



Stock Code: 000613, 200613

Short Form of the Stock: *ST Donghai-A, *ST Donghai-B

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 2017 (Full-text)

Disclosure Date: 19August 2017



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.

Li Yuanbin, Principal of the Company, Fu Zongren, person in charger of accounting works and Fu Zongren, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2017 Semi-Annual Report is authentic, accurate and complete.

All directors are attending the Board Meeting for Report deliberation.

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

Concerning the forward-looking statements with future planning involved in the 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	Contents
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.
BOD	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 2017, 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 and Main Financial Indexes

I. Company profile

Short form of the stock	*ST Donghai-A , *ST Donghai-B	Stock code	000613, 200613
Short form of the Stock after changed (if applicable)	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	海南大东海旅游中心股份有限公司		
Short form of the Company (in Chinese)	大东海		
Foreign name of the Company (if applicable)	Hainan Dadonghai Tourism Centre (Holdings) Co.,Ltd		
Foreign name of the Company in short (if applicable)	DADONGHAI		
Legal representative	Li Yuanbin		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Wang Hongjuan	
Contact add.	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 add.	Dadonghai Sanya
Code for the registration address	572021



Office address	Dadonghai Sanya
Code for the office address	572021
Website	_____
E-mail	hnddhhn@21cn.com
Inquiry date of the notice disclosed on appointed website	_____

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 2016.

IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

☐ Yes ☒ No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	15,096,273.42	12,062,797.60	25.15%
Net profit attributable to shareholders of the listed company(RMB)	1,719,253.80	172,122.52	898.85%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	1,719,253.80	94,716.52	1,715.16%
Net cash flow arising from operating activities(RMB)	3,231,073.10	1,453,697.44	122.27%
Basic earnings per share (RMB/Share)	0.0047	0.0005	840.00%
Diluted earnings per share (RMB/Share)	0.0047	0.0005	840.00%
Weighted average ROE (%)	2.29%	0.22%	2.07%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	96,200,796.86	105,444,153.63	-8.77%
Net assets attributable to shareholder of listed company(RMB)	75,995,669.24	74,276,415.44	2.31%



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

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

☐ Applicable ☒ Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

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

☐ Applicable ☒ Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

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

☐ Applicable ☒ Not applicable

The Company has no extraordinary profit(gains) in the period

Section III Summary of Company Business

I. Main businesses of the company in the reporting period

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

No

The company's main business is hotel accommodation and catering services. Procurement of goods is mainly the goods and materials necessary for hotel and catering operations by taking the principle of low price and fine quality, some goods are purchased by directly signing purchase contracts with suppliers, and some good are purchased by procurement agents. The selling is mainly based on internet marketing and supplemented by the individual travelers of non-internet marketing and business and the tourists from travel agencies. The hotel is located at the central zone of Dadonghai scenic spot in Sanya City, Hainan Province, and it has become a member of the nationwide famous hotels because of the convenient transportation, beautiful environment, long history, and rich culture. However, in recent years, the local high-, middle- and low-grade hotels or guesthouses numerously emerge, resulting in the supply much larger than the market demand, the industry competition is rather fierce, and the pressure of decline in business remains.



II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Construction in process	Increased 980,000Yuan over that of year-beginning, mainly because the villa in Building C and swimming pool are in renovation and reformation during the reporting period
Monetary fund	Decreased 17.1 million Yuan over that of year-beginning, mainly because debt investment 9 million Yuan paid and contact account 10 million Yuan with Luoniushan Group Co., Ltd.
Account receivable	Decreased 350,000 Yuan over that of year-beginning, mainly because business from those units settled by month declined
Other account receivable	Increased 140,000 Yuan over that of year-beginning, mainly because the personal account ready for settlement increased
Non-current assets due within one year	Decreased 290,000 Yuan over that of year-beginning, mainly because the long-term amortization expenses due within one year was amortized by month after re-listed
Other current assets	Increased 9.14 million Yuan over that of year-beginning, mainly because debt investment increased 9 million Yuan

2. Main overseas assets

☐ Applicable ☒ Not applicable

III. Core Competitiveness Analysis

Whether or not the Company complies with disclosure requirement of the special industry

No

The company takes hotel accommodation and catering services as the principle works, locates at Dadonghai bay which is one of the China “Top 40 scenery” and the only AAAA scenic spot open for free in Sanya and has the maximum passenger flow volume in Sanya City, and is about a 5-minute drive from downtown of Sanya City and about a 30-minute drive from Sanya Phoenix Airport. The hotel is only tens of meters distant from the sea level, possesses beautiful landscaping full of blooming flowers all the year round, and enjoys exceptional geography, natural environmental advantages. The hotel has opened for more than two decades which is one of the oldest hotels in Sanya and has received many domestic and foreign heads of state and national leaders. In the recent years, the company has comprehensively upgraded and rebuilt the hotel’s software and hardware facilities, further improved the hotel's internal and external business environment, and effectively enhanced the business competitiveness. Currently, the management of the company’s hotel is still in the front rank among hotels in the same area, with the same scale, and at the same level.

In the future work, the company will keep trying to improve the hotel’s internal and external business environment, strengthen the sales efforts and the staff construction, and further improve the operational capability.



During the reporting period, the company's core competence had no significant change.

Section IV Discussion and Analysis of Operation

1. Introduction

During the reporting period, the Company realized main business income of 15,096,300 Yuan, increased by 3,033,500 Yuan compared with the same period last year, an increase of 25.15%; operating profit earns 17,190,000 Yuan, increased by 1,547,100 Yuan compared with the same period last year, an increase of 898.85%; net profit earns 1,719,300 Yuan, increased by 1,547,100 Yuan compared with the same period last year, an increase of 898.85%.

During the reporting period, the Company keep innovating in new market development and use marketing strategy in a flexible way to expole the sales channel, acquiring a large number of guest source from Russian by making use of the favorable geographical advantage. Moreover, we put more efforts in renovation and reforming of the equipment and facilities, strengthing skill training for the employees in order to improve the product quality. Strictly controlling the cost management, perfect the Company's internal control system in order to earns and less expenditure costs, we completed the operation targets that formulated at beginning of the year basically. Main works are as:

1. Actively expand market, broaden marketing channels, and flexibly utilize marketing strategy to strive for a large number of Russian customers.

During the reporting period, the company continued to increase the sales efforts of network marketing channels, strengthen the cooperation with the domestic leading travel network companies, such as Ctrip, Qunar, Tuniu, Alitrip, Asiatravel, CFHC Tmall, etc., and make the best of network channels and e-commerce platforms to expand network marketing. Take advantage of hotel location, and flexibly utilize the marketing strategies to cooperate with Russian tourist suppliers including Haolide International Travel Agency, Anex Tour, Youyi International Travel Agency, etc. to win a large number of Russian customers. During the reporting period, the company achieved main business income of RMB 15,096,300, an increase of RMB 3,033,500 compared with the same period last year, and rate of increase was 25.15%.

2. Continue to increase the investment in the renovation of hotel facilities and strengthen the training of service skills so as to improve the quality of hotel products and enhance the product competitiveness.

During the reporting period, in the face of the constantly emerging new hotels, the company continued to increase investment, decorated and renovated the hotel's C building, villas and swimming pools in the off season, and optimized the hotel's landscape. Based on the "people first" operation principle, strengthen the business service skills training, at the same time, continue to enrich the staff's cultural life, create the harmonious working environment, and enhance the corporate culture construction. Re-newing the equipment and facilities, improve



service skill training for strengthening the quality of the hotel products and market competitiveness.

3. Strictly curb the costs and budget management, improve internal control mechanism, increase revenue and reduce expenditures, safety in production

During the reporting period, the company took business expansion as the guiding and financial management as the operating service, strengthened the procurement cost control management and budget management, achieved the diversification of procurement cost enquiry channels through network price query and hotel industry price inquiries and other measures, shopped around for super quality and competitive price, and scientifically controlled the operating costs; strictly and reasonably controlled various costs and expenditures, diligently checked up and made repairs, and resolutely put an end to various wasting of resources, effectively improved the procurement cost rationality and income cost-effectiveness. At the same time, the company continued to improve the internal control system, strengthen the internal control work norms and implementation, intensify the effective implementation of internal controls, increase revenue and reduce expenditure, and implement safety production so as to effectively improve the operating efficiency, ensure the safety of operation, and achieve the maximization of corporate benefits.

