia Water Purifying Agent Technology Co., Ltd.		65,400,000.00		65,400,000.00		
Ningxia Laide Energy Co., Ltd.		50,000,000.00		50,000,000.00		
Sichuan Ruiheng Lubricating Oil Co., Ltd.		9,000,000.00		9,000,000.00		
Zhoukou Orient Landscape Environmental Protection Technology Co., Ltd.		1,000,000.00		1,000,000.00		
Beijing Oriental Cultural Tourism Asset Management Co., Ltd.		4,506,925.78		4,506,925.78		
Liaoning Orient Landscape Environmental Protection Technology Co., Ltd.		1,000,000.00		1,000,000.00		
Gansu Dongfang Ruilong Environmental Management Co., Ltd.		18,000,000.00		18,000,000.00		
Beijing Huafei Xingda Environmental Protection Technology Co., Ltd.		10,000,000.00		10,000,000.00		
Total	3,717,683,691.37	1,064,302,695.52	1,494,900,000.00	3,287,086,386.89		

2 Investments in jointly-run enterprises and joint ventures

Invested units	Opening balance	Amount increased or decreased of current period							Ending balance	Depreciation reserve withdrawn of current period	Ending balance of depreciation reserve
		Additional investments	Decreased investments	Gain or loss on investment as confirmed under equity method	Adjustment of other comprehensive income	Other changes of equity	Cash dividends or profit declared to grant	Others			
1 Joint venture											
Beijing Orient Aidi Landscape Design Co., Ltd.	3,737,372.38			445,667.28			1,878,768.71		2,304,270.95		
Subtotal	3,737,372.38			445,667.28			1,878,768.71		2,304,270.95		
2 Jointly-run enterprises											
CITIC Qingshui Rujiang (Wuhan) Investment and Construction Co., Ltd.	24,381,832.60			-812,560.73					23,569,271.87		
Libo Dongfang Investment and Development Co., Ltd.	47,996,000.00								47,996,000.00		
Wuhan Zhengye Dongfang Construction and Investment Co., Ltd.	27,705,669.91			150,138.19					27,855,808.10		
Guizhou Shuitou Dongfang Ecological Environment Co., Ltd.	21,656,061.78		19,121,036.59	-2,535,025.19							
Huangshan Jiangnan Forestry Property Exchange Co., Ltd.	20,013,557.55			-35,155.06					19,978,402.49		
Jilin Dongyuan Investment Co., Ltd.	8,618,931.87			-895,006.22					7,723,925.65		
Changchun Lvyuan District Hexin New Urbanization Investment and Construction Management Co., Ltd.	9,377,059.62		8,682,558.67	-694,500.95							
Huaxi Orient Investment Management (Beijing) Co., Ltd.	4,879,161.18			-24,463.46					4,854,697.72		
Subtotal	164,628,274.51		27,803,595.26	-4,846,573.42					131,978,105.83		
Total	168,365,646.89		27,803,595.26	-4,400,906.14			1,878,768.71		134,282,376.78		

(IV) Operating Income and Operating Cost

Items	Amount incurred of current period		Amount incurred of last period	
	Income	Cost	Income	Cost
Main businesses	11,242,633,156.50	7,831,800,594.88	6,182,718,269.36	4,267,269,529.66
Other businesses	19,953,858.09	3,271,540.96	952,531.42	
Total	11,262,587,014.59	7,835,072,135.84	6,183,670,800.78	4,267,269,529.66

(V) Investment Yield

Items	Amount incurred of current period	Amount incurred of last period
Gain on long-term equity investments subject to accounting with cost method	47,500,000.00	527,603.98
Gain on long-term equity investments subject to accounting with equity method	-4,400,906.14	-3,318,924.54
Investment yield obtained from disposal of long-term equity investments	46,850,000.00	-14,285.71
Total	89,949,093.86	-2,805,606.27

XVI Supplementary Data

(I) Schedule of Non-recurring Gain or Loss of the Current Period

Items	Amount	Description
Gain or loss on disposal of non-current assets (including the written-off part with asset depreciation reserve withdrawn)	-139,089,759.44	
Tax returns and exemption with approval exceeding one's authority or without formal approval document		
Governmental subsidy recorded in the gain or loss of the current period (excluding the governmental subsidy closely related to enterprise's businesses, and enjoyed according to national uniform standard quota or fixed quantity)	44,544,605.51	
Fund possession cost from non-financial business included in current profits and losses statement		
Entitled income generated from fair value of net identifiable assets of invested company when the investment cost obtained by the enterprise from subsidiaries, affiliated enterprises and joint ventures is less than the obtained investment.		
Profit or loss from exchange of non-monetary assets		
Profit or loss of entrusting others to invest or managing assets		
Provision for asset impairment withdrawn due to force majeure factors, such as suffering from natural disaster		
Profit or loss from debt restructuring		
Enterprise restructuring charge, such as expenditure on staffing, integration cost.		
Profit or loss of part exceeding fair value generated from		

Items	Amount	Description
transaction with unreasonable transaction price		
Subsidiaries' net gain or loss arising from business combination under the same control, and from the beginning of period to the very period of the date of combination	-126,231.95	
Profit or loss generated from contingencies unrelated to normal business of company		
Profit or loss of fair value change generated from financial assets for trading and transaction financial liabilities, and investment income obtained from disposing financial assets held for trading, transaction financial liabilities and financial assets available for sale, except for effective hedging business related to normal business of company	1,101,485.84	
Reversal of provision for receivable impairment with independent impairment test		
Profit or loss obtained from entrust loans		
Profit or loss generated from fair value change of investment real estate whose subsequent measurement is conducted with fair value model		
Influences on current profit and loss of one-time Adjustment to current profit and loss statement pursuant to the laws and regulations on tax and accounting		
Trustee fee income obtained from entrusted operation		
Other non-operating income and expenditure except for the above-mentioned items	-2,170,988.01	
Other gain or loss items meeting the definition of non-recurring gain or loss		
Amount influencing the income tax	-15,410,225.16	
Amount affected of minor shareholders' equity (after-tax)	2,592,622.34	
Total	-108,558,490.87	

(II) Net Rate of Return on Assets and Earnings per Share:

Profit in the reporting period	Weighted average net rate of return on assets (%)	Earnings per share (Yuan)	
		Basic earnings per share	Diluted earnings per share
Net profit attributed to the Company's common stock holders	21.29	0.81	0.81
Net profit attributed to the Company's common stock holders after deduction of non-recurring gain or loss	22.35	0.85	0.85

Beijing Orient Landscape & Environment Co., Ltd.

April 19, 2018

Note: This document is a translated version of the Chinese Audit Report and Financial Statement Year 2017 ("2017 年审计报告及财务报表"), and the published announcement in the Chinese version shall prevail. The Chinese Audit Report and Financial Statement Year 2017 document can be obtained at <http://www.cninfo.com.cn>.