

Short Form of the Stock: Dadonghai-A, Dadonghai-B

Stock Code: 000613, 200613

海南大东海旅游中心股份有限公司

Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.



Semi-Annual Report 2015 (Full Text)

Disclosure Date: 25 July 2015



Section I. Important Notice, Contents and Paraphrase

Important Notice:

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

All directors are attended the Board Meeting for Report deliberation.

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.

Li Yuanbin, principal of the Company, Fu Zongren, person in charge of accounting works and Liu Xianghai, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2015 is authentic, accurate and complete.

Concerning the forward-looking statements with future planning involved in the Semi-Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.

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Paraphrase

Items	Refers to	Definition
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
Company Law	Refers to	Company Law of The People's Republic of China
Securities Law	Refers to	Securities Law of The People's Republic of China
Company/the Company	Refers to	Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Article of Association	Refers to	Article of Association of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Shareholders' General Meeting	Refers to	Shareholders' General Meeting of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Board of Directors	Refers to	Board of Directors of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Yuan	Refers to	RMB/CNY

Risk Warning

Securities Times, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) are the media for information disclosure appointed by the Company for year of 2015, all information under the name of the Company disclosed on the above said media shall prevail

The report is prepared in bilingual versions of Chinese and English respectively, in the event of any discrepancy in understanding the two aforementioned versions, the Chinese version shall prevail.

Investors are advised to exercise caution of investment risks.



Section II Company profile

I. Company Profile

Short form for share	Dadonghai-A , Dadonghai-B	Code for share	000613, 200613
Short form for share after the change	N/A		
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	海南大东海旅游中心股份有限公司		
Abbr. of Chinese name of the Company	大东海		
English name of the Company	Hainan Dadonghai Tourism Centre (Holdings) Co.,Ltd.		
Abbr. of English name of the Company	DADONGHAI		
Legal Representative	Li Yuanbin		

II. Contact person and ways

	Secretary of the Board	Rep. of securities affairs
Name	Wang Hongjuan	
Contact adds.	Dadonghai Sanya	
Tel.	0898-88219921	
Fax.	0898-88214998	
E-mail	hnddhn@21cn.com	

III. Others

1. Way of contact

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

☐ Applicable ☒ Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2014.

2. Information disclosure and preparation place

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

☐ Applicable ☒ Not applicable



The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2014.

3. Registration changes of the Company

Whether registration has changed in reporting period or not

☐ Applicable ☒ Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2014.



Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

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

☐ Yes ☒ No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	8,421,296.50	11,686,452.00	-27.94%
Net profit attributable to shareholders of the listed company(RMB)	-3,391,966.64	-848,458.96	-299.78%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-4,797,114.00	-907,687.13	-428.50%
Net cash flow arising from operating activities(RMB)	830,910.41	14,916.68	5,470.34%
Basic earnings per share (RMB/Share)	-0.0093	-0.0023	-304.35%
Diluted earnings per share (RMB/Share)	-0.0093	-0.0023	-304.35%
Weighted average ROE (%)	-4.10%	-1.04%	-294.23%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	109,920,311.47	114,080,998.28	-3.65%
Net assets attributable to shareholder of listed company(RMB)	81,023,367.69	84,415,334.33	-4.02%

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

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

☒ Applicable ☐ Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at



				period-begin
Chinese GAAP	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33
Items and amount adjusted by IAS				
By IAS	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33

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

√Applicable □Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33
Items and amount adjusted by foreign accounting rules				
By foreign accounting rules	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33

3. Reasons for the differences of accounting data under accounting rules in and out of China

No differences.

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

√Applicable □Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	164,123.86	Losses 2,075.60 Yuan from disposal of fixed assets, the bad debt provision accrual 166,199.46 Yuan has been written back.
Other non-operating income and expenditure except for the aforementioned items	1,241,023.50	Mainly because the second largest shareholders gains 1,194,445.50 Yuan from short-swing trading which is belongs to the Company
Total	1,405,147.36	--

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

□ Applicable √ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of



extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*



Section IV. Report of the Board of Directors

I. Introduction

During the reporting period, the Company experienced intensified operation decline due to the continuous depress of the overall economic conditions and tourism market as well as our internal operating adjustments. In front of the severe operating difficulties, the Company implemented lots of countermeasures, including increasing cooperation with tourism agencies, network distributors and tourism resorts to share resources; strengthening our internal control management, saving energy and reducing consumption, expanding revenue sources, controlling costs and expenses, and stopping waste; updating software and hardware, enhancing management on internal and external operating environment, updating certain rooms and facilities in batches during the low seasons, so as to further improve our service quality and management. Through these measures, the Company tried its best to prevent operation decline conquering such disadvantages.

In reporting Period, operation revenue of the Company amounting to RMB 8.4213 million, decreased RMB 3.2652 million over same period of last year with 27.94% down; operation profit gains RMB -4.6309 million, more RMB 3.7232 million loss from a year earlier with 410.19% declined; net non-operating income and expenses amounting to RMB 1.2389 million, increased RMB 1.1797 million form a year earlier with 1991.82% up; net profit was RMB -3.392 million, more RMB 2.5435 million loss from a year earlier with 299.78% up. The profit structure or profit resource of the Company has no major chanegd in the Period

II. Main business analysis

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	8,421,296.50	11,686,452.00	-27.94%	The hotel rates and letting rate declined in the Period
Operation cost	271,303.89	5,336.51	4,983.92%	Mainly due to the company had taken back the breakfast managing rights of Chinese restaurant of current year and restaurant cost increase
Sales expenses	6,139,828.47	5,924,967.97	3.63%	Mainly due to the rising prices in the Period, the expenses increased
Administrative expenses	6,399,160.26	5,961,388.09	7.34%	Mainly due to the rising prices in the Period, the expenses increased
Financial cost	-63,474.74	48,005.23	-232.22%	Mainly because the declined of credit card and the increase of bank deposit interest income
Net cash flow arising from operation activities	830,910.41	14,916.68	5,470.34%	Mainly due to the account receivable collected and revenue from abusive share trading by the shareholders



				with over 5 percent shares held
Net cash flow arising from investment activities	-26,327.00	-159,200.00	83.46%	Mainly due to the decrease of disposal of fixed assets in the Period
Net increase of cash and cash equivalent	804,583.41	-144,283.32	657.64%	Mainly due to the account receivable collected and revenue from abusive share trading by the shareholders with over 5 percent shares held

Major changes on profit composition or profit resources in reporting period

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

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

During the reporting period, as affected by the continuous depress of the overall economic conditions and tourism market, our internal operation management adjustment, upgrade of certain hotel facilities as well as increase in costs and expenses, the Company adopted actions accordingly to complete its operating target determined at the beginning of the year, which included adjusting operating strategies, insisting on market-oriented demand, intensifying sales resources based on economic benefits and effectively improving service quality.

III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Tourism & catering	8,421,296.50	271,303.89	96.78%	-27.94%	4,983.92%	-3.18%
According to products						
Tourism & catering	8,421,296.50	271,303.89	96.78%	-27.94%	4,983.92%	-3.18%
According to region						
Hainan Province	8,421,296.50	271,303.89	96.78%	-27.94%	4,983.92%	-3.18%

IV. Core competitive-ness analysis

In the reporting period, the Company's core competitive-ness had no major changes, and more details can be found in Annual Report 2014.

**V. Investment analysis****1. Equity investment outside****(1) Investment outside**

√Applicable □Not applicable

Investment outside		
Investment in the reporting period (RMB)	Investment in the same period of last year (RMB)	Changes
19,216,374.26	24,716,374.26	-22.25%
Invested company		
Name	Main business	Proportion of equity in invested company for listed company
Shenzhen Difu Investment & Development Ltd	Investment, business, material supply and marketing	14.28%
Sanya Xiangyu E-Business Co., Ltd.	E-business, software etc.	18.00%
Hubei Jingsha Dadonghai Club Ltd.	Entertainment industry	91.00%
Sanya Shun'an Casino	Entertainment industry	70.00%

(2) Holding the equity of financial enterprise

□ Applicable √ Not applicable

The company had not held the equity of financial enterprise in the reporting period-end.

(3) Securities investment

□ Applicable √ Not applicable

The Company has no securities investment in the Period

(4) Explanation on equity of other listed company held

□ Applicable √ Not applicable

The Company had no equity of other listed company held in Period.

2. Trust financing, investment of derivatives and entrustment loan**(1) Trust financing**

□ Applicable √ Not applicable

The Company has no trust financing in the Period



(2) Investment of derivatives

☐ Applicable ☒ Not applicable

The Company has no derivatives investment in the Period

(3) Entrustment loan

☐ Applicable ☒ Not applicable

The Company has no entrustment loan in the Period

3. Application of raised proceeds

☐ Applicable ☒ Not applicable

The company had no application of raised proceeds in the reporting period.

4. Main subsidiaries and joint-stock companies analysis

☐ Applicable ☒ Not applicable

No main subsidiaries or joint-stock companies in Period.

5. Major project invested by non-raised funds

☐ Applicable ☒ Not applicable

No major project invested by non-raised funds in Period.

VI. Prediction of business performance from January – September 2015

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

IX. Implementation of profit distribution in reporting period

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

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

☒ Applicable ☐ Not applicable

Time	Place	Way	Type	Reception	Contents discussed and material provided
2015-04-08	Company headquarters	Telephone communication	Individual	Investor in Shanghai (Surname Han)	Operation situation of the Company in the first quarter, no material provided
2015-05-15	Company headquarters	Telephone communication	Individual	Investor in Guangdong (Surname Wang)	Advance money payment for share merger reform and un-lock issues, no material acquired
2015-06-26	Company headquarters	Telephone communication	Individual	Investor in Shenzhen (Surname Zhou)	Whether the Company has information that should be disclosed without released, no material acquired



Section V. Important Events

I. Corporate governance

During the report period, the Company strictly follows the requirements of "Corporation Law", "Securities Law", "Listing Rules of Shenzhen Stock Exchange Stock", and other relevant laws and regulations, establishes and improves the corporate governance system, improves the corporate governance structure, and promotes the company's standard operation, there is no difference between the actual state of corporate governance and the requirements of relevant provisions of China Securities Regulatory Commission.

During the reporting period, the general meeting, board of directors and board of supervisors of the Company exercised their rights of decision-making, execution and supervision separately with clearly defined terms of reference, under which, the three authority organs ran in standardized and effective way with each being balanced by the other two. The convening procedure, proposal consideration procedure and decision-making procedure of the three organs all met relevant requirements. The Directors performed their duties on an honest, diligent and independent basis in strict accordance to the Listing Rules, which was in the interest of the Company and the shareholders as a whole, with the legal interest of the minority shareholders protected as well. Our supervisors made independent and effective supervision and review on the directors, senior management and their financial condition.

The Company will continue to improve the corporate governance, seriously fulfill the obligation of information disclosure, strengthen the management to information disclosure, maintain the principle of fairness about the information disclosure, strengthen the investor relations management, and protect the legitimate rights and interests of all investors.