In 2017, the Company continue to consolidate and expand sales channels, improve the hotel's quality and service standards, enhance the comprehensive competitiveness, to laying out a solid foundation for sustained, stable and healthy development of the Company.

II. Main business analysis

See the "I-Introduction" in "Discussion and Analysis of Operation"

Change of main financial data on a y-o-y basis

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	15,096,273.42	12,062,797.60	25.15%	More revenue from guest houses and catering
Operation cost	5,256,112.51	4,460,023.31	17.85%	Increase of the operation business
Sales expenses	2,458,144.93	2,099,035.74	17.11%	Increase of the remuneration
Administrative expenses	5,089,450.57	4,989,443.77	2.00%	Increase of the remuneration and promotion costs
Financial cost	-180,672.66	-204,752.54	11.76%	Income from savings interests decreased
Income tax expenses		57,374.17	-100.00%	The losses from previous year are not



				reckoned for income tax expenses
Net cash flow arising from operation activities	3,231,073.10	1,453,697.44	122.27%	Increase of gross margin
Net cash flow arising from investment activities	-10,333,145.20	-9,410,799.00	-9.80%	Increase of the investment for transformation & renovation
Net cash flow arising from financing activities	-10,000,000.00			The contact account paid to Luoniushan Group
Net increase of cash and cash equivalent	-17,102,072.10	-7,957,101.56	-114.93%	The contact account paid to Luoniushan Group and amount from transformation & renovation

Major changes on profit composition or profit resources in reporting period

☐Applicable ☒Not applicable

No changes on profit composition or profit resources in reporting period

Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Tourism & catering	15,096,273.42	5,256,112.51	65.18%	25.15%	17.85%	3.42%
According to products						
Room revenue	11,676,662.38	4,079,275.81	65.06%	19.01%	11.21%	3.91%
Catering and entertainment revenue	1,841,782.51	939,586.67	48.98%	79.74%	69.38%	6.81%
Rental revenue	1,577,828.53	237,250.03	84.96%	28.66%	-0.01%	5.34%
According to region						
Hainan Province	15,096,273.42	5,256,112.51	65.18%	25.15%	17.85%	3.42%

III. Analysis of the non-main business

☒Applicable ☐Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Non-operation revenue	260.00	0.02%	Refundable holiday road tolls received	Lack of sustainability

**IV. Assets and liability****1. Major changes of assets composition**

In RMB

	Current period-end		Same period-end last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	10,108,175.91	10.51%	11,825,290.70	11.39%	-0.88%	
Account receivable	337,187.05	0.35%	531,683.28	0.51%	-0.16%	Business from those units settled by month declined
Inventory	253,215.05	0.26%	235,587.40	0.23%	0.03%	
Investment real estate	9,096,265.77	9.46%	9,570,789.33	9.21%	0.25%	Accrual of the depreciation and amortization
Fix assets	39,264,470.61	40.82%	41,663,971.17	40.11%	0.71%	Depreciation accrual for the fix assets
Construction in process	978,211.64	1.02%			1.02%	The renovation and reformation engineering money paid in advance
Other account receivable	316,384.24	0.33%	414,276.84	0.40%	-0.07%	
Other current assets	11,020,867.76	11.46%	9,000,000.00	8.66%	2.80%	The taxes paid in advance are re-listed for accounting policy changed last year
Financial assets available for sale			4,500,000.00	4.33%	-4.33%	Equity transfer of the Sanya Xiangyu E-Business Company
Long-term amortization expenses	1,071,343.97	1.11%	1,508,750.00	1.45%	-0.34%	The balance for amortization declined year by year

2. Assets and liability measured by fair value☐ Applicable ☒ Not applicable**3. Assets right restriction till end of reporting period**

Nil

V. Investment**1. Overall situation**☒ Applicable ☐ Not applicable



Current investment amount (RMB)	Same period of last year (RMB)	Changes (+,-)
9,000,000.00	9,000,000.00	0.00%

2. The major equity investment obtained in the reporting period

☐ Applicable ☒ Not applicable

3. The major non-equity investment doing in the reporting period

☐ Applicable ☒ Not applicable

4. Financial assets investment

(1) Securities investment

☐ Applicable ☒ Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

☐ Applicable ☒ Not applicable

The Company has no derivatives investment in the Period

VI. Sales of major assets and equity

1. Sales of major assets

☐ Applicable ☒ Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

☐ Applicable ☒ Not applicable

VII. Analysis of main holding company and stock-jointly companies

☐ Applicable ☒ Not applicable

The Company had no information of main holding company and stock-jointly companies disclosed in the reporting period.

VIII. Structured vehicle controlled by the Company

☐ Applicable ☒ Not applicable



IX. Prediction of business performance from January – September 2017

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

☐ Applicable ☒ Not applicable

X. Risks and countermeasures

(1) Marco Policy risks

In order to normalize and optimize tourism market or further to promote clear-party construction, related departments may further issue some relative policies. While these policies may cause restrain and effect on regional tourism development. Main business income may be affected since we are engaged in tourism service.

Countermeasures: The Company will further to improve the hard and soft equipments and facilities of the hotel while expanding the business scope, and win more market shares via high-class service and comfortable environment so as to ensure the main business income level.

(2) Natural disaster risks

In recent years, various natural disasters take place frequently, Hainan Island belongs to oceanic climate, where has high incidence of disastrous weather in summer. If Sanya becomes the landing place of typhoon, it may cause great damages to the facilities of the Company and affect the Company's normal operation.

Countermeasures: The Company will strengthen the construction and maintenance for infrastructure, continue to buy property insurances, positively adopt effective prevention measures, and improve the ability of resisting natural disasters.

(3) Risks of HR

Demand for talent in aspect of hotel sales and management are increasingly due to the constantly rise of hotel industry, flow of hotel talented people comes more widespread and more frequent, we may face the risks of development restrained from brain drain.

Countermeasure: we will continue to improved the talent introduction, training system, incentive mechanism, remuneration and welfare as well as insurance mechanism, strive to attract talent, cultivate them and retain them. Meanwhile, strengthen staff quality and skills as well as the management ability, further putting more efforts in enterprise culture construction, enhance the cohesion in the Company, guarantee a stable of the core managers and skill technicians.

(4) Operational risks of main business

With the ceaseless development of global tourist industry constantly and ceaseless rising of high-class, middle-class and low-class hotels, the tourist sources keep shunting, and the competition of tourism service industry in Sanya becomes increasingly fierce. While the main business of the Company is just a small-scale hotel, as the main business is single and the business scope is limited, the tourist market conditions and tourist quantity directly make significant affects on the company performance.

Countermeasure: made a scientific management and decision-making procedures, strengthen the awareness of risk prevention, building and improving relevant mechanism and regularized the management in the Company. Furthermore, increase the sales ability, on base of the former sales network, continues to exploit foreign high-end



tourism market under the superior geographical location and environment for highering the occupancy rate. Besides, we will push forward the material asset reorganization, expanding operation projects, enrich the industrial structure for increasing the profit increasing point.

(5) Suspension risk

Stock of the Company will suspended after the annual report of 2017 released, if the audited net profit for year of 2017 recognized as negative.

Countermeasures: take a variety of measures in order to improve the sustainable ability and strive to avoid the suspension conditions.

Section V. Important Events

I. In the report period, the Company held annual general meeting and extraordinary shareholders' general meeting

1. Annual General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
AGM of 2016	Annual general meeting	26.37%	21 April 2017	22 April 2017	The "Resolution Notice of Annual General Meeting of 2016" (No.: 2017-027) published on Securities Times, Hong Kong Commercial Daily and Juchao website (http://www.cninfo.com.cn) dated 22 April 2017 respectively
First Extraordinary Shareholders Meeting of 2017	Extraordinary shareholders meeting	9.48%	12 May 2017	13 May 2017	The "Resolution Notice of First Extraordinary Shareholders Meeting of 2017" (No.: 2017-038) published on Securities Times, Hong Kong Commercial Daily and Juchao website (http://www.cninfo.com.cn) dated 13 May 2017 respectively
Second Extraordinary Shareholders Meeting of 2017	Extraordinary shareholders meeting	9.47%	12 July 2017	13 July 2017	The "Resolution Notice of Second Extraordinary Shareholders Meeting of 2017" (No.: 2017-057) published on Securities Times, Hong Kong Commercial Daily and Juchao website (http://www.cninfo.com.cn) dated 13 July 2017 respectively

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

☐ Applicable ☒ Not applicable

**II. 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

III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

√Applicable □ Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform	Luoniushan Co., Ltd	Commitments for Share Merger Reform	On May 30, 2007, Luoniushan Co., Ltd. made commitments in the Company's "Instructions for reform of non-tradable shares" (Revision) and "Instructions for reform of non-tradable shares" (Abstract of revision) that in view of Dadonghai Company's losses in successive years and on the verge of delisting, in order to reverse the company's business difficulties, improve profitability and recover the continuous business capacity, Luoniushan Co., Ltd., the controlling shareholder of Dadonghai Company made commitments to actively seek restructuring parties to reorganize the assets of Dadonghai Company at the appropriate time.	27 June 2017	6 months	Till end of the reporting period, the original plans of material assets reorganization was terminated
Commitments in report of acquisition or equity change						
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders						
Completed on time(Y/N)	Yes					
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	N/A					



IV. 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.

VII. Explanation from the Board and Supervisory Committee for “Qualified Opinion” from the CPA

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VII. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

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

VIII. 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

IX. Penalty and rectification

☐ Applicable ☒ Not applicable

The Company has no penalty and rectification in the Period

X. Integrity of the company and its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

XI. Implementation of the company’s stock incentive plan, employee stock ownership plan or other employee incentives

☐ Applicable ☒ Not applicable

During the reporting period, the company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

**XII. Major related transaction****1. Related transaction with routine operation concerned**

√Applicable □Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand Yuan)	Whether approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
Luonius han Co., Ltd.	First majority shareholder	Consumption	Accommodation	Market price	Market price	25.23	1.67%	0	Y	Same as the transaction with non-related party	Same as the transaction with non-related party		
Total				--	--	25.23	--	0	--	--	--	--	--
Detail of sales return with major amount involved				N/A									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period				N/A									
Reasons for major differences between trading price and market reference price				Not applicable									

2. Related transactions by assets acquisition and sold

□Applicable √Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period

3. Related transactions of mutual investment outside

□Applicable √Not applicable

No main related transactions of mutual investment outside for the Company in reporting period

4. Contact of related credit and debt

√Applicable □Not applicable

There are non-operational contact of related credit and debts in the Company

√Yes □No



Related party claims receivable: Nil

Debt payable to related parties:

Related party	Related relationship	Resulted reason	Balance of period-begin (in 10 thousand Yuan)	The newly added amount in Period (in 10 thousand Yuan)	The amount of recovery in Period (in 10 thousand Yuan)	Interest rate	Current interest (in 10 thousand Yuan)	Balance at period-end (in 10 thousand Yuan)
Luoniushan Group Co., Ltd.	Related party	Inter-enterprise capital exchange	0	1,981	1,000			
Influence on operation result and financial statue of the Company from related debts		The related debts have no major influence on operation results of the Company and shows a certain extent positive influence on financial status of the Company						

5. Other material related transactions

☐Applicable ☒Not applicable

The Company has no other material related transactions in the period

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

☐Applicable ☒Not applicable

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

XIV. 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

Leasing

Items	Lessee	Leasing age limit (year)	Term of lease
Restaurant in 1st floor of Building B	Ma Ming (Hainan Hangpai Food Co., Ltd.)	5-year	2016-01-01 to 2020-12-31
Shooping mall of Building B	Xu Jipeng	3-year	2016-11-15 to 2019-11-14
Ground floor of the Building A	Chen Junwei	3-year	2016-03-01 to 2019-02-28
Seaside sidewalk snack booth and wooden house	Sanya Leda Canterling Management Co., Ltd.	5-year	2016-05-01 to 2021-04-30
Seaside locker room	Zhong Zhengao	3-year	2016-12-01 to 2019-11-30

Items bring over 10% of the total profit in reporting period

√Applicable □Not applicable

Lessor	Leasing party	Assets leasing	Amount for leasing (in 10 thousand Yuan)	Starting date	Date of termination	Earnings (in 10 thousand Yuan)	Standard for earnings determination	Impact on the Company	Related transaction (Y/N)	Related relationship
The Company	Ma Ming (Hainan Hangpai Food Co., Ltd.)	Restaurant in 1st floor of Building B	1,886	2016-01-01	2020-12-31	75.6	Contract	Revenue increased	N	N/A
The Company	Sanya Leda Canterling Management Co., Ltd.	Seaside sidewalk snack booth and wooden house	566	2016-05-01	2021-04-30	180	Contract	Revenue increased	N	N/A
v	Zhong Zhengao	Seaside locker	10	2016-12-01	2019-11-30	36	Contract	Revenue increased	N	N/A



		room								
--	--	------	--	--	--	--	--	--	--	--

2. Major guarantee

☐ Applicable ☒ Not applicable

The Company had no major guarantee in the reporting period.

3. Other material contracts

☐ Applicable ☒ Not applicable

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

XV. Social responsibility

1. Execution of social responsibility of targeted poverty alleviation

(1) Summary of targeted poverty alleviation for first half year

(2) Targeted poverty alleviation of the listed company for first half year: Nil

(3) Follow-up targeted poverty alleviation plans: Nil

2. Major environmental protection

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

No

XVI. Explanation on other significant events

☒ Applicable ☐ Not applicable

1. On 8 March 2001, the Company received a written decision of administrative penalty ZJFZi [2001] No.3 “Penalty Decision on Hainan Dadonghai Tourism Center (Holdings) Co., Ltd. in Violation of Securities Laws and Regulations ” from CSRC for false profit and rule-violation. Penalty including confiscate their illegal income of 19.31 million Yuan and impose a fine of 0.5 million Yuan. On 20 February 2017, the Company paid the penalty in full to CSRC.

2. Lawyer’s Letter received by the Company: based on the preliminary calculation by Sanya Power Supply Bureau, totally 10313373 KWH was undercounted from July 2006 to April 2016 under the name of South China Hotel. Found more in the “Notice of Receiving the Lawyer’s Letter (Notice No.: 2016-016)” released on Securities Times, Hong Kong Commercial Daily and Juchao Website dated 31 May 2016. Currently, the Company still in negotiation and communication with Sanya Power Supply Bureau, relevant results are not comes out.



XVII. Major event of the subsidiaries

☐ Applicable ☒ Not applicable



Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in shares

1. Changes in shares

In Share

	Before change		Increase/decrease in this time (+, -)					After changed	
	Amount	Ratio	New issue	Bonus share	Capitalization of public reserve	Other	Subtotal	Amount	Ratio
I. Restricted shares	10,455,687	2.87%				0	0	10,455,687	2.87%
1. State-owned shares									
2. State-owned corporate shares	2,369,400	0.65%				0	0	2,369,400	0.65%
3. Other domestic shares	8,086,287	2.22%				0	0	8,086,287	2.22%
Including: Domestic legal person shares	7,953,000	2.18%				-132,000	-132,000	7,821,000	2.15%
Domestic natural person shares	133,287	0.04%				132,000	132,000	265,287	0.07%
II. Unrestricted shares	353,644,313	97.13%				0	0	353,644,313	97.13%
1. RMB common shares	265,644,313	72.96%				0	0	265,644,313	72.96%
2. Domestically listed foreign shares	88,000,000	24.17%				0	0	88,000,000	24.17%
III. Total shares	364,100,000	100.00%				0	0	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

2. Changes of restricted shares

☒ Applicable ☐ Not applicable

In Share

Shareholders' name	Number of shares restricted at Period-begin	Number of shares released in the period	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Xiao Tiefeng	132,000	0	0	132,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
Sanya Real Estate Valuation Agent	924,000	0	0	924,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Hainan Hong Kong-Macao International Trade Development Co., Ltd.	924,000	0	0	924,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Haikou Dongfang Urban credit Cooperative	924,000	0	0	924,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Hainan Branch of Bank of Communications Co., Ltd.	924,000	0	0	924,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Shenyang Jin'an Industrial Corporation	831,600	0	0	831,600	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Sales Dept. of Sanya Wanli Building Materials	92,400	0	0	92,400	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Hainan Nongken Sanya Timber Mill	46,200	0	0	46,200	Legal commitment in	After relevant reimbursement and unrestricted procedures



					share reform	completed
Guangzhou Company of Hainan International Investment Co., Ltd.	660,000	0	0	660,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Southern Industrial and Trading Corporation	660,000	0	0	660,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Guangzhou Dongzhan Industrial Co. LTD	924,000	0	0	924,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Sanya Zhongxing Development Co., Ltd.	2,541,000	0	0	2,541,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Hainan Dadonghai Tourism Co. Ltd.	739,200	0	0	739,200	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Ma Xiaoping	0	0	132,000	132,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Beijing Xueli Clothing Accessories Co., Ltd	132,000	0	-132,000	0	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed
Chen Gang (former named Chen Shengguang)	1,287	0	0	1,287	Supervisor un-tradable shares	Comply with relevant regulations
Total	10,455,687	0	0	10,455,687	--	--