II. Lawsuits

Significant lawsuits and arbitrations of the Company

☐ Applicable ☒ Not applicable

The Company has no significant lawsuits and arbitrations in reporting period

Other lawsuits

☐ Applicable ☒ Not applicable

III. Question from media

☐ Applicable ☒ Not applicable

No universal questioned by media in reporting period

IV. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

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

**V. Transaction in assets****1. Assets acquisition**

☐ Applicable ☒ Not applicable

The Company did not purchased assets in the Period

2. Sales of assets

☐ Applicable ☒ Not applicable

The Company did not sell assets in the Period

3. Business combination

☐ Applicable ☒ Not applicable

The Company has no business combined in the Period

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

☐ Applicable ☒ Not applicable

No equity incentive in reporting period

VII. Insignificant related transactions**1. Related transaction with daily operation concerned**

☐ Applicable ☒ Not applicable

No related transaction with daily operation concerned in Period.

2. Related transaction incurred by purchase or sales of assets

☐ Applicable ☒ Not applicable

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

3. Related transaction from jointly investment outside

☐ Applicable ☒ Not applicable

No related transaction from jointly investment outside occurred in Period

4. Credits and liability of related party

☒ Applicable ☐ Not applicable

Whether exist non-operating contact of related credit and debt or not

☒ Yes ☐ No

Related party claims receivable:

Related party	Related relationship	Resulted reason	Whether exist non-operational capital	Balance of period-begin (in 10 thousand)	The newly added amount in Period	The amount of recovery in Period (in 10 thousand)	Interest rate	Current interest (in 10 thousand)	Balance at period-end (in 10 thousand)
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			occupying	Yuan)	(in 10 thousand Yuan)	Yuan)		Yuan)	Yuan)
Luoniushan Co., Ltd	First majority shareholder	Consumption	No	0.47	1.27	1.48	0.00%	0	0.26
Influence on operation result and financial statue of the Company from related credit and debts		No influence							

Related party debt payable: no

5. Other related transactions

☒Applicable ☐Not applicable

In reporting Period, lodging and beverage consumption amounting to 12700 Yuan from the first majority shareholder Luoniushan Co., Ltd., presenting 0.15% in similar trading amount, the trading price refers to the amrket price, and the settlement way was same as the non-related transactions

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

☐Applicable ☒Not applicable

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

IX. Major contract and implantation

1. Trusteeship, contract and leasing

(1) Trusteeship

☐Applicable ☒Not applicable

The Company had no trusteeship in the reporting period.

(2) Contract

☐Applicable ☒Not applicable

The Company had no contract in the reporting period.

(3) Leasing

☐Applicable ☒Not applicable

The Company had no leasing in the reporting period.

**2. Guarantee**

☐ Applicable ☒ Not applicable

The Company had no guarantee in the reporting period.

3. Other material contracts

☐ Applicable ☒ Not applicable

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

4. Other material transactions

☐ Applicable ☒ Not applicable

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

X. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or occurred in the previous reporting period but continued to reporting period

☒ Applicable ☐ Not applicable

Commitments	Acceptor	Contents	Commitment time	Commitment period	Implementation
Commitments for Share Merger Reform	First majority shareholder Luoniushan Co., Ltd	Seeking restructuring side actively for assets reorganization	2014-06-27	In 3 years	No appropriate restructuring side has been found so far.
Commitments in report of acquisition or equity change					
Commitments in assets reorganization					
Commitments make in Initial public offering or re-financing					
Other commitments for minority shareholders					
Implemented commitments on time(Y/N)	N				
Detail reasons for un-complement and further plan	N/A				

XI. Engagement and non-reappointment of CPA

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The semi-annual report of the Company had no audited.

XII. Penalty and rectification

☒ Applicable ☐ Not applicable



Title/Name	Type	Cause	Classify by survey punishment	Conclusion	Disclosure date	Disclosure index
Pan Guoping	Shareholders with over 5% shares held	Short-swing trading	Other	N/A	2015-03-18	The "Notice of Short-swing trading by Second largest shareholder" No.: 2015-009 released on Securities Times, Hong Kong Commercial Daily and Juchao Website

Directors, supervisors, senior executives and shareholders with over 5% shares held suspected trading irregularities and the Company released the particular about taken back improprieties incomes

☒Applicable ☐Not applicable

Name of shareholders with over 5% shares held	Time to taken back the improprieties incomes	Improprieties incomes (RMB)
Pan Guoping	2015-03-17	1,194,445.50

XIII. Risk disclosure of delisting with laws and rules violated

☐ Applicable ☒ Not applicable

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

XIV. Explanation on other significant events

☐ Applicable ☒ Not applicable

The Company had no explanation on other significant events in the reporting period.



Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in shares

In share

	Before change		Increase/decrease in this time (+, -)					After change	
	Amount	Ratio	New issue	Bonus share	Capitalization of public reserve	Other	Subtotal	Amount	Ratio
I. Restricted shares	15,535,200	4.27%						15,535,200	4.27%
1. State-owned shares									
2. State-owned corporate shares	3,029,400	0.83%				-660,000	-660,000	2,369,400	0.65%
3. Other domestic shares	12,505,800	3.44%				660,000	660,000	13,165,800	3.62%
Including: Domestic legal person shares	12,373,800	3.40%				198,000	198,000	12,571,800	3.46%
Domestic natural person shares	132,000	0.04%				462,000	462,000	594,000	0.16%
II. Unrestricted shares	348,564,800	95.73%						348,564,800	95.73%
1. RMB common shares	260,564,800	71.56%						260,564,800	71.56%
2. Domestically listed foreign shares	88,000,000	24.17%						88,000,000	24.17%
III. Total shares	364,100,000	100.00%						364,100,000	100.00%

Reasons for share changed

√Applicable □Not applicable

In the process of subsequent work of share-trading reform of the Company, according to relevant regulations the release procedures were in process and part of the shareholders handling the payment of account paid in advance. Thus, the share structure changes in the report period but retained the same in total share capital.

Approval of share changed

□ Applicable √ Not applicable

Ownership transfer of share changed

□ Applicable √ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to



common shareholders of Company in latest year and period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable**II. Number of shares and shares held**

In share

Total common shareholders at period-end		28,181		Total preference shareholders with voting rights recovered at end of reporting period		0		
Particulars about shares held above 5% by common shareholders or top ten common shareholders								
Shareholders	Nature of shareholder	Proportion of shares held	Number of common shares held at period-end	Changes in reporting period	Amount of restricted common shares held	Amount of unrestricted common shares held	Number of share pledged/frozen	
							State of share	Amount
Luoniushan Co., Ltd.	Domestic non-state-owned legal person	16.81%	61,190,270	0	0	61,190,270		
Pan Guoping	Domestic nature person	8.48%	30,879,791	0	0	30,879,791	Pledged	30,000,000
First Shanghai Securities Limited	Overseas legal person	1.69%	6,166,198	6,166,198	0	6,166,198		
Yangpu Tongrong Investment Management Consultation Co., Ltd.	Domestic non-state-owned legal person	1.27%	4,618,800	198,000	4,618,800	0		
CITRINE CAPITAL LIMITED	Overseas legal person	0.90%	3,265,200	0	0	3,265,200		
Penghua Assets- Galaxy Securities-Essence Qiansheng Future Management (SZ) Co., Ltd.	Other	0.82%	2,993,420	2,993,420	0	2,993,420		
Sun Huiming	Domestic nature person	0.78%	2,833,890	2,833,890	0	2,833,890		
Li Shuyang	Domestic nature person	0.70%	2,549,200	2,549,200	0	2,549,200		



Sanya Zhongxing Development Co., Ltd.	Domestic non-state-owned legal person	0.70%	2,541,000	0	2,541,000	0		
Sanya Rural Credit Cooperative	Domestic non-state-owned legal person	0.63%	2,310,000	0	0	2,310,000		
Strategy investors or general corporate becomes top 10 common shareholders due to rights issued		N/A						
Explanation on associated relationship among the aforesaid shareholders		The Company is unknown whether there exists associated relationship or belongs to the consistent actor regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company among the other shareholders.						
Particular about top ten common shareholders with un-restrict shares held								
Shareholders		Amount of unrestricted common shares held at period-end			Type of shares			
					Type		Amount	
Luoniushan Co., Ltd.		61,190,270			RMB common share		61,190,270	
Pan Guoping		30,879,791			Domestically listed foreign share		30,879,791	
First Shanghai Securities Limited		6,166,198			Domestically listed foreign share		6,166,198	
CITRINE CAPITAL LIMITED		3,265,200			Domestically listed foreign share		3,265,200	
Penghua Asssets- Galaxy Securities-Essence Qiansheng Future Management (SZ) Co., Ltd.		2,993,420			RMB common share		2,993,420	
Sun Huiming		2,833,890			Domestically listed foreign share		2,833,890	
Li Shuyang		2,549,200			RMB common share		2,549,200	
Sanya Rural Credit Cooperative		2,310,000			RMB common share		2,310,000	
CREDIT SUISSE AG SINGAPORE BRANCH		1,961,575			Domestically listed foreign share		1,961,575	
CITIC Securities Co., Ltd.		1,890,622			RMB common share		1,890,622	
Expiation on associated relationship or consistent actors within the top 10 un-restrict common shareholders and between top 10 un-restrict common shareholders and top 10 common shareholders		The Company is unknown whether there exists associated relationship or belongs to the consistent actor regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company among the other shareholders.						



Explanation on top ten common shareholders involving margin business	Li Shuyang holds 2,549,200 A-Share of the Dadonghai through the client credit guarantee account under the name of Hengtai Securities Co., Ltd.
--	--

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

☐ Yes ☒ No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

III. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

☐ Applicable ☒ Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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



Section VII. Preferred Stock

☐ Applicable ☒ Not applicable

The Company had no preferred stock in the reporting.



Section VIII. Directors, Supervisors and Senior Executives

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

☐ Applicable ☒ Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2014.

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

☒ Applicable ☐ Not applicable

Name	Title	Type	Date	Reason
Chen Zhen	CFO	Leave the post	2015-04-01	Resignation
Fu Zongren	Person in charge of finance	Engagement	2015-04-15	Engagement



Section IX. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The financial report of this semi-annual report was unaudited

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Balance sheet

Prepared by: Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.