II. Securities issuance and listing

☐ Applicable ☒ Not applicable

III. Amount of shareholders of the Company and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	17,444	Total preference shareholders with voting rights recovered at end of reporting period	0				
Particulars about common shares held above 5% by shareholders or top ten common shareholders							
Full name of Shareholders	Nature of shareholder	Proportion of shares	Number of common	Changes in report	Amount of	Amount of un-restrict	Number of share



		held	shares held at period-end	period	restrictede shares held	d shares held	pledged/frozen	
							State of share	Amou nt
Luoniushan Co., Ltd.	Domestic non state-owned corporate	16.90%	61,515,370	0		61,515,370		
Pan Guoping	Domestic nature person	8.48%	30,879,791	0		30,879,791		
Changxin Fund- Shanghai Pudong Development Bank - Gold Investment Asset No.2 Management Plan	Other	3.30%	12,000,052	4,970,010		12,000,052		
First Shanghai Securities Limited	Foreign corporate	2.62%	9,552,798	0		9,552,798		
HGNH INTERNATIONAL ASSETS MANAGEMENT CO., LTD. – Clients fund	Foreign corporate	2.29%	8,327,502	2,468,200		8,327,502		
Hu Jianguo	Domestic nature person	1.71%	6,227,640	564,700		6,227,640		
Yunnan International Trust Co., Ltd. – Yunnan Trust Yunqilongxiang No.2 Trust Plan	Other	1.37%	5,000,084	500,084		5,000,084		
China Investment Securities (HK) Co., Ltd. – customer deposit	Foreign corporate	1.30%	4,722,300	1,090,000		4,722,300		
Zhang Fengxiu	Domestic nature person	1.07%	3,901,372	0		3,901,372		
Yangpu Tongrong Investment Management Consultation Co., Ltd	Domestic non state-owned corporate	0.99%	3,609,000	-1,009,800		3,609,000		
Strategy investors or general legal person becomes top 10 common shareholders due to rights issued		N/A						
Explanation on associated relationship or accordant action 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 shareholders with un-restrict common shares held								
Shareholders’ name	Amount of un-restrict common shares held at Period-end			Type of shares				
				Type	Amount			
Luoniushan Co., Ltd.	61,515,370			RMB common share		61,515,370		
Pan Guoping	30,879,791			Domestically listed		30,879,791		



		foreign share	
Changxin Fund- Shanghai Pudong Development Bank - Gold Investment Asset No.2 Management Plan	12,000,052	RMB common share	12,000,052
First Shanghai Securities Limited	9,552,798	Domestically listed foreign share	9,552,798
HGNH INTERNATIONAL ASSETS MANAGEMENT CO., LTD. – Clients fund	8,327,502	RMB common share	8,327,502
Hu Jianguo	6,227,640	RMB common share	6,227,640
Yunnan International Trust Co., Ltd. – Yunnan Trust Yunqilongxiang No.2 Trust Plan	5,000,084	RMB common share	5,000,084
China Investment Securities (HK) Co., Ltd. – customer deposit	4,722,300	RMB common share	4,722,300
Zhang Fengxiu	3,901,372	RMB common share	3,901,372
Yangpu Tongrong Investment Management Consultation Co., Ltd	3,609,000	RMB common share	3,609,000
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	N/A		

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

☐ Yes ☒ No

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.

IV. 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.



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 2016.

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

☐ Applicable ☒ Not applicable

Directors, supervisors and senior executives has no changed in the period, found more in Annual Report 2016

Section IX Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

No

Section X Financial Report

**HAINAN DADONGHAI TOURISM CENTER
(HOLDINGS) CO., LTD**

Financial Report and Financial Statement

Semi-Annual 2017

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

Financial Report and Financial Statement

(Jan. 1, 2017- Jun. 30, 2017)

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HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

Balance Sheet

June 30, 2017

(Expressed in Renminbi unless otherwise stated)

Assets	Note V	Ending balance	Beginning balance
Current assets:			
Monetary funds	(I)	10,108,175.91	27,210,248.01
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial assets			
Notes receivable			
Accounts receivable	(II)	337,187.05	690,444.72
Prepayments	(III)	38,660.36	58,783.23
Interests receivable			
Dividends receivable			
Other receivables	(IV)	316,384.24	174,103.52
Inventories	(V)	253,215.05	219,179.72
Assets classified as held for sale			
Non-current assets maturing within one year	(VI)	292,184.72	584,369.42
Other current assets	(VII)	11,020,867.76	1,876,449.22
Total current assets		22,366,675.09	30,813,577.84
Non-current assets:			
Available-for-sale financial assets	(VIII)		
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	(IX)		
Investment property	(X)	9,096,265.77	9,333,527.55
Fixed assets	(XI)	39,264,470.61	40,395,680.91
Construction in progress	(XII)	978,211.64	
Project materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets	(XIII)	23,423,829.78	23,830,023.36
Development expenses			
Goodwill			
Long-term deferred expenses	(XIV)	1,071,343.97	1,071,343.97
Deferred income tax assets			

Other non-current assets			
Total non-current assets		73,834,121.77	74,630,575.79
Total assets		96,200,796.86	105,444,153.63

The accompanying notes to the financial statements are an integral part of the financial statements.

Legal Representative: Accounting Principal: The Accounting Firm’s Principal:

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

Balance Sheet (continued)

June 30, 2017

(Expressed in Renminbi unless otherwise stated)

Liabilities and owners 'equity	Note V	Ending balance	Beginning balance
Current liabilities:			
Short-term borrowings			
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable	(XVI)	2,042,988.73	1,967,565.51
Accounts received in advance	(XVII)	1,246,924.32	1,894,524.28
Employee benefits payable	(XVIII)	1,799,762.38	2,148,514.36
Taxes and surcharges payable	(XIX)	539,524.00	582,944.27
Interests payable			
Dividends payable			
Other payables	(XX)	13,086,243.15	23,084,504.73
Liabilities classified as held for sale			
Non-current liabilities maturing within one year			
Other current liabilities			
Total current liabilities		18,715,442.58	29,678,053.15
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual capital securities			
Long-term payables			
Long-term employee benefits payable			
Special payables			
Estimated liabilities	(XXI)	1,489,685.04	1,489,685.04
Provisions			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		1,489,685.04	1,489,685.04
Total liabilities		20,205,127.62	31,167,738.19
Owners 'equity:			
Share capital	(XXII)	364,100,000.00	364,100,000.00
Other equity instruments			
Including: preferred shares			
Perpetual capital securities			
Capital reserves	(XXIII)		54,142,850.01

		54,142,850.01	
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves			
General risk reserves			
Undistributed profit	(XXIV)	-342,247,180.77	-343,966,434.57
Total owners' equity		75,995,669.24	74,276,415.44
Total liabilities and owners' equity		96,200,796.86	105,444,153.63

The accompanying notes to the financial statements are an integral part of the financial statements.

Legal Representative: Accounting Principal: The Accounting Firm's Principal:

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

Profit Statement

Semi-Annual 2017

(Expressed in Renminbi unless otherwise stated)

Item	Note V	Current period	Last period
I. Operating income	(XXV)	15,096,273.42	12,062,797.60
Less: operating cost	(XXV)	5,256,112.51	4,460,023.31
Business taxes and surcharges	(XXVI)	754,244.27	566,956.63
Selling expenses	(XXVII)	2,458,144.93	2,099,035.74
Administrative expenses	(XXVIII)	5,089,450.57	4,989,443.77
Financial expenses	(XXIX)	-180,672.66	-204,752.54
Losses from asset impairment	(XXX)		
Plus: gains from changes in fair value ("-" for losses)			
Investment income ("-" for loss)			
Including: income from investments in associates and joint ventures			
II. Operating profits ("-" for losses)		1,718,993.80	152,090.69
Plus: non-operating income	(XXXI)	260.00	77,406.00
Including: Gains from disposal of non-current assets			
Less: non-operating expenses			
Including: Loss on disposal of non-current assets			
III. Total profits ("-" for total losses)		1,719,253.80	229,496.69
Less: income tax expenses			57,374.17
IV. Net profit ("-" for net loss)		1,719,253.80	172,122.52
V. Net after-tax of other comprehensive income			
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss			
1. Changes as a result of remeasurement 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 or 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. Others			
VI. Total comprehensive income		1,719,253.80	172,122.52
VII. Earnings per share:	X. (II)		
(I) Basic earnings per share		0.0047	0.0005
(II) Diluted earnings per share		0.0047	0.0005