2015-06-30

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	23,354,872.95	22,550,289.54
Settlement funds		
Lending funds		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable	456,843.54	2,632,379.02
Prepayments	38,026.00	40,778.52
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividends receivable		
Other receivables	303,919.60	332,661.26
Purchase restituted finance asset		
Inventories	308,746.25	307,057.29



Divided into assets held for sale		
Non-current assets maturing within one year	49,090.84	196,354.90
Other current assets		
Total current assets	24,511,499.18	26,059,520.53
Non-current assets:		
Loans and payments on behalf		
Available-for-sale financial assets	4,500,000.00	4,500,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments		
Investment real estate		
Fixed assets	54,123,058.19	56,301,360.07
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	26,785,754.10	27,220,117.68
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred tax assets		
Other non-current assets		
Total non-current assets	85,408,812.29	88,021,477.75
Total assets	109,920,311.47	114,080,998.28
Current liabilities		
Short-term borrowings		
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		



Accounts payable	2,120,545.16	2,390,345.19
Accounts received in advance	1,179,821.60	1,360,245.91
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	3,448,554.78	3,451,674.05
Taxes payable	-1,535,805.59	-1,155,972.31
Interest payable		
Dividend payable		
Other accounts payable	23,683,827.83	23,619,371.11
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	28,896,943.78	29,665,663.95
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	28,896,943.78	29,665,663.95
Owners' equity:		
Share capita	364,100,000.00	364,100,000.00
Other equity instrument		



Including: preferred stock		
Perpetual capital securities		
Capital public reserve	54,142,850.01	54,142,850.01
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve		
Provision of general risk		
Retained profit	-337,219,482.32	-333,827,515.68
Total owner's equity attributable to parent Company	81,023,367.69	84,415,334.33
Minority interests		
Total owner's equity	81,023,367.69	84,415,334.33
Total liabilities and owner's equity	109,920,311.47	114,080,998.28

Legal Representative: Li Yuanbin

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Liu Xianghai

2. Profit statement

In RMB

Item	Current Period	Last Period
I. Total operating income	8,421,296.50	11,686,452.00
Including: Operating income	8,421,296.50	11,686,452.00
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	13,052,211.04	12,594,139.13
Including: Operating cost	271,303.89	5,336.51
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	471,592.62	654,441.33



Sales expenses	6,139,828.47	5,924,967.97
Administration expenses	6,399,160.26	5,961,388.09
Financial expenses	-63,474.74	48,005.23
Losses of devaluation of asset	-166,199.46	
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-4,630,914.54	-907,687.13
Add: Non-operating income	1,241,023.50	60,567.76
Including: Disposal earnings of non-current asset		
Less: Non-operating expense	2,075.60	1,339.59
Including: Disposal loss of non-current asset	2,075.60	1,339.59
IV. Total Profit (Loss is listed with “-”)	-3,391,966.64	-848,458.96
Less: Income tax		
V. Net profit (Net loss is listed with “-”)	-3,391,966.64	-848,458.96
Net profit attributable to owner’s equity of parent Company	-3,391,966.64	-848,458.96
Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of		



held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-3,391,966.64	-848,458.96
Total comprehensive income attributable to owners of parent Company	-3,391,966.64	-848,458.96
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0093	-0.0023
(ii) Diluted earnings per share	-0.0093	-0.0023

Legal Representative: Li Yuanbin

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Liu Xianghai

3. Cash flow statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	10,868,413.03	12,145,114.03
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Insured savings and net increase of investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		



Write-back of tax received		
Other cash received concerning operating activities	1,871,202.02	147,264.33
Subtotal of cash inflow arising from operating activities	12,739,615.05	12,292,378.36
Cash paid for purchasing commodities and receiving labor service	2,990,680.12	2,563,586.97
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	4,985,952.00	5,246,096.51
Taxes paid	1,611,875.83	1,465,661.88
Other cash paid concerning operating activities	2,320,196.69	3,002,116.32
Subtotal of cash outflow arising from operating activities	11,908,704.64	12,277,461.68
Net cash flows arising from operating activities	830,910.41	14,916.68
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		4,200.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		4,200.00
Cash paid for purchasing fixed, intangible and other long-term assets	26,327.00	163,400.00
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	26,327.00	163,400.00
Net cash flows arising from investing activities	-26,327.00	-159,200.00
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans		
Cash received from issuing bonds		



Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities		
Net cash flows arising from financing activities		
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	804,583.41	-144,283.32
Add: Balance of cash and cash equivalents at the period -begin	22,550,289.54	6,835,685.46
VI. Balance of cash and cash equivalents at the period -end	23,354,872.95	6,691,402.14

**4. Statement on Changes of Owners' Equity**

Current Period

In RMB

Item	Current Period											
	Owners' equity attributable to the parent Company										Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	364,100,000.00				54,142,850.01						-333,827,515.68	84,415,334.33
Add: Changes of accounting policy												
Error correction of the last period												
Enterprise combine under the same control												
Other												
II. Balance at the beginning of this year	364,100,000.00				54,142,850.01						-333,827,515.68	84,415,334.33
III. Increase/ Decrease in this year (Decrease is listed with "-")											-3,391,966.64	-3,391,966.64
(i) Total comprehensive income											-3,391,966.64	-3,391,966.64
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												



(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	364,100,000.00				54,142,850.01						-337,219,482.32		81,023,367.69



Last Period

In RMB

Item	Last Period											
	Owners' equity attributable to the parent Company											Minority interests
	Share capital	Other equity instrument Preferred stock	Perpetual capital securities	Other	Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	
I. Balance at the end of the last year	364,100,000.00				54,142,850.01						-336,331,002.15	81,911,847.86
Add: Changes of accounting policy												
Error correction of the last period												
Enterprise combine under the same control												
Other												
II. Balance at the beginning of this year	364,100,000.00				54,142,850.01						-336,331,002.15	81,911,847.86
III. Increase/ Decrease in this year (Decrease is listed with "-")											-848,458.96	-848,458.96
(i) Total comprehensive income											-848,458.96	-848,458.96
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4 Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												



2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	364,100,000.00				54,142,850.01						-337,179,461.11		81,063,388.90



III. Company profile

Hainan Dadonghai Tourism Center (Holdings) Co., Ltd. (hereinafter referred to as “the Company”), was founded as a standardized LLC on April 26, 1993, reorganized and incorporated on the basis of the former Hainan Sanya Dadonghai Tourism Center Development Ltd. and approved by the Hainan Provincial Stock System Experimentation Leading Team Office with a document of Qiong Gu Ban Zi [1993] No. 11. On May 6, 1996, the Company underwent a restructuring and a corresponding division under the approval of the Hainan Provincial Securities Administration Office with a document of Qiong Zheng Ban [1996] No. 58. On October 8, 1996 and January 28, 1997, the Company, with duly approval, went public by issuing 80 million shares of B stock and 14 million shares of A stock respectively on Shenzhen Security Exchange. On June 20, 2007, the Company experienced a reform of non-tradable shares, through which non-tradable share holders of the Company got circulating right of their shares by paying shares to tradable share holders, and tradable share holders got paid three shares for every ten of their shares. The Company operates business in the industry of tourism and catering services.

As of June 30, 2015, the Company’s total capital stock is 364,100,000 shares. The Company’s registered capital is RMB 364.1 million. The legal representative is Li Yuanbin. The registration number of its Business License for Enterprise Legal Person (Duplicate) is 4600001003983. The legal registered residence is Dadonghai, Hedong District, Sanya. Its scope of business includes: accommodation and catering industry (limited to those operated by branches); photography; operation of ornamental plant bonsai, knitwear and textiles, general merchandise, hardware and electrical equipment, chemical products (excluding those require specialized licenses), daily necessities, industrial means of production (excluding those require specialized licenses), metal materials and machinery equipment; commission sale of plane, bus, train and ship tickets (items in require of administrative permission shall be operated under license).

(I) The scope of consolidated financial statements

The scope of consolidated financial statements including the Company headquarter and South China Grand Hotel with Independent accountability.

(II) changes of the scope of consolidated financial statements

Scope of the collected financial statement for the year has no changed

IV. Basis of preparation for financial statements

1. Basis of preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic Standards and



concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises”), as well as the disclosure requirements of Regulation on the Preparation of Information Disclosure of Companies Issuing Public Shares No.15 - General Requirements for Financial Reports (as revised in 2014) by the China Securities Regulatory Commission.

2 Going concern

The Company is currently operating normal, net cash flows from operating activities is positive, the Company is expected to continue operate as going concern in the next twelve months.

V. Principal accounting policies and estimates

Tips of accounting policies and estimates:

Nil

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company’s financial position as at December 31, 2014, and its operating results, cash flows and other related information for the year then ended.

2. Accounting period

The accounting year is from January 1 to December 31 in calendar year.

3. Operating cycle

The operating cycle of the Company is twelve months.

4. Functional currency

RMB is adopted as the functional currency.

5. Accounting treatment for business combinations under the same control and those not under the same control

Nil

6. Methods for preparation of consolidated financial statements

Nil

7. Accounting treatment for joint venture and joint operation

Nil



8. Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term “cash” refers to the cash on hand and the unrestricted deposit. The term “cash equivalents” refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign business and foreign currency transactions

Foreign currency transactions are converted into RMB for recording purpose at the spot exchange rate on the date when the transaction occurs.

Balances of foreign currency monetary items are measured at the spot exchange rate on the balance sheet date. The exchange difference arising there from shall be included in the current profit and loss, except that those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization shall be dealt with according to the principle of borrowing cost capitalization. Foreign currency non-monetary items measured at historical costs shall still be converted at the spot exchange rates on the date when the transactions occur, and the amount in functional currency shall remain unchanged. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rates on the date when the fair value is determined. The exchange difference arising there from shall be included in the current profit and loss or capital reserves.

10. Financial instruments

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

1. Classification of financial instruments

Financial assets and liabilities are classified into the following categories according to the purpose of acquisition: financial assets or financial liabilities measured at fair value and whose variation is included in the current profit and loss, including financial assets or financial liabilities held for trading and financial assets or financial liabilities directly designated to be measured at fair value through current profit and loss, held-to-maturity investments, accounts receivables, available-for-sale financial assets and other financial liabilities, etc.

2. Recognition basis and measurement method of financial instruments

(1) Financial assets (financial liabilities) measured at fair value and whose variation is included in the current profit and loss

Financial assets (financial liabilities) are initially recorded at fair values when acquired (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn). Relevant transaction expenses are included in the current profit and loss.

The interests or cash dividends to be received during the holding period are recognized as investment income. Change in fair values is included in the current profit and loss at the end of the period.



Difference between the fair value and initial book-entry value is recognized as investment income upon disposal; meanwhile, adjustment is made to gains or losses from changes in fair values.

(2) Held-to-maturity investments

Held-to-maturity investments are initially recorded at fair values plus the related trade expenses when acquired (deducting bond interests that have matured but not been drawn). The interest revenue calculated at amortization cost and effective interest rate (nominal interest rate is adopted when the difference between the actual interest rate and the nominal interest rate is minor) during the holding period is recognized as investment income. Effective interest is recognized when obtained, and remains unchanged in the predictable holding period or applicable shorter period.

The difference between the amount received and the book value of the investment is included in the investment profit and loss upon disposal.

(3) Accounts receivable

For creditor's rights receivable arising from external sales of goods or rendering of service by the Company and other creditor's rights of other enterprises (excluding liability instruments quoted in an active market) held by the Company, including accounts receivable, other receivables, notes receivable and prepayments, etc., the initial recognition amount shall be the contract price or agreement price receivable from purchasing party. Accounts receivable with financing nature are initially recognized at their present values.