Legal Representative:

Accounting Principal:

The Accounting Firm's Principal:

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

Statement of Cash Flow

Semi-Annual 2017

(Expressed in Renminbi unless otherwise stated)

Item	Note V	Current period	Last period
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		15,736,183.76	12,211,146.88
Refunds of taxes and surcharges			4,801.73
Cash received from other operating activities	(XXXII)	677,415.38	545,761.73
Sub-total of cash inflows from operating activities		16,413,599.14	12,761,710.34
Cash paid for goods purchased and services received		3,826,391.38	3,278,812.89
Cash paid to and on behalf of employees		5,608,808.99	4,775,931.92
Cash paid for taxes and surcharges		1,610,025.50	1,706,387.86
Cash paid for other operating activities	(XXXII)	2,137,300.17	1,546,880.23
Sub-total of cash outflows from operating activities		13,182,526.04	11,308,012.90
Net cash flows from operating activities		3,231,073.10	1,453,697.44
II. Cash flows from investing activities			
Cash received from disposal of investments			

Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities			
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		1,333,145.20	410,799.00
Cash paid for investments		9,000,000.00	9,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		10,333,145.20	9,410,799.00
Net cash flows from investing activities		-10,333,145.20	-9,410,799.00
III. Cash flows from financing activities			
Cash from absorption of investments			
Cash received from borrowings			
Cash received from bonds issue			
Cash received from other financing activities	(XXXII)	19,810,000.00	
Sub-total of cash inflows from financing activities		19,810,000.00	
Cash paid for debt repayments			
Cash paid for distribution of dividends and profits or payment of interests			
Cash paid for other financing activities		29,810,000.00	
Sub-total of cash outflows from financing activities	(XXXII)	29,810,000.00	
Net cash flows from financing activities		-10,000,000.00	
IV. Effect of fluctuation on exchange rate on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-17,102,072.10	-7,957,101.56
Plus: balance of cash and cash equivalents at the beginning of the period		27,210,248.01	19,782,392.26
VI. Balance of cash and cash equivalents at the end of the period		10,108,175.91	11,825,290.70

The accompanying notes to the financial statements are an integral part of the financial statements.

Legal Representative:

Accounting Principal:

The Accounting Firm's Principal:

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

Statement of Changes in Owners' Equity

Semi-Annual 2017

(Expressed in Renminbi unless otherwise stated)

Item	Current period										
	Share capital	Other equity instrument			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Total owner's equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance as at the end of last year	364,100,000.00				54,142,850.01					-343,966,434.57	74,276,415.44
Plus: Changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at the beginning of year	364,100,000.00				54,142,850.01					-343,966,434.57	74,276,415.44
III. Increases/decreases in the period (“-” for decreases)										1,719,253.80	1,719,253.80
(I) Total comprehensive income										1,719,253.80	1,719,253.80
(II) Capital contributed or reduced by owners											
1. Ordinary shares contributed by owners											
2. Contributions from holders of other equity instruments											
3.Amounts of share-based payments recognized in owners’ equity											
4.Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											

1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Making up losses with surplus reserves											
4. Others											
(V) Special reserves											
1. Withdrawal in the period											
2. Use in the period											
(VI) Others											
IV. Balance as at the end of the period	364,100,000.00				54,142,850.01					-342,247,180.77	75,995,669.24

The accompanying notes to the financial statements are an integral part of the financial statements.

Legal representative:

Accounting Principal:

The Accounting Firm's Principal:

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

Statement of Changes in Owners' Equity (continued)

Semi-Annual 2017

(Expressed in Renminbi unless otherwise stated)

Item	Last period										
	Share capital	Other equity instrument			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Total owner's equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance as at the end of last year	364,100,000.00				54,142,850.01					-341,305,382.08	76,937,467.93
Plus: Changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at the beginning of year	364,100,000.00				54,142,850.01					-341,305,382.08	76,937,467.93
III. Increases/decreases in the period (“-” for decreases)										172,122.52	172,122.52
(I) Total comprehensive income										172,122.52	172,122.52
(II) Capital contributed or reduced by owners											
1. Ordinary shares contributed by owners											
2. Contributions from holders of other equity instruments											
3.Amounts of share-based payments recognized in owners’ equity											
4.Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											

3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Making up losses with surplus reserves											
4. Others											
(V) Special reserves											
1. Withdrawal in the period											
2. Use in the period											
(VI) Others											
IV. Balance as at the end of the period	364,100,000.00				54,142,850.01					-341,133,259.56	77,109,590.45

The accompanying notes to the financial statements are an integral part of the financial statements.

Legal representative:

Accounting Principal:

The Accounting Firm's Principal:

**HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO.,
LTD**

**NOTES TO FINANCIAL STATEMENT
SEMI-ANNUAL 2017**

1. Company basic information

1.1 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, 2017, 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). The Company's largest shareholder is the Hainan Luoniushan (Holdings) Co., Ltd.

These financial statements have been approved by all directors of the Company on August 17, 2017 for disclosure.

1.2 Scope of consolidation (aggregation) of financial statements

Until June 30, 2017, the scope of consolidation (aggregation) of financial statements as below:

Company Name	Relationship
South China Grand Hotel of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd (hereinafter referred to as "South China Grand Hotel")	Subsidiary

The consolidate (Summarize) financial statement range in the period and its changes found more in the "VI Change of Consolidate Range" in Note

2 Basis of preparation for financial statements

2.1 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.

2.2 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.

3 Principal accounting policies and estimates

3.1 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, and its operating results, cash flows and other related information.

3.2 Accounting period

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

3.3 Operating cycle

The operating cycle of the Company is twelve months.

3.4 Functional currency

RMB is adopted as the functional currency.

3.5 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.

3.6 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 therefrom 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 therefrom shall be included in the current profit and loss or capital reserves.

3.7 Financial instruments

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

3.7.1 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.

3.7.2 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.

3.7.3 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.

3.7.4 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.

3.7.5 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.

3.7.6 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.

3.8 Provision for bad debts of receivables

3.8.1 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.

3.8.2 Provision for bad debts of accounts receivable made on the basis of portfolio:

Basis of determining portfolio	
Aging portfolio	Length of the aging
Method of making provision for bad debts on the basis of portfolio	
Aging portfolio	Aging analysis method

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

Aging	Proportion of provision for account receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)		
1-2 years	5	5
2-3 years	15	15
3-4 years	25	25
4-5 years	50	50
More than five years	100	100

3.8.3 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 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.

Other remarks: provision for impairment of accounts receivable, excluding debts receivable and other receivables, shall be made at the specific identification method.

3.8.4 Reversal of bad debt provisions

If there is evidence showing that the value of the account receivable has been recovered, and that the recovery is objectively related to events after recognition of the loss, the originally recognized impairment loss should be reversed and included in current profit and loss. However, the book values after such reversal shall not exceed the amortized costs of the account receivable on the reversal date, assuming there is no provision for impairment.

3.9 Inventories

3.9.1 Classification of inventories

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

3.9.2 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.

3.9.3 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.

3.9.4 Inventory system

Perpetual inventory system is adopted.

3.9.5 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.

3.10 Long-term equity investments

3.10.1 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 (such as has a representative in the Board or similar authority organ under the name of the invested unit). When an investing enterprise is able to have significant influences on an investee, the investee shall be its associate.

3.10.2 Determination of 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.

3.10.3 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 recognised. 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 recognised 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 recognised 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.

3.11 Investment property

Investment property refers to possessing real estate for gaining rent or capital appreciation, or both, including the rental of the land use right, possession and prepare to value-added after the transfer of the land use rights and the rental of buildings leased (Including rental buildings after completion of construction or development activities or in the development processing).

Investment property is measured at their actual cost in the Company. Due to the method of determining is actual cost model for investment property-its method of provision for depreciation policy is same with fixed assets' when the investment properties are constructions or buildings, its method of provision for amortization policy is same with Intangible assets' when the investment property is land usage right.

3.12 Fixed assets

3.12.1 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.

3.12.2 Classification of fixed assets

Fixed assets are classified into buildings and constructions, machinery equipment, transportation equipment, electronic entertainment equipment, other equipment and Improvement.

3.12.3 Initial measurement of fixed assets

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.

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.

3.12.4 Method of provision for impairment of fixed assets

The fixed assets are depreciated at straight-line-method, and the depreciation rates are determined as follows based on the category, estimated economic useful lives and estimated residual values (5% of original values):

Category	Estimated useful life (Year)	Estimated net residual rate (%)	Annual depreciation rate (%)
Buildings and constructions	20-40	5	4.75-2.37
Machinery equipment	8-20	5	11.87-4.75
Electronic entertainment equipment	5-16	5	19-5.93
Transportation equipment	7-12	5	13.57-7.91
Other equipment	8	5	11.87
Improvement	5		19

3.13 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.

3.14 Borrowing costs

3.14.1 Recognition principles of capitalization of borrowing costs

Borrowing costs include the interest of borrowings, the amortization of discount or premium, auxiliary expenses, exchange differences incurred by foreign currency borrowings, etc.

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

3.14.2 Capitalization period of borrowing costs

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

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

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such projects should be ceased.

If all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should be ceased at the time of overall completion of the said assets.

3.14.3 Period of capitalization suspension

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue. The borrowing costs incurred during interruption are recognized in the current profit and loss, and the capitalization of borrowing costs continues after the restart of the acquisition and construction or production activities of the assets.

3.14.4 Calculation method of capitalization amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing

assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings at the end of every month by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general loans.

As for borrowings with discount or premium, the to-be-amortized discount or premium in each accounting period should be recognized by effective interest rate method, and the interest for each period should be adjusted.

3.15 Intangible assets

3.15.1 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.

3.15.2 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.

3.15.3 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.

3.16 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.

3.17 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.

3.17.1 Amortization method

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

3.17.2 Amortization period

Item	Amortization period
Hotel exterior wall decoration	4 years

3.18 Employee compensation

3.18.1 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.

3.18.2 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.

3.18.3 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.

3.19 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.

3.19.1 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.

3.19.2 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.

3.20 Revenue

3.20.1 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.

3.20.2 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.

3.20.3 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 fund 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.

3.21 Government subsidies

3.21.1 Types

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

3.21.2 Accounting treatment

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

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.

3.22 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 taxpaying subjects, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpaying 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.

3.23 Operating lease

3.22.1 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.

3.23.2 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.

3.24 Adjustments for changes in principal accounting policies and estimates

3.24.1 Adjustments for changes in accounting policies

There are no changes in principal accounting policies for the Company during the reporting period.

3.24.2 Adjustments for changes in accounting estimates

There are no changes in principal accounting estimates for the Company during the reporting period.

4 Taxation

Major tax types and tax rates applicable to the Company

Taxation type	Basis of tax assessment	Tax rate
Value added tax (VAT)	Differential section of VAT calculated on revenue from sale of goods and service deduct VAT paid in current period in	5%, 6%, 11%, 17%

	accordance with tax law	
Business tax	Levy by taxable business revenue	5%
Urban maintenance and construction tax	Levy by the taxable business tax and VAT	7%
Education surcharge	Levy by the taxable business tax and VAT	3%
Local education surcharge	Levy by the taxable business tax and VAT	2%
Property tax	Remaining value after deducting 30% of the original value of houses (including land price), Rental income	1.2%, 12%
Land use tax	Land area	18 yuan/m ²
Enterprise income tax	Levy by taxable income	25%

Other explanation: In accordance with the “Fully Implementation of the Pilot Proposals for the Change from Business Tax to Value-Added Tax” (Cai Shui [2016] No.36) issued by Ministry of Finance and SAT, the proposals for the change from business tax to VAT will carry out since 1 May 2016, the Company pay the VAT with rate of 5%, 6%, 11% and 17% respectively for different business revenue.

5 Notes to the main items of financial statements

5.1 Monetary funds

Item	Ending balance	Beginning balance
Cash	329,071.51	273,523.86
Bank Deposit	9,779,104.40	26,936,724.15
Total	10,108,175.91	27,210,248.01

The main reason for the decrease in bank deposits is to pay RMB 10 million to Luoniushan Group Co., Ltd. and pay RMB 9 million to Wuhan Aierjia Technology Development Co., Ltd. for the creditors' investment.

Other notes: The closing balance is unsecured, unfrozen or doesn't have other restrictions on realization or the funds deposit in the overseas, or have potential recovery risks.

5.2 Accounts receivable

5.2.1 Accounts receivable by type

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivable with large single amount and accrued for provision of bad debt on a single basis	1,466,400.49	57.13%	1,466,400.49	100.00%		1,466,400.49	50.22%	1,466,400.49	100.00%	
Accounts receivable accrued for provision of bad debt by portfolio	1,100,308.71	42.87%	763,121.66	69.36%	337,187.05	1,453,566.38	49.78%	763,121.66	52.50%	690,444.72
Accounts receivable with insignificant single amount but accrued for provision of bad debt										

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
on a single basis										
Total	2,566,709.20	100.00%	2,229,522.15	86.86%	337,187.05	2,919,966.87	100.00%	2,229,522.15	76.35%	690,444.72

(1) Accounts receivable with large single amount and accrued for provision of bad debt on a single basis as at June 30, 2017

Content of accounts receivable (By Company)	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Sanya Power Supply Company	775,304.98	775,304.98	100.00%	Over five years, the bill signing expenses was un-collectable for personnel changes
Hainan Hong Kong & Macao International Tourism Ltd.	464,563.21	464,563.21	100.00%	Over five years, the bill signing expenses was un-collectable for bills un-recognized
Sanya City Council reception	101,652.32	101,652.32	100.00%	Over five years, the bill signing expenses was un-collectable for personnel changes
LLC SOUTH CROSS TRAVELINN	124,879.98	124,879.98	100.00%	Had declared bankruptcy
Total	1,466,400.49	1,466,400.49		

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

Aging	Ending balance		
	Accounts receivable	Provision for bad debts	Proportion of provision
Within 1 year	298,461.50		
1-2 years	18,633.00	931.65	5.00%
2-3 years	5,262.00	789.30	15.00%
3-4 years	6,942.00	1,735.50	25.00%
4-5 years	22,690.00	11,345.00	50.00%

More than five years	748,320.21	748,320.21	100.00%
Total	1,100,308.71	763,121.66	69.36%

5.2.2 Situation of withdrawing or write-off for bad debts provision of accounts receivable in current period

No situation of withdrawing or write-off for bad debts provision of accounts receivable in current period.

5.2.3 Top five accounts receivable

Name	Relationship with the Company	Book balance	Aging	Proportion in total accounts receivable (%)
Sanya Power Supply Company	Non related party	775,304.98	More than five years	30.21%
Hainan Hong Kong & Macao International Tourism Ltd.	Non related party	464,563.21	More than five years	18.10%
LLC SOUTH CROSS TRAVELINN	Non related party	124,879.98	2-3 years	4.87%
Reception centre of Sanya Municipal Committee	Non related party	101,652.32	More than five years	3.96%
Hainan Baoping Travel Agency	Non related party	46,798.32	More than five years	1.82%
Total		1,513,198.81		58.95%

5.3 Prepayments

5.3.1 Aging analysis of repayment

Aging	Ending balance		Beginning balance	
	Book balance	Proportion	Book balance	Proportion
Within 1 year	38,660.36	100.00%	58,783.23	100.00%
Total	38,660.36	100.00%	58,783.23	100.00%

Other explanation: prepayment including the insurance expenses, fuel costs and

book allowance etc.