The difference between the amount received and the book value of the accounts receivable is included in the current profit and loss upon recovery or disposal.

(4) Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at fair values plus the related trade expenses when acquired (deducting cash dividends that have been declared but not been paid or bond interests that have matured but not been drawn).

The interests or cash dividends to be received during the holding period are recognized as investment income. It is measured in fair value at the end of the period and change in fair values is included in other comprehensive income at the end of the period. However, the equity instrument investments unquoted in an active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be measured on the costs basis.

The difference between the amount received and the book value of the financial asset is included in the investment profit and loss upon disposal. Meanwhile, the corresponding part of fair value accumulated change accounted as other comprehensive income is transferred into investment profit or loss.

(5) Other financial liabilities



Other financial liabilities are initially recognized at the sum of fair value and transaction expenses and subsequently measured at amortized costs.

3. Recognition basis and measurement method of transfer of financial assets

When transfer of financial assets occurs, if nearly all of the risks and rewards of ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards of ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria as described above for derecognition of a financial asset. The Company shall classify the transfer of a financial asset into the entire transfer and the partial transfer of financial asset. If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit and loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved in)

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit and loss:

- (1) The book value of derecognized part;
- (2) The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

4. Derecognition criteria of financial liabilities

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the Company shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.



Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit and loss.

Where the Company redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the de-recognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit and loss.

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

For financial instruments with active market, their fair values are determined with quoted market price. For financial instruments without active market, their fair values are determined by using valuation technique. During the valuation, the company use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, select inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction for the asset or liability, and give priority to the use of relevant observable inputs. Unobservable inputs are only adopted when relevant observable inputs cannot be obtained or are impracticable to obtain.

6. Providing of impairment provision on financial assets (exclude receivable accounts)

The Company performs inspection on the book value of financial assets apart from those financial assets measured at fair value through current profit and loss on the balance sheet date. Impairment provision is required if objective evidences of impairment occurs to the financial assets.

(1) Impairment provision of available-for-sale financial assets:

If there is a serious decline in fair value of the available-for-sale financial assets at the end of the period, or such decline is not temporary after considering various factors, the impairment shall be confirmed, the accumulated losses due to decreases in fair value previously included in owner's equity shall be reversed, and the impairment loss shall be recognized.

If, in a subsequent period, the carrying amount of available-for-sale debt instruments investments increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed, included in current profit or loss.

The impairment losses of available-for-sale equity instruments cannot be reversed through profit or loss.

(2) Impairment provision of held-to-maturity investment:

Measurement of held-to-maturity investment impairment loss is governed by measurement of account receivables impairment loss.

**11. Accounts receivable****(1) Provision for bad debts of account receivables that are individually significant**

Assessment basis or standard of amount individually significant	Top five accounts receivable and other receivables in terms of individual amount at the end of the year.
Method of provision for bad debts of accounts receivable that are individually significant	After separate impairment test, provision for bad debts shall be made at the difference of present value of estimated future cash flows in short of their book values, and shall be include in current profit and loss. For accounts receivable with no impairment found after separate tests, they shall be included in corresponding portfolios for provisions for bad debts. For accounts receivable with confirmed impairment losses after separate tests, they shall not be included in portfolios of accounts receivable with similar credit risk features for impairment tests.

(2) Provision for bad debts of accounts receivable made on the basis of portfolio

Portfolio	Provision for bad debts
Aging portfolio	Aging analysis method

Proportions of provision for bad debts on the basis of aging analysis in portfolios:

☒Applicable ☐Not applicable

Aging	Proportion of provision for account receivable	Proportion of provision for other receivables
Within 1 year (including 1 year)	0.00%	0.00%
1—2 years	5.00%	5.00%
2—3 years	15.00%	15.00%
3—4 years	25.00%	25.00%
4—5 years	50.00%	50.00%
More than five years	100.00%	100.00%

In portfolio, adopting balance percentage method for bad debt provision

☐Applicable ☒Not applicable

In portfolio, adopting other method for bad debt provision

☐Applicable ☒Not applicable

(3) Accounts receivable that are individually insignificant but with bad debt provision provided on an individual basis

Reason for bad debt provision provided on an individual basis	For account receivable with an individual balance lower than the top five at the end of the year and with objective evidence showing it may be impaired, and for uncollectible accounts receivable arising from repeal and liquidation of debtor after taking legal clearance procedures, their provision
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	for bad debts shall be provided on an individual basis.
Method of provision for bad debt	For accounts receivable with objective evidence showing they may be impaired, they shall be separate from relevant portfolios and separately tested for impairment to recognize the impairment losses.

12. Inventories

1. Classification of inventories

Inventories are classified into raw materials, stock commodities, low-cost consumables, food materials, fuels, etc.

2. Measurement method of dispatched inventories

Stock commodities are measured at selling price and their purchase and sale price differential are amortized over every month at the method of comprehensive differential. The purchasing and storage of stock materials are measured at actual cost, and at the first-in-first-out method when fetched for use. Low-cost consumables are amortized in full when fetched for use.

3. Determination basis of net realizable values of inventories and provision method of inventory depreciation reserve

After the comprehensive inventory count at the end of the period, provisions for inventory depreciation reserve are made or adjusted at the lower of their costs or net realizable values.

In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

At the end of the period, provisions for inventory depreciation reserve are made on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory depreciation reserve are made on a category basis. For inventories related to the product portfolios manufactured and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provisions for inventory depreciation reserve shall be made on a portfolio basis.

If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory depreciation reserve, which has been provided for. The reversed amounts are included into the current profit and loss.

4. Inventory system

Perpetual inventory system is adopted.

5. Amortization method of low-cost consumables and packaging materials



- (1) Low-cost consumables are amortized at lump-sum method;
- (2) Packaging materials are amortized at lump-sum method.

13. Divided into assets held for sale

14. Long-term equity investments

1. Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. When the company and other joint parties do joint control and have rights to the net assets over an investee, the investee shall be the company's joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When an investing enterprise is able to have significant influences on an investee, the investee shall be its associate.

2. Determination of initial investment cost

(1) Long-term equity investments acquired from business combinations

For business combination under common control: if the company makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, the book value of the owners' equity of the combinee obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed and par value of share issued shall be adjusted to the stock premium in the capital reserved; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings are adjusted.

When exercising control over an investee under common control due to additional investment or other reasons, the initial investment cost of the long-term equity investment shall be determined by the absorbing party's share of the net assets of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost of the long-term equity investment at combination date and the sum of the total of the carrying amount of equity investment held by the acquirer before the combination date and the newly increased investment on the combination date shall be adjusted to share premium. If the balance of share premium is not sufficient, any excess shall be adjusted to retained earnings.

For business combination not under common control, the Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment.

When exercising control over an investee not under common control due to additional investment or other reasons, in stand-alone financial statements, the investor shall change to the cost method and use the carrying amount of



the previously-held equity investment, together with the additional investment cost, as the initial investment cost under the cost method. The audit, legal, valuation and consulting fees, other intermediary fees, and related administrative fees paid by the absorbing party or acquirer for the business combination, shall be recognized in profit or loss as incurred; the cost of issuing equity securities or debt securities as the combination consideration shall be included in the initial cost of the equity securities or debt securities.

(2) Long-term equity investments acquired by other means

For long-term equity investments acquired from making payments in cash, the initial cost is the actually paid purchase cost.

For long-term equity investments acquired from issuance of equity securities, the initial cost is the fair value of the issued equity securities.

If the exchange of non-monetary assets has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes unless there is any conclusive evidence that the fair values of the assets traded in are more reliable. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investment traded in.

For long-term equity investment acquired from debt restructuring, the initial cost is determined based on the fair value.

3. Subsequent measurement and recognition of profit or loss

(1) Long-term equity investment adopting cost method

Long-term equity investments of the Company in its subsidiaries are accounted for at cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the proportion it shall enjoy in the cash dividends or profits declared by the investee as current investment income.

(2) Long-term equity investment adopting equity method

A long-term equity investment in an associate or a joint venture shall be accounted for using the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit and loss.

The Company recognizes the share of the investee's net profits or losses, as well as its share of the investee's other



comprehensive income, as investment income or losses and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the investor. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly.

The Company recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the acquisition date according to the Company's accounting policies and accounting period. When holding the investment, if the investee is capable of providing consolidated financial statements, the profit or loss shall be measured based on the net profit, other comprehensive income and other changes in owners' equity attributed to the company recorded in the consolidated financial statements.

The unrealized profits or losses resulting from transactions between the company and its associate or joint venture are eliminated in proportion to the company's equity interest in the investee, based on which investment income or losses shall be recognized. Any losses resulting from transactions between the investor and the investee, which are attributable to asset impairment shall be recognized in full. The transactions of investing or selling assets between the company and its associate or joint venture are accounted for under relevant accounting policies when the asset constitutes a business.

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: firstly, the book value of the long-term equity investment shall be reduced; secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of long-term equity which form net investment in the investee in substance and the book value of long-term equity shall be reduced; finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and included into current investment loss according to the obligations estimated to undertake. If the investee achieves profit in subsequent periods, the treatment is in the reversed sequence described above, i.e. after deduct any unrecognized investment losses, reduce book value of estimated liabilities recognized, restore book values of other long-term equity which form net investment in the investee in substance, and of long-term equity investment, and recognize investment income at the same time.

(3) Disposal of long-term equity investment

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the current period.

For a long-term equity investment accounted for using the equity method, any other comprehensive income



previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities on a pro-rata basis upon the disposal of the equity investment. The owners' equity recognized due to the investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is included in current profit or loss on a pro-rata basis.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment shall be accounted for in accordance with "Accounting Standard for Business Enterprises No.22-Financial Instruments: Recognition and Measurement". The difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. The owners' equity recognized due to the investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is transferred to current profit or loss upon discontinuation of the equity method.

When no longer exercise control over an investee due to partial disposal of equity investment or other reasons, and with the retained interest, still has joint control of, or significant influence over, the investee, when preparing the individual financial statements, the Company shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the Company can not exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment shall be accounted for in accordance with "Accounting Standard for Business Enterprises No.22-Financial Instruments: Recognition and Measurement", and the difference between the fair value and carrying amount at the date of the loss of control shall be charged to profit or loss for the current period.

The equity investment disposed was obtained over additional investment or other reasons through business combination, when preparing the individual financial statements, and the remaining equity investment accounted on cost method or equity method, the other comprehensive income and other owner's equity recognized due to the equity investment held before acquisition date was accounted for under the equity method are carried forward on a pro-rata basis; when the remaining equity investment is accounted for in accordance with "Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement", the other comprehensive income and other owner's equity are totally carried forward.



15. Investment real estate

Measurement model of investment real estate

Not applicable

16. Fixed assets

(1) Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year. Fixed assets will only be recognized when all the following criteria are satisfied: (1) it is probable that the economic benefits relating to the fixed assets will flow into the Company; (2) the costs of the fixed assets can be measured reliably.