5.3.2 Top five prepayment collected by objects at ending balance

Name	Book balance	Proportion in total prepayment (%)
Sunshine Property Insurance Co., LTD Hainan Branch	19,445.29	50.30%
China Petrochemical Marketing Co. Ltd Sanya Branch	9,036.31	23.37%
China Post Group Corporation Sanya Branch	5,400.00	13.97%
Sanya Daily Office	4,778.76	12.36%
Total	38,660.36	100.00%

5.4 Other receivables

5.4.1 Other receivables by type:

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Other receivables with large single amount and accrued for provision of bad debt on a single basis	77,363,143.31	98.67%	77,363,143.31	100.00%		77,363,143.31	98.85%	77,363,143.31	100.00%	
Other receivables accrued for provision of bad debt by portfolio	1,045,483.05	1.33%	729,098.81	69.74%	316,384.24	903,202.33	1.15%	729,098.81	80.72%	174,103.52
Other receivables with insignificant single amount but accrued for provision of bad debt on a single basis										
Total	78,408,626.36	100.00%	78,092,242.12	99.60%	316,384.24	78,266,345.64	100.00%	78,092,242.12	99.78%	174,103.52

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

Other receivables (By Company)	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reason for provision
Hainan Dadonghai Hotel Co., Ltd.	54,767,945.15	54,767,945.15	100.00%	Over five years account age, un-collectable for debtor has abnormal operation
Cash dividends distributed in 1994-1996	16,899,000.00	16,899,000.00	100.00%	un-collectable
Hainan Hong Kong & Macao International Tourism Ltd.	4,145,704.16	4,145,704.16	100.00%	Over five years account age, un-collectable for mis-listing the contract income on account
Guangdong Jinma Tourism Ltd.	1,200,494.00	1,200,494.00	100.00%	The bonus money before 1996, un-collectable for equity change with Shenzhen Difu
Shareholder custody fee	350,000.00	350,000.00	100.00%	un-collectable for the trustee fee paid on behalf of other shareholders while listing
Total	77,363,143.31	77,363,143.31		

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

Aging	Beginning balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	298,329.64		
1-2 years	18,468.00	923.40	5.00
2-3 years	600.00	90.00	15.00

Aging	Beginning balance		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
More than five years	728,085.41	728,085.41	100.00
Total	1,045,483.05	729,098.81	

5.4.2 Provision for bad debts accrued, regain or switch back in the Period

No provision for bad debts accrued, regain or switch back in the Period.

5.4.3 Other receivables by fund quality

Fund quality	Ending book balance	Beginning book balance
Original relevant companies fund accounts	54,767,945.15	54,767,945.15
Contracting profit receivable	4,145,704.16	4,145,704.16
Distributing dividends receivable	18,099,494.00	18,099,494.00
Guarantee deposit	563,818.99	563,818.99
Advance money for custody fee	350,000.00	350,000.00
Other fund accounts	245,477.64	23,114.20
Petty money	78,772.22	78,772.22
Utilities	92,411.70	164,165.49
Money from invested items	30,500.00	30,500.00
Personal social security 、 Accumulation fund	29,502.50	37,831.43
Project funds	3,700.00	3,700.00
Cash deposit for invoices	1,300.00	1,300.00
Total	78,408,626.36	78,266,345.64

5.4.4 Top five other account receivables collected by arrears party at ending balance

Company name	Nature of money	Ending balance	Aging	Proportion in total other receivables	Ending balance of bad debt provision
Hainan Dadonghai Hotel Co., Ltd.	Current accounts	54,767,945.15	More than five years	69.85%	54,767,945.15
Cash dividends distributed in 1994-1996	Dividends distributed and ought to be recovered	16,899,000.00	More than five years	21.55%	16,899,000.00
Hainan Hong Kong & Macao International Tourism Ltd.	Current accounts	4,145,704.16	More than five years	5.29%	4,145,704.16
Guangdong Jinma Tourism Ltd.	Dividends	1,200,494.00	More than five years	1.53%	1,200,494.00
Shareholder custody fee	Custody fee	350,000.00	More than five years	0.45%	350,000.00
Total	--	77,363,143.31	--	98.67%	77,363,143.31

5.5 Inventories

5.5.1 Classification of inventories

Item	Ending balance			Beginning balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Stock materials	923,401.41	742,966.17	180,435.24	876,822.10	742,966.17	133,855.93
Stock commodities	22,771.38	11,102.41	11,668.97	22,771.38	11,102.41	11,668.97
Food and beverages	39,315.16		39,315.16	52,660.42		52,660.42
Fuels	21,795.68		21,795.68	20,994.40		20,994.40
Total	1,007,283.63	754,068.58	253,215.05	973,248.30	754,068.58	219,179.72

5.5.2 Inventory depreciation reserve

Category of inventories	Beginning balance	Provision in Period		Decrease in Period		Ending balance
		Withdrawi ng	Other	Reversal or Write-off	Other	
Stock materials	742,966.17					742,966.17
Stock commodities	11,102.41					11,102.41
Total	754,068.58					754,068.58

5.6 Non-current liabilities maturing within one year

Item	Ending balance	Beginning balance	Remarks
Long-term deferred expenses needed to be amortised within one year	292,184.72	584,369.42	Hotel exterior wall decoration
Total	292,184.72	584,369.42	

5.7 Other current assets

Item	Ending balance	Beginning balance	Remarks
Prepay corporate income tax	1,702,702.80	1,702,702.80	
Prepay VAT	318,164.96	173,746.42	
Debt investment	9,000,000.00		Wuhan Aierjia Technology Development Co., Ltd.
Total	11,020,867.76	1,876,449.22	

5.8 Available-for-sale financial assets

5.8.1 Available-for-sale financial assets

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale debts						
Available-for-sale equity instruments.	5,000,000.00	5,000,000.00		5,000,000.00	5,000,000.00	
Of which:						
Measured at fair value						
Measured at cost	5,000,000.00	5,000,000.00		5,000,000.00	5,000,000.00	
Total	5,000,000.00	5,000,000.00		5,000,000.00	5,000,000.00	

5.8.2 Available-for-sale financial assets measured at cost at the end of the period

Item	Book balance				Provision for impairment			Shareholding ratio in investee (%)	Cash dividends in Period
	Beginning balance	Increase in Period	Decrease in Period	Ending balance	Beginning balance	Increase in Period	Decrease in Period		
Shenzhen Difu Investment & Development Ltd	5,000,000.00			5,000,000.00	5,000,000.00			14.28	
Total	5,000,000.00			5,000,000.00	5,000,000.00				

5.9 Long-term equity investments

5.9.1 The classification of long-term equity investment is as follows:

Investee	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value

Investee	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Hubei Jingsha Dadonghai Club Ltd.	4,566,207.42	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	5,150,166.84	
Total	9,716,374.26	9,716,374.26		9,716,374.26	9,716,374.26	

5.9.2 Details of long-term equity investment

Investee	Accounting Method	Investment costs	Beginning balance	Increase in Period	Decrease in Period	Ending balance	Shareholding ratio in investee (%)	Voting ratio in investee (%)	Remark on different ratios of shareholding and voting in investee	Provision for impairment	Provision for impairment in Period	Cash dividends in Period
Hubei Jingsha Dadonghai Club Ltd.	Cost method	4,566,207.42	4,566,207.42			4,566,207.42	91.00	91.00		4,566,207.42		
Sanya Shun'an Casino	Cost method	5,150,166.84	5,150,166.84			5,150,166.84	70.00	70.00		5,150,166.84		
Subtotal of cost method		9,716,374.26	9,716,374.26			9,716,374.26				9,716,374.26		

5.10 Investment real estate

Investment real estate by cost measurement

Item	Houses and buildings	Land use right	Total
I. Original book value:			
1. Beginning balance	18,856,504.44	5,662,740.59	24,519,245.03
2. Increase in Period			
(1) Purchase			
(2) Transfer from fixed assets\intangible assets			
(3) Increase in business merger			
3. Decrease in Period			
(1) Disposal			
(2) Other transfer			
4. Ending balance	18,856,504.44	5,662,740.59	24,519,245.03
II. Accumulated depreciation and accumulated amortization			
1. Beginning balance	9,771,216.42	2,107,046.45	11,878,262.87
2. Increase in Period	209,091.78	28,170.00	237,261.78
(1) Withdraw or amortize			
3. Decrease in Period			
(1) Disposal			
(2) Other transfer			
4. Ending balance	9,980,308.20	2,135,216.45	12,115,524.65
III. Depreciation reserve			
1. Beginning balance	1,404,400.47	1,903,054.14	3,307,454.61
2. Increase in Period			
(1) Withdraw			
3. Decrease in Period			
(1) Disposal			
(2) Other transfer			
4. Ending balance	1,404,400.47	1,903,054.14	3,307,454.61
IV. Book value			
1. Book value at the end of the period	7,471,795.77	1,624,470.00	9,096,265.77

Item	Houses and buildings	Land use right	Total
2. Book value at the beginning of the period	7,680,887.55	1,652,640.00	9,333,527.55