Classification of fixed assets: Fixed assets are classified into buildings and constructions, machinery equipment, transportation equipment, electronic entertainment equipment, other equipment and Improvement. Fixed assets are initially measured at their actual cost when acquired. The costs of a purchased fixed asset are determined at the purchase price, the relevant taxes, and the traffic expenses, loading and unloading fees, installation fees and professional service fees arising from preparing the fixed asset for its intended use. If the payment for a fixed asset is delayed beyond the normal credit conditions and it is of financing nature in effect, the costs of the fixed asset shall be determined based on the present value of the purchase price. The cost of a self-constructed fixed asset shall be formed by the necessary expenses incurred for preparing the asset for its intended use. The fixed assets which the debtor uses to pay back the debt in debt restructuring should be recognized at the fair value of the fixed assets. The difference between the book value of restructured debts and the fair value of fixed assets used to pay back the debt should be recorded into current profit and loss; On the premise that non-monetary asset trade is of commercial nature and the fair value of the asset traded in or out can be measured reliably, the fixed asset traded in with non-monetary asset should be recognized at the fair value of the asset traded out, unless any unambiguous evidence indicates that the fair value of the asset traded in is more reliable; as to the non-monetary asset trade not meeting the aforesaid premise, the book value of the asset traded out and related taxes and surcharges payable should be recognized as the cost of the fixed asset, with gains or losses not recognized. As for the book-entry value, the fixed assets acquired from the absorption and merger of an enterprise under common control are recognized at the book value of the merged enterprise; the fixed assets acquired from the absorption and merger of an enterprise not under common control are recognized at the fair value.

(2) Method of provision for impairment of fixed assets

Category	Depreciated	Depreciable life	Residuals rate	Annual depreciation
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				rate(%)
Buildings and constructions	straight-line-method	20-40	5%	4.75%-2.37%
Machinery equipment	straight-line-method	8-20	5%	11.87%-4.75%
Electronic entertainment equipment	straight-line-method	5-16	5%	19%-5.93%
Transportation equipment	straight-line-method	7-12	5%	13.57%-7.91%
Other equipment	straight-line-method	8	5%	11.87%
Improvement	straight-line-method	5	5%	19%

(3) Recognition basis, pricing and depreciation method for fixed assets under financing lease

The book-entry value of a fixed asset acquired under financing lease is measured at the asset's fair value on the commencement date of the lease or the present value of the minimum lease payment, whichever is lower.

17. Construction in progress

The initial book values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For construction in progress that has reached working conditions for its intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working conditions for its intended use. And the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation. Adjustment shall be made to the originally and provisionally estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

18. Borrowing costs

1. Criteria for recognition of capitalized borrowing costs

Borrowing costs refers to the interests incurred on borrowings borrowing interests, amortization of discounts or premiums, ancillary costs and exchange differences arising from foreign currency borrowings, etc.

For borrowing costs incurred by the Group that are directly attributable to the acquisition, construction or production of assets qualified for capitalization, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognized as expense in the period in which they are incurred and included in profit or loss for the current period.

Qualifying assets are assets (fixed assets, investment property, inventories, etc.) that necessarily takes a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Capitalization of borrowing costs begins when the following three conditions are fully satisfied:

- (1) Expenditures for the assets (including cash paid, transferred non-currency assets or holding debt liability for the acquisition, construction or production of assets qualified for capitalization) have been incurred;
- (2) Borrowing costs have been incurred;
- (3) Acquisition, construction or production that is necessary to enable the asset reach its intended usable or saleable condition have commenced.

2. Capitalization period of borrowing costs

The capitalization period shall refer to the period between the commencement and the cessation of capitalization of borrowing costs, excluding the period in which capitalization of borrowing costs is temporarily suspended.

Capitalization of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

If part of an asset being acquired, constructed or produced has been completed respectively and put into use individually, capitalization of such part of borrowing costs should be suspended.

If different parts of the assets acquired, constructed or produced are completed separately, but such asset will not be ready for the intended use or sale until all parts have been completed, then the borrowing costs will be capitalized until the completion of all parts of the said asset.

3. Suspension of capitalization period

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as profits and losses of the current period, until the acquisition and construction or production of the asset resumes.

4. Calculation of capitalization of borrowing costs

In respect of special borrowings borrowed in for acquisition and production of assets qualified for capitalization, the capitalization of borrowing costs shall be determined with the borrowing costs actually occurred in respect of the special borrowings during the current period less the interest income derived from the un-applied borrowing funds as bank savings or the investment income arising from temporary investment with such borrowing funds.

In respect of general borrowings occupied for acquisition and production of assets qualified for capitalization, the



to-be-capitalized amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement (based on the average for each month end) of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

Where there is any discount or premium for the borrowings, the amount of discounts or premiums that shall be amortized during each accounting period shall be determined based on the effective interest method and an adjustment shall be made to the amount of interests in each period.

19. Biological assets

20. Oil-and-gas assets

21. Intangible assets

(1) Measurement, service life and impairment test

1. Measurement method of intangible assets

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

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

The intangible assets which the debtor uses to pay back the debt in debt restructuring should be recognized at the fair value of the intangible assets. The difference between the book value of restructured debts and the fair value of intangible assets used to pay back the debt should be recorded into the current profit and loss;

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

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



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

(2) Subsequent measurement

The useful life of intangible asset is analyzed on acquisition.

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

2. Estimation of useful life of intangible assets with limited useful life

Item	Estimated useful life	Basis
Land use right	50 years	Validity term of land use certificate

The useful lives and amortization method of intangible assets with limited useful lives are reviewed at the end of each period.

Upon review, the useful lives and amortization method of the intangible assets as at the end of the year are not different from those estimated before.

3. Determination basis of intangible assets with indefinite useful lives

As at the balance sheet date, the Company has no intangible assets with indefinite useful lives.

(2) Accounting policy for internal research and development spending

22. Impairment of long-term assets

If there is any indication that the long-term assets such as long-term equity investment, investment properties accounted through cost pattern, fixed assets, construction in progress, intangible assets etc. may be impaired at the balance sheet date, an impairment test would be implemented. If the result of impairment test indicates the recoverable amounts of the long-term assets are lower than their book values, the difference between the recoverable amounts and book values is recognized as impairment loss, provisions for impairment of the long-term assets are made. The recoverable amounts of the long-term assets are the higher of their fair values less costs to disposal and the present values of the estimated future cash flows of the long-term assets. The provision for impairment is recognized and calculated on the individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the asset group that the individual asset belongs to. The asset group is the minimum asset group which can generate cash flows independently.



The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognized.

23. Long-term deferred expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

1. Amortization method

Long-term deferred expenses are evenly amortized over the beneficial period.

2. Amortization period

Item	Amortization period
Hotel exterior wall decoration	4 years

24. Employee compensation

(1) Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

Payments made by the Company of social security contributions for employees, and union running costs and employee education costs provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits.

Employee benefits which are non-monetary benefits are measured at fair value.

(2) Post-employment benefits

Payments made by the Company of basic endowment insurance and unemployment insurance in accordance with relevant requirements of local government, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision of local requirements in determining the amount payable, is recognized as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

(3) Termination benefits

When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal, or when the Company recognizes costs or expenses related to a



restructuring that involves the payment of termination benefits (the earlier is adopted), the employee benefits liabilities caused by termination benefits are recognized and included in current profit or loss.

(4) Accounting method for other long-term employee benefits

Nil

25. Estimated liabilities

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

1. Recognition criteria of estimated liabilities

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

- (1) The obligation is a present obligation of the Company;
- (2) The performance of the obligation is likely to result in outflow of economic benefits from the Company; and
- (3) The amount of the obligation can be measured reliably.

2. Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

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

The best estimate shall be accounted as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range.

If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, the outcomes within this range are unequally likely to occur, in case that the contingency involves a single item, the best estimate shall be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the Company is expected



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

26. Share-based payment

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

28. Revenue

1. Recognition and measurement principles of revenue from sales of goods

(1) Overall recognition and measurement principles of revenue from sales of goods

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

(2) Recognition criteria of revenue from selling goods and specific recognition timing criteria of revenue of the Company

The Company provides hotel accommodation service as well as goods. After the recognition of both housekeeping department and hotel reception desk, the daily business report is established. The accounting department makes sure the significant risks and rewards of ownership of the goods have been transferred to the client, the selling revenue is recognized.

2. Recognition and measurement principles of revenue from providing labor services

(1) The hotel room service, catering (breakfast) service etc. of the Company, after the hotel room service, catering (breakfast) service etc. had provided, and each consumption department had checked with the receptionist, the daily business report and detailed report of account receivables are established, and the reports are submitted to accounting department, which recognizes the revenue after examining the daily reports.

(2) Revenue from outsourced restaurant and site rental is recognized according to contract or agreement time period and time of collecting.

3. Recognition basis of revenue from transferring the use right of assets

The economic benefits related to the transaction may flow into entities and the amount of revenue can be reliably measured. The amount of revenue from transferring use right of assets is recognized as follows in different circumstances:

(1) The amount of interest income is determined by the time and effective interest rate for others to use the

monetary funds of the Company.

(2) The amount of revenue from usage is determined according to the charging time and method as agreed in relevant contract or agreement.

29. Government subsidies

(1) Recognition basis and accounting treatment for government subsidies related to assets

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

(2) Recognition basis and accounting treatment for government subsidies related to income

If government subsidies related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government subsidies should be recognized as deferred income on acquisition and be included into the current non-operating income in the period of recognizing relevant expenses; if government subsidies related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government subsidies are directly included into the current non-operating income on acquisition.

30. Deferred income tax assets and deferred income tax liabilities

Deductible temporary differences are recognized as deferred income tax assets to the extent that it shall not exceed future taxable income possibly available to be against the deductible temporary difference.

Deductible temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or matters excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the income tax assets and income tax liabilities of the Company for the current period shall be presented based on the net amount after offset.

When the Company has the legal rights to balance income tax assets and income tax liabilities in current period with net settlement, and deferred income tax assets and deferred income tax liabilities are related to the income tax which imposed on the same taxpaying subject by the same tax collection authority or to different tax paying subjects, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved tax paying subject intends to balance income tax assets and liabilities in current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and



deferred income tax liabilities of the Company shall be presented based on the net amount after offset.

31. Leasing

(1) Accounting of operating lease

1. Accounting of leased assets

Lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease period (including rent-free period) and shall be included in the current expenses. Initial direct costs related to lease transactions paid by the Company shall be included in the current expenses.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, such expenses shall be deducted from total lease fees, and residual lease fees shall be amortized over the lease period and included in the current expenses.

2. Accounting of leasing assets

Lease fees received by the Company from leasing assets shall be amortized at straight-line method over the whole lease period (including rent-free period), and shall be recognized as lease income. Initial direct costs related to lease transactions paid by the Company shall be included in the current expenses; if the amount is large, it shall be capitalized, and shall be included in the current income by stages within the whole lease period on same basis for recognition of lease income.

If the expenses related to the lease which shall be paid by the lessee are borne by the Company, such expenses shall be deducted from total lease income by the Company, and residual lease fees shall be amortized over the lease period.

(2) Accounting treatment of finance lease

32. Other significant accounting policies and estimate

33. Significant accounting policies and changes of accounting estimate

(1) Changes of major accounting policies

☐ Applicable ☒ Not applicable

(2) Changes of major accounting estimate

☐ Applicable ☒ Not applicable

**34. Other****VI. Taxation****1. Major tax types and tax rates**

Taxation type	Basis of tax assessment	Tax rate
Value added tax (VAT)	Revenue from sale of goods	3%
Business tax	Operating income	5%
Urban maintenance and construction tax	Turnover tax	7%
Enterprise income tax	Income tax payable	25%
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Property tax	Remaining value after deducting 30% of the original value of houses (including land price)	1.2%
Land use tax	Land area	RMB 18/m ²

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

2. Tax preference

Nil

3. Other

Nil

VII. Notes to the main items of financial statements**1. Monetary funds**

In RMB

Item	Ending balance	Opening balance
Cash	585,363.82	346,943.61
Bank deposit	22,769,509.13	22,203,345.93
Total	23,354,872.95	22,550,289.54

Other explanation: Nil

**2. Financial assets measured by fair value and with variations reckoned into current gains/losses**

Nil

3. Derivative financial assets☐ Applicable ☒ Not applicable**4. Notes receivables**

Nil

5. Accounts receivable**(1) Accounts receivable by type**

In RMB

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accounts receivable with large single amount and accrued for provision of bad debt on a single basis	1,464,505.49	55.35%	1,464,505.49	100.00%		1,464,505.49	29.36%	1,464,505.49	100.00%	
Accounts receivable accrued for provision of bad debt by portfolio	1,181,406.20	44.65%	724,562.66	61.33%	456,843.54	3,523,141.14	70.64%	890,762.12	25.28%	2,632,379.02
Total	2,645,911.69	100.00%	2,189,068.15		456,843.54	4,987,646.63		2,355,267.61		2,632,379.02

Accounts receivable with large single amount and accrued for provision of bad debt on a single basis at period-end:

☒ Applicable ☐ Not applicable

In RMB

Accounts receivable (by unit)	Ending balance			
	Accounts receivable	Provision for bad debts	Provision ratio	Reason for provision
Sanya Power Supply Company	773,409.98	773,409.98	100.00%	Expected unrecoverable due to long account age
Hainan Hong Kong & Macao International Tourism Ltd.	464,563.21	464,563.21	100.00%	Expected unrecoverable due to long account age
Sanya City Council reception	101,652.32	101,652.32	100.00%	Expected unrecoverable



				due to long account age
LLC SOUTH CROSS TRAVELINN	124,879.98	124,879.98	100.00%	Had declared bankruptcy
Total	1,464,505.49	1,464,505.49	--	--

Accounts receivable accrued for provision of bad debt by aging analysis method in portfolio:

☒ Applicable ☐ Not applicable

In RMB

Aging	Ending balance		
	Accounts receivable	Provision for bad debts	Provision ratio
Within 1 year			
Within 1 year (1-year include)	318,986.82		0.00%
Subtotal within one year	318,986.82		0.00%
1—2 years	25,842.26	1,292.11	5.00%
2—3 years	55,782.20	8,367.33	15.00%
3—4 years	22,459.00	5,614.75	25.00%
4—5 years	98,094.91	49,047.46	50.00%
Over 5 years	660,241.01	660,241.01	100.00%
Total	1,181,406.20	724,562.66	

Portfolio recognized:

Accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

☐ Applicable ☒ Not applicable

Accounts receivable accrued for provision of bad debt by other methods in portfolio: Nil

(2) Provision for bad debts accrued, regain or switch back in the Period

In the Period, 0.00Yuan accrued for provision of bad debts; provision for bad debts regains or switch back in the Period amounting to RMB 166,199.46. .

Including significant provision for bad debts regains or switch back in the Period: Nil

(3) Account receivables actually cancel after verification in Period

Nil

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

Nil

**(5) Account receivables recognition terminated due to transfer of financial assets**

Nil

(6) Account receivables transferred and assets & liability formed by its continuous involvement

Nil

6. Prepayments**(1) Aging analysis of repayment**

In RMB

Aging	Ending balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	38,026.00	100.00%	40,778.52	100.00%
Total	38,026.00	--	40,778.52	--

Reasons for significant repayment with over one year age without settle: Nil

(2) Top five prepayment collected by objects at ending balance

Nil

7. Interest receivables

Nil

8. Dividend receivables

Nil

9. Other receivables**(1) Other receivables by type:**

In RMB

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Provision ratio		Amount	Proportion (%)	Amount	Provision ratio	
Other	77,363,143.31	98.68%	77,363,143.31	100.00%	0.00	77,363,143.31	98.64%	77,363,143.31	100.00%	0.00



receivables with large single amount and accrued for provision of bad debt on a single basis										
Other receivables accrued for provision of bad debt by portfolio	1,035,943.53	1.32%	732,023.93	70.66%	303,919.60	1,064,685.19	1.36%	732,023.93	68.75%	332,661.26
Total	78,399,086.84	1,000.00%	78,095,167.24		303,919.60	78,427,828.50	100.00%	78,095,167.24		332,661.26

Other receivables with large single amount and accrued for provision of bad debt on a single basis at period-end:

√ Applicable □ Not applicable

In RMB

Other receivables (by unit)	Ending balance			
	Other receivables	Provision for bad debts	Provision ratio	Reason for provision
Hainan Dadonghai Hotel Co., Ltd.	54,767,945.15	54,767,945.15	100.00%	Unrecoverable
Cash dividends distributed in 1994-1996	16,899,000.00	16,899,000.00	100.00%	Unrecoverable
Hainan Hong Kong & Macao International Tourism Ltd.	4,145,704.16	4,145,704.16	100.00%	Unrecoverable
Guangdong Jinma Tourism Ltd.	1,200,494.00	1,200,494.00	100.00%	Unrecoverable



Shareholder custody fee	350,000.00	350,000.00	100.00%	Unrecoverable
Total	77,363,143.31	77,363,143.31	--	--

Other receivables accrued for provision of bad debt by aging analysis method in portfolio:

☒ Applicable ☐ Not applicable

In RMB

Aging	Ending balance		
	Other receivables	Provision for bad debts	Provision ratio
Within 1 year			
Within 1 year	280,057.38		0.00%
Subtotal within one year	280,057.38		0.00%
1-2 years	21,000.00	1,050.00	5.00%
2-3 years	4,235.61	635.34	15.00%
3-4 years	288.70	72.17	25.00%
4-5 years	190.85	95.43	50.00%
More than five years	1,035,943.53	732,023.93	100.00%

Portfolio recognized: Nil

Other accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

☐ Applicable ☒ Not applicable

Other accounts receivable accrued for provision of bad debt by other methods in portfolio:

☐ Applicable ☒ Not applicable

(2) Provision for bad debts accrued, regain or switch back in the Period

Nil

(3) Other account receivables actually cancel after verification in Period

Nil

(4) Other account receivables category by nature of money

In RMB

Nature of money	Ending book balance	Beginning book balance
Other every receivable and temporary payments	78,399,086.84	78,427,828.50
Total	78,399,086.84	78,427,828.50

**(5) Top five other account receivables collected by arrears party at ending balance**

Nil

(6) Account receivables with government subsidies involved

Nil

(7) Other account receivables recognition terminated due to transfer of financial assets

Nil

(8) Other account receivables transferred and assets & liability formed by its continuous involvement

Nil

10. Inventories**(1) Classification of inventories**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	973,477.24	747,043.57	226,433.67	967,441.05	747,043.57	220,397.48
Stock commodities	22,771.38	11,102.41	11,668.97	22,771.38	11,102.41	11,668.97
Food and beverage	38,332.89		38,332.89	56,723.64		56,723.64
Fuels	32,310.72		32,310.72	18,267.20		18,267.20
Total	1,066,892.23	758,145.98	308,746.25	1,065,203.27	758,145.98	307,057.29

(2) Inventory depreciation reserve

In RMB

Item	Opening balance	Increased in the Period		Decreased in the Period		Ending balance
		Accrual	Other	Reversing or write-off	Other	
Raw materials	747,043.57					747,043.57
Stock commodities	11,102.41					11,102.41



Total	758,145.98					758,145.98
-------	------------	--	--	--	--	------------

(3) Explanation on inventories with capitalization of borrowing costs included at ending balance

Nil

(4) Assets unsettled formed by construction contract which has completed at period-end

Nil

11. Divided into assets held for sale

Nil

12. Non-current assets maturing within one year

In RMB

Item	Ending balance	Opening balance
Long-term differed expenses needed to be amortized within one year	49,090.84	196,354.90
Total	49,090.84	196,354.90

Other explanation: Nil

13. Other non-current assets

Nil

14. Available-for-sale financial assets**(1) Available-for-sale financial assets**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale equity instrument:						
Measured at cost	9,500,000.00	5,000,000.00	4,500,000.00	9,500,000.00	5,000,000.00	4,500,000.00
Total	9,500,000.00	5,000,000.00	4,500,000.00	9,500,000.00	5,000,000.00	4,500,000.00

**(2) Available-for-sale financial assets measured at fair value at period-end**

Nil

(3) Available-for-sale financial assets measured at cost at the end of the period

In RMB

Unit	Book balance				Provision for impairment				Shareholdin g ratio in investee (%)	Cash dividends in 2014
	Beginning balance	Increa sed	Decre ased	Ending balance	Beginning balance	Incre ased	Decre ased	Ending balance		
Shenzhen Difu Investment & Development Ltd	5,000,000.00			5,000,000.00	5,000,000.00			5,000,000.00	14.28%	0.00
Sanya Xiangyu E-business Ltd.	4,500,000.00			4,500,000.00					18.00%	0.00
Total	9,500,000.00			9,500,000.00	5,000,000.00			5,000,000.00	--	

(4) Changes of impairment of available-for-sale financial assets in Period

Type	Available-for-sale equity instrument	Available-for-sale debt instrument		Total
Opening balance of impairment accrual	5,000,000.00			5,000,000.00
Accrual in the Period				
Including: transfer-in from other comprehensive income				
Decreased in the Period				
Including: switch-back while fair value goes up after the Period				
Ending balance of impairment accrual	5,000,000.00			5,000,000.00

(5) Fair value of the available-for-sale equity instrument drops significantly or not contemporarily without depreciation reserves accrued

Nil

**15. Held-to-maturity investment**

Nil

16. Long-term account receivables

Nil

17. Long-term equity investments

In RMB

Investee	Opening balance	Changes in the Period								Ending balance	Impairment provision at ending balance
		Addi- tional inves- tmen- t	Capit- al reduc- tion	Investme- nt gains/loss- es recognize- d by equity method	Adjustme- nt of other comprehe- nsive income	Other equity changes	Cash dividend or profit declare to issue	Provision for impairme- nt losses	Ot- her		
I. Joint venture											
Hubei Jingsha Dadonghai Club Ltd.	4,566,207.42									4,566,207.42	4,566,207.42
Sanya Shun'an Casino	5,150,166.84									5,150,166.84	5,150,166.84
Subtotal	9,716,374.26									9,716,374.26	9,716,374.26
II. Associated enterprise											
Total	9,716,374.26									9,716,374.26	9,716,374.26

Other explanation: Nil

18. Investment real estate

Nil

19. Fixed assets**(1) Fixed assets**

In RMB

Item	Buildings and Constructions	Total
------	-----------------------------	-------



I. Original book value		
1. Opening balance	155,421,287.59	186,646,178.12
2. Increased in the Period		26,327.00
(1) Purchase		26,327.00
(2) Transferred from construction in progress		
(3) Increased due to enterprise merger		
3. Decreased in the Period		13,440.00
(1) Disposal or scrap		13,440.00
4. Ending balance	155,421,287.59	186,659,065.12
II. Accumulated depreciation		
1. Opening balance	72,118,907.64	95,910,171.41
2. Increased in the Period	1,686,146.04	2,202,553.28
(1) Withdraw	1,686,146.04	2,202,553.28
3. Decreased in the Period		11,364.40
(1) Disposal or scrap		11,364.40
4. Ending balance	73,805,053.68	98,101,360.29
III. Depreciation reserves		
1. Opening balance	31,685,159.76	34,434,646.64
2. Increased in the Period		
(1) Withdraw		
3. Decreased in the Period		
(1) Disposal or scrap		
4. Ending balance	31,685,159.76	34,434,646.64
IV. Book value		
1. Ending book value	49,931,074.15	54,123,058.19
2. Beginning book value	51,617,220.19	56,301,360.07

**(2) Fixed assets temporarily idled**

In RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
24 inches Shanrui cup	153,919.64	5,433.83	140,788.83	7,696.98	
Furniture cleaning machine	20,322.04	5,434.94	13,871.00	1,016.10	
Four heads coffee machine	7,758.14	2,070.23	5,300.00	387.91	
Thermal cabinet	26,202.02	6,917.92	17,974.00	1,310.10	
Milk shaker	9,221.94	184.00	9,037.94		
VIP card stamping and coloring machine	13,286.80	266.00	13,020.80		

(3) Fixed assets rented by finance leases

Nil

(4) Fixed assets leased in the operating leases

Nil

(5) Fixed assets without certificate of title completed

Nil

20. Construction in process

Nil

21. Engineering materials

Nil

22. Disposal of fixed assets

Nil

23. Productive biological assets

Nil

**24. Oil-and-gas assets**

□ Applicable √ Not applicable

25. Intangible assets**(1) Intangible assets**

In RMB

Item	Land use right	Patent right	Non-patent technology		Total
I. Original book value					
1.Opening balance	87,315,277.74				87,315,277.74
2.Increased in the Period					
(1) Purchase					
(2) internal R&D					
(3) Increased due to enterprise merger					
3.Decreased in the Period					
(1)disposal					
4.Ending balance	87,315,277.74				87,315,277.74
II. Accumulated depreciation					
1.Opening balance	30,751,269.08				30,751,269.08
2.Increased in the Period	434,363.58				434,363.58
(1) Accrual	434,363.58				434,363.58
3.Decreased in the Period					
(1)disposal					
4.Ending balance	31,185,632.66				31,185,632.66
III. Depreciation reserves					



1.Opening balance	29,343,890.98				29,343,890.98
2.Increased in the Period					
(1) Accrual					
3.Decreased in the Period					
(1)disposal					
4.Ending balance	29,343,890.98				29,343,890.98
IV. Book value					
1. Ending book value	26,785,754.10				26,785,754.10
2 Beginning book value	27,220,117.68				27,220,117.68

(2) Land use right without certificate of title completed

Nil

26. Development expenditure

Nil

27. Goodwill

Nil

28. Long-term deferred expenses

Nil

29. Deferred income assets/liabilities

Nil

30 .Other non-current assets

Nil

31 .Short-term loans

Nil

**33. Derivative financial liabilities**

□ Applicable √ Not applicable

34. Note payable

Nil

35. Accounts payable**(1) Details of accounts payable are as follows**

In RMB

Item	Ending balance	Opening balance
Within 1 year (including 1 year)	528,780.02	798,580.05
1-2 years (including 2 years)	562,577.83	562,577.83
2-3 years (including 3 years)	145,272.00	145,272.00
Over 3 years	883,915.31	883,915.31
Total	2,120,545.16	2,390,345.19

(2) Accounts payable with major amount and aging of over one year

In RMB

Item	Ending balance	Reasons for fail to payment or carry-over
Temporarily estimated	663,611.83	Temporarily estimated for storage, no need to paid
Sanya Longhu Park Tourist Area	474,254.38	Payment of contacts
Sanya Dafeng Agricultural Comprehensive Development Co., Ltd.	247,723.91	Payment of contacts
Total	1,385,590.12	--

Other explanation: Nil

36. Accounts received in advance**(1) Accounts received in advance**

In RMB

Item	Ending balance	Opening balance
Within 1 year (including 1 year)	681,140.99	861,565.30
1-2 years (including 2 years)	48,544.76	48,544.76



2-3 years (including 3 years)	77,206.88	77,206.88
Over 3 years	372,928.97	372,928.97
Total	1,179,821.60	1,360,245.91

(2) Accounts received in advance with major amount and aging of over one year Nil**(3) Assets settled formed by construction contract which has un-completed at period-end**

Nil

37.Employee compensation payable**(1) Classification of employee compensation payable**

In RMB

Item	Opening balance	Increase in the period	Decrease in the period	Ending balance
I. Short-term employee benefits	3,451,674.05	4,982,832.73	4,985,952.00	3,448,554.78
Total	3,451,674.05	4,982,832.73	4,985,952.00	3,448,554.78

(2) Short-term employee benefits

In RMB

Item	Opening balance	Increase in the period	Decrease in the period	Ending balance
1.Salary, bonus, allowance and subsidy	2,639,512.64	3,153,482.66	3,211,756.79	2,581,238.51
2.Employee welfare		996,684.61	996,684.61	
3.Social insurance premium		660,723.77	660,723.77	
Of which: including: medical insurance expenses		191,927.01	191,927.01	
Work injury insurance expenses		11,473.40	11,473.40	
Maternity insurance		17,459.34	17,459.34	
4.Housing provident funds		53,582.60	53,582.60	
5.Labor union expenditures and employee education expenses	812,161.41	118,359.09	63,204.23	867,316.27
Total	3,451,674.05	4,982,832.73	4,985,952.00	3,448,554.78

**(3) Details of defined contribution plans**

Nil

38 .Taxes and surcharges payable

In RMB

Item	Ending balance	Opening balance
VAT	135,982.62	135,982.62
Business tax	27,599.80	86,744.38
Enterprise income tax	-1,702,702.80	-1,702,702.80
Individual income tax		16.52
Urban maintenance and construction tax	1,931.98	6,072.11
Educational surtax	1,379.99	4,337.22
Property tax		204,986.70
Land use tax	2.82	108,590.94
Total	-1,535,805.59	-1,155,972.31

Other notes: Nil

39. Interest payable

Nil

40. Dividend payable

Nil

41 .Other payables**(1) Other payables by items**

In RMB

Item	Ending balance	Opening balance
Within 1 year (including 1 year)	924,920.85	860,464.13
1-2 years (including 2 years)	142,349.99	142,349.99
2-3 years (including 3 years)	299,546.18	299,546.18



Over 3 years	22,317,010.81	22,317,010.81
Total	23,683,827.83	23,619,371.11

(2) Other payables with large amount and aging of over one year

In RMB

Item	Ending balance	Reason for non-repayment or carryover
China Securities Regulatory Commission	19,810,000.00	Financial difficulty
Sun Hongjie	1,000,000.00	Guarantee deposit
Hong Kong Deloitte & Touche LLP	285,003.21	Audit fees
Fu Yumei	227,780.23	Deposit
Total	21,322,783.44	--

Other notes: Nil

42. Divided into liability held for sale

Nil

43. Non-current liability due within one year

Nil

44. Other current liability

Nil

45. Long-term loans**(1) Classification of long-term loans**

Nil

46. Bond payable

Nil

47. Long-term payable

Nil

**48. Long-term employee salary payable**

Nil

49. Specific payable

Nil

50. Estimates liabilities

Nil

51. Deferred income

Nil

52. Other non-current liability

Nil

53 .Share capital

In RMB

	Opening balance	Increase or decrease (+, -)					Ending balance
		New issue	Shares granted	Share capital converted from reserve fund	Others	Sub-total	
Total shares	364,100,000.00						364,100,000.00

Other notes: Nil

**54. Other equity instruments****(1) Other financial instruments of outstanding preferred stock, perpetual capital societies etc. at period-end**

Nil

(2) Changes of the statement of financial instruments of outstanding preferred stock, perpetual capital societies etc. at period-end

Nil

55 .Capital reserves

In RMB

Item	Opening balance	Increase in the period	Decrease in the period	Ending balance
Capital (share capital) premium	33,336,215.58			33,336,215.58
Other capital reserves	20,806,634.43			20,806,634.43
Total	54,142,850.01			54,142,850.01

Other explanation, including changes and reasons in the Period: Nil

56. Treasury stock

Nil

57. Other comprehensive income

Nil

58. Reasonable reserves

Nil

59. Surplus reserves

Nil

60 .Undistributed profits

In RMB



Item	The period	Last period
Undistributed profit of last period-end before adjustment	-336,331,002.15	-336,331,002.15
Undistributed profit of period-begin after adjustment	-333,827,515.68	-336,331,002.15
Plus: net profit attributable to owner of parent company in the period	-3,391,966.64	-848,458.96
Undistributed profits of period-end	-337,219,482.32	-337,179,461.11

Adjustment of undistributed profit at period-begin:

- 1) For the retroactive adjustment based on Accounting Standards for Business Enterprises and other relevant regulations, affected undistributed profit at period-begin of 0 Yuan
- 2) For changes of accounting policies, affected undistributed profit at period-begin of 0 Yuan
- 3) For correction on major accounting errors, affected undistributed profit at period-begin of 0 Yuan
- 4) For changes of consolidation scope from same controlling, affected undistributed profit at period-begin of 0 Yuan
- 5) Other adjustment totally affected undistributed profit at period-begin of 0 Yuan

61 .Operating income and operating cost

In RMB

Item	Amount as the period		Amount as last period	
	Income	Cost	Income	Cost
Main business	8,421,296.50	271,303.89	11,686,452.00	5,336.51
Total	8,421,296.50	271,303.89	11,686,452.00	5,336.51

62 .Business tax and surcharges

In RMB

Item	Amount as the period	Amount as last period
Business tax	421,064.84	584,322.61
Urban maintenance and construction tax	29,474.54	40,902.59
Educational surtax	21,053.24	29,216.13
Total	471,592.62	654,441.33

Other notes: Nil

63 .Selling expenses

In RMB



Item	Amount as the period	Amount as last period
Sales expense	6,139,828.47	5,924,967.97
Total	6,139,828.47	5,924,967.97

Other notes: Nil

64 .Administrative expenses

In RMB

Item	Amount as the period	Amount as last period
Administrative expenses	6,399,160.26	5,961,388.09
Total	6,399,160.26	5,961,388.09

Other notes: Nil

65 .Financial expenses

In RMB

Item	Amount as the period	Amount as last period
Less: interest income	90,199.32	22,530.32
Handling charges	26,724.58	70,535.55
Total	-63,474.74	48,005.23

Other notes: Nil

66. Losses on assets impairment

In RMB

Item	Amount as the period	Amount as last period
I. Losses on bad debt	-166,199.46	
Total	-166,199.46	

Other notes: Nil

**67. Gains from changes of fair value**

Nil

68. Gains on investment

Nil

69 .Non-operating incomes

In RMB

Item	Amount as the period	Amount as last period	Amount included in current non-recurring profits or losses
Income from compensation	40,666.00	46,027.00	40,666.00
Others	1,200,357.50	14,540.76	1,200,357.50
Total	1,241,023.50	60,567.76	1,241,023.50

Government subsidy reckoned into current gains/losses: Nil

70. Non-operating expenses

In RMB

Item	Amount as the period	Amount as last period	Amount included in current non-recurring profits or losses
Total losses on disposal of non-current assets	2,075.60	1,339.59	
Including: loss on disposal of fixed assets	2,075.60	1,339.59	
Total	2,075.60	1,339.59	

Other notes: Nil

71 .Income tax expenses

Nil

72 .Other comprehensive income

More details can be seen in Note.

**73. Notes to statement of cash flows****(1) Other cash receipts related to operating activities**

In RMB

Item	Amount as the period	Amount as last period
Income from violation short-swing trading	1,197,462.50	
Compensation for articles in the guest rooms	40,666.00	45,917.00
Interest income	90,199.32	22,530.32
Others income	542,874.20	78,817.01
Total	1,871,202.02	147,264.33

Notes of other cash receipts related to operating activities: Nil

(2) Cash paid for other operating activities

In RMB

Item	Amount as the period	Amount as last period
Sales expense, administration expense	1,616,691.51	1,793,810.07
Financial expense	26,724.58	68,881.15
Other	676,780.60	1,139,425.10
Total	2,320,196.69	3,002,116.32

Notes of cash paid for other operating activities: Nil

(3) Cash received with other investment activities concerned

Nil

(4) Cash paid for other investment activities

Nil

(5) Cash received with other financing activities concerned

Nil

(6) Cash paid for other financing activities

Nil

**74 .Supplementary information to statement of cash flows****(1) Supplementary information to statement of cash flows**

In RMB

Supplementary information	Amount as the period	Amount as last period
1.Net profit adjusted to cash flows from operating activities	--	--
Net profit	-3,391,966.64	-848,458.96
Plus: provision for asset impairment	-166,199.46	
Depreciation of fixed assets, gas and oil assets and productive biological assets	2,202,553.28	2,414,315.37
Amortization of intangible assets	434,363.58	447,470.52
Amortization of long-term deferred expenses	147,264.06	197,264.04
Loss on disposals of fixed assets, intangible assets and other long-term assets ("-" for gains)	2,075.60	1,339.59
Decrease in inventories ("-" for increases)	-1,688.96	2,552.65
Decrease in operating receivables ("-" for increases)	2,309,506.86	-164,666.53
Increase in operating payables ("-" for decreases)	-704,997.91	-2,034,900.00
Net cash flows from operating activities	830,910.41	14,916.68
2. Significant investing and financing activities not involving cash receipts and payments	--	--
3. Net changes in cash and cash equivalents	--	--
Ending balance of cash	23,354,872.95	6,691,402.14
Less: Beginning balance of cash	22,550,289.54	6,835,685.46
Net increase in cash and cash equivalents	804,583.41	-144,283.32

(2) Net cash paid for subsidiary obtained in Period

Nil

(3) Net cash received from disposal of subsidiary in Period

Nil

**(4) Breakdowns of cash and cash equivalents**

In RMB

Item	Ending balance	Opening balance
I. Cash	23,354,872.95	22,550,289.54
Including: cash on hand	585,363.82	346,943.61
Bank deposit available for payment at any time	22,769,509.13	22,203,345.93
III. Ending balance of cash and cash equivalents	23,354,872.95	22,550,289.54

Other notes: Nil

75. Notes on items of changes of owner's equity

Name and adjusted amount on "Other" at balance of year-end of last year: Nil

76. Assets with ownership or right-to-use restricted

Nil

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

Nil

(2) Explanation on foreign operational entity, as for major foreign operational entity, disclosed foreign main operation land, book-keeping currency and basis; and disclosed reasons if the book-keeping currency changed☐ Applicable ☒ Not applicable**78. Hedging**

Disclose hedging items by type of hedging as well as relevant arbitrage tool, qualitative and quantitative information for arbitrage project: Nil

79. Other

Nil



VIII. Changes of consolidation scope

1. Enterprise consolidation not under the same control

Nil

2. Enterprise consolidation under the same control

Nil

3. Counter purchase

Nil

4. Disposal of subsidiaries

Losing controlling rights while dispose subsidiary on one-time

☐Yes ☒No

Dispose subsidiary step by step through multi-dealings and losing controlling rights in the Period

☐Yes ☒No

5. Changes of combination scope

Other reasons contributed the changes for combination scope (e.g. new subsidiary established, liquidate subsidiary etc.): Nil

6. Other

Nil

IX. Equity in other entity

1. Equity in subsidiaries

Nil

2. Trading that has changes in owner's equity in subsidiaries, and still controls the subsidiary

Nil

3. Equity in joint venture or affiliated enterprise

Nil

**4. Important joint operation**

Nil

5. Equity in structuring body that out of the consolidated financial statement scope

Explanation on structuring body that out of the consolidated financial statement scope: Nil

6. Other

Nil

X. The risk associated with financial instruments

Nil

XI. Disclosure of fair value

Nil

XII. Related parties and related party transactions**1. The parent enterprise of the Company**

Nil

2. The subsidiary of the Company

Nil

3. Joint-venture and affiliated enterprise of the Company

Nil

4. Other related parties

Name	Relationship with the Company
Luoniushan Co., Ltd.	The largest shareholder

Other notes

As of December 31, 2014, Luoniushan Co., Ltd., as the largest shareholder, held 61,190,300 shares (16.81% of the total share capital of the Company).

**5. Related party transactions****(1) Sale of goods/rendering of labor services/labor service offering**

Sale of goods/rendering of labor services: Nil

Goods sold and labor service offering

In RMB

Related party	Contents of related party transactions	Amount as the period	Amount as last period
Luoniushan Co., Ltd.	Accommodation	12,670.66	51,935.70

Notes of sale of goods/rendering of labor services/labor service offering: Nil

(2) Related trusteeship/contract and delegated administration/outsourcing

Nil

(3) Related leasing

Nil

(4) Related guarantee

Nil

(5) Borrowed funds of related party

Nil

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

Nil

(7) Remuneration of key management

Nil

(8) Other related transactions

Nil

6. Receivables and payables of related parties

Nil



7. Related party commitment

Nil

8. Other

Nil

XIII. Share-base payment

1. Overall performance of share-base payment

☐ Applicable ☒ Not applicable

2. Share-base payment settled by equity

☐ Applicable ☒ Not applicable

3. Share-base payment settled by cost

☐ Applicable ☒ Not applicable

4. Modification and termination of share-base payment

Nil

5. Other

Nil

XIV. Commitments and contingencies

1. Material commitments

Major commitments on balance sheet date

2. Contingencies

(1) Major contingencies on balance sheet date

Nil

(2) For no major contingencies disclosed, explain reasons

The Company has no major contingencies should be disclosed



3. Other

Nil

XV. Event after balance sheet date

1. Major non-adjustment events

Nil

2. Profit distribution

Nil

3. Sales return

Nil

4. Explanation on other events after balance sheet date

Nil

XVI. Other significant events

1 .Correction of accounting errors in previous period

Nil

2. Debt reorganization

Nil

3. Assets replacement

Nil

4. Annuity plan

Nil

5. Termination of operation

Nil

6. Segment information

Nil

**7. Major trading and items shows influence on investors' decision-making**

Nil

8. Other

The Letters of Responsibility signed between the Company and Mr. Sun Hongjie, concerned with the target management for South China Hotel, has prematurely terminated, dated 10th May 2015

XVII. Note on financial statement of parent company**1. Accounts receivable**

Nil

2. Other receivables

Nil

3. Long-term equity investment

Nil

4. Operation income and operation cost

Nil

5. Investment income

Nil

6. Other

Nil

XVIII. Supplementary information**1. Details of current non-recurring profits and losses**

√ Applicable □ Not applicable

In RMB

Item	Amount	Remark
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Gains/losses from the disposal of non-current asset	164,123.86	Losses 2,075.60 Yuan from disposal of fixed assets, the bad debt provision accrual 166,199.46 Yuan has been written back.
Other non-operating income and expense other than the abovementioned ones	1,241,023.50	Mainly because the second largest shareholders gains 1,194,445.50 Yuan from short-swing trading which is belongs to the Company
Total	1,405,147.36	--

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

☐ Applicable ☒ Not applicable

2. REO and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/share)	Diluted EPS (Yuan/share)
Net profits belong to common stock stockholders of the Company	-4.10%	-0.0093	-0.0093
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-5.80%	-0.0131	-0.0131

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

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

☒ Applicable ☐ Not applicable

In RMB

	Net profit		Net assets	
	Amount as the period	Amount as last period	Ending balance	Beginning balance
Chinese GAAP	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33
Items and amount adjusted by IAS:				
IAS	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33

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

☒ Applicable ☐ Not applicable

Name of foreign accounting rules:



In RMB

	Net profit		Net assets	
	Amount as the period	Amount as last period	Ending balance	Opening balance
Chinese GAAP	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33
Items and amount adjusted by foreign accounting rules:				
By foreign accounting rules	-3,391,966.64	-848,458.96	81,023,367.69	84,415,334.33

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

Nil

4. Other

Nil



Section X. Documents available for references

- I. Text of Semi-annual report 2015 with the signature of corporate of the Company.
- II. Financial statement with signature and seal of legal person, person in charge of accounting works and person in charge of accounting organ(accountant in charge);
- III. Text of the file and draft of the announcement under the name of the Company that released on website appointed by CSRC in reporting period.
- IV. Other relevant files

The above said documents are prepared in the security department of the Company.

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD.
Chairman: Li Yuanbin

23 July 2015