5.11 Fixed assets

5.11.1 Fixed assets

Item	Buildings and Constructions	Machines	Vehicles	Electronic Equipments	Others	Total
I. Original book value:						
1.Beginning balance	136,564,783.15	13,141,471.00	2,091,322.77	2,585,268.92	1,703,389.45	156,086,235.29
2. Increase in Period			253,752.14	-16,489.74	14,423.30	251,685.70
(1) Purchase			253,752.14	6,758.12	14,423.30	274,933.56
(2) transfer in of the construction project				-23,247.86		-23,247.86
(3) the increase in business combination						
3. Decrease in Period						
(1) Disposal or scrap						
4.Ending balance	136,564,783.15	13,141,471.00	2,345,074.91	2,568,779.18	1,717,812.75	156,337,920.99
II. Accumulated depreciation						
1.Beginning balance	68,185,246.92	9,092,676.08	1,252,935.70	2,111,146.45	1,447,909.80	82,089,914.95
2. Increase in Period	1,066,956.49	138,639.24	87,765.30	51,597.85	37,937.12	1,382,896.00
(1) Withdraw	1,066,956.49	138,639.24	87,765.30	51,597.85	37,937.12	1,382,896.00
3. Decrease in Period						
(1) Disposal or scrap						
4.Ending balance	69,252,203.41	9,231,315.32	1,340,701.00	2,162,744.30	1,485,846.92	83,472,810.95
III. Depreciation reserve						
1.Beginning balance	31,072,788.17	2,527,851.26				33,600,639.43
2. Increase in Period						
(1) Withdraw						
3. Decrease in Period						
(1) Disposal or scrap						
4.Ending balance	31,072,788.17	2,527,851.26				33,600,639.43
IV. Book value of fixed assets						
(1) Book value at the end	36,239,791.57	1,382,304.42	1,004,373.91	406,034.88	231,965.83	39,264,470.61

Item	Buildings and Constructions	Machines	Vehicles	Electronic Equipments	Others	Total
of the period						
(2) Book value at the beginning of the period	37,306,748.06	1,520,943.66	838,387.07	474,122.47	255,479.65	40,395,680.91

Other explanation: no temporary idle fixed assets at end of the period, and no fixed assets mortgage or guarantee

5.12 Construction in process

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Reconstruction of swinging pool	805,644.64		805,644.64			
Hatchway of the sightseeing elevator	100,000.00		100,000.00			
Reconstruction of high-voltage metering cubicle	46,800.00		46,800.00			
Reconstruction of fire stair in Building A	25,767.00		25,767.00			
Total	978,211.64		978,211.64			

5.13 Intangible assets

Item	Land use right	Total
I. Original book value		
1. Beginning balance	81,653,137.15	81,653,137.15
2. Increase in the period		
3. Decrease in the period		

Item	Land use right	Total
4. Ending balance	81,653,137.15	81,653,137.15
II. Accumulated amortization		
1. Beginning balance	30,382,276.95	30,382,276.95
2. Increase in the period	406,193.58	406,193.58
3. Decrease in the period		
4. Ending balance	30,788,470.53	30,788,470.53
III. Depreciation reserve		
1. Beginning balance	27,440,836.84	27,440,836.84
2. Increase in the period		
3. Decrease in the period		
4. Ending balance	27,440,836.84	27,440,836.84
IV. Booking value		
1. Ending book value	23,423,829.78	23,423,829.78
2. Beginning book value	23,830,023.36	23,830,023.36

Note: The provision for impairment of intangible assets was the excess of the book value over the marker price of the lands at Oceanside which was restricted for use under the plan of Sanya Municipal Government.

5.14 Long-term deferred expenses

Item	Beginning balance		Increase in Period	Amortization in Period	Ending balance	
	Long-term deferred expenses	Long-term prepaid expenses due within a year			Long-term deferred expenses	Long-term prepaid expenses due within a year
Hotel exterior wall coating project	1,071,343.97	584,369.42		292,184.70	1,071,343.97	292,184.72
Total	1,071,343.97	584,369.42		292,184.70	1,071,343.97	292,184.72

5.15 Provision for assets impairment

Item	Beginning balance	Increase in Period	Decrease in Period		Ending balance
			Reversal	Write-off	
Provision for bad debts	80,321,764.27				80,321,764.27
Inventory depreciation reserve	754,068.58				754,068.58
Provision for impairment of available-for-sale financial assets	5,000,000.00				5,000,000.00
Provision for impairment of long-term equity investments	9,716,374.26				9,716,374.26
Provision for impairment of fixed assets	33,600,639.43				33,600,639.43
Provision for impairment of intangible assets	27,440,836.84				27,440,836.84
Impairment provision of investment real estate	3,307,454.61				3,307,454.61
Total	160,141,137.99				160,141,137.99

5.16 Accounts payable

5.16.1 Details of accounts payable are as follows:

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	801,070.51	856,048.21
1-2 years (including 2 years)	329,718.70	199,317.78
2-3 years (including 3 years)	334,316.59	334,316.59
Over 3 years	577,882.93	577,882.93
Total	2,042,988.73	1,967,565.51

5.16.2 Accounts payable with major amount and aging of over one year

Item	Ending balance	Reason
Provisional estimation	719,013.26	Purchase amount recorded without invoice issued
Total	719,013.26	/

5.17 Accounts received in advance

5.17.1 Accounts received in advance

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	625,072.93	1,272,672.89
1-2 years (including 2 years)	141,408.02	141,408.02
2-3 years (including 3 years)	65,874.80	65,874.80
Over 3 years	414,568.57	414,568.57
Total	1,246,924.32	1,894,524.28

5.17.2 Accounts received in advance with major amount and aging of over one year

Item	Ending balance	Outstanding or carry-over reasons
Guangzhou South Holiday International Travel Service Co., Ltd. Sanya Branch	101,244.00	No settlement
Hainan QiongZhong Ecological Investment Guarantee Co., Ltd.	31,314.00	No settlement
Beijing Yualuxincheng Management Consulting Co., Ltd.	30,540.00	No settlement
PEGAS Zheng Qingbo	32,243.02	No settlement
Sanya Public Security Fire Control Team	19,420.88	No settlement
Total	214,761.90	

5.18 Employee compensation payable

5.18.1 Classification of employee compensation payable

Item	Ending balance	Increase in Period	Decrease in Period	Beginning balance
Short-term employee benefits	2,148,514.36	5,388,428.75	5,737,180.73	1,799,762.38
Post-employment benefits - defined contribution plans		470,188.05	470,188.05	
Termination benefits				
Other benefits due within one year				
Total	2,148,514.36	5,858,616.80	6,207,368.78	1,799,762.38

5.18.2 Short-term employee benefits

Item	Beginning balance	Increase in Period	Decrease in Period	Ending balance
(1) Salary, bonus, allowance and subsidy	1,299,545.99	4,273,089.74	4,695,482.96	877,152.77
(2) Employee welfare		674,073.97	674,073.97	
(3) Social insurance premium		222,048.79	222,048.79	
Of which: including: medical insurance expenses		198,783.08	198,783.08	
Work injury insurance expenses		10,135.79	10,135.79	
Maternity insurance		13,129.92	13,129.92	
(4) Housing provident funds		69,293.32	59,593.32	9,700.00
(5) Labor union expenditures and employee education expenses	848,968.37	149,922.93	85,981.69	912,909.61
(6) Short-term paid absences				
Total	2,148,514.36	5,388,428.75	5,737,180.73	1,799,762.38

5.18.3 Details of defined contribution plans

Item	Beginning balance	Increase in Period	Decrease in Period	Ending balance
Basic endowment insurance expenses		455,465.02	455,465.02	
Unemployment insurance expenses		14,723.03	14,723.03	
Total		470,188.05	470,188.05	

5.19 Taxes and surcharges payable

Item	Ending balance	Beginning balance
VAT	205,157.45	228,923.41
Individual income tax		1.14
Urban maintenance and construction tax	4,842.25	6,505.86
Educational surtax	2,075.24	2,788.22
Local educational surtax	1,383.50	1,858.82
Property tax	199,326.91	234,032.26
Land use tax	108,590.91	108,588.06
Stamp tax		246.50
Security for disabled person	18,147.74	
Total	539,524.00	582,944.27

Other explanation: in line with relevant regulation of accounting rules of business enterprise, the business income tax prepaid in previous at period-end will re-classified to other current assets for calculation

5.20 Other payables

5.20.1 Other payables by fund quality

Fund quality	Ending balance	Beginning balance
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Fine for rule-breaking operation on the stock of the Company		19,810,000.00
Audit fee	285,003.21	285,003.21
Project funds	327,589.46	317,277.05
Agency fund	30,884.66	139,319.74
Quality retention money	35,731.15	230,096.75
Guarantee deposit	333,000.00	350,600.90
membership of Board director, the board of supervisors	40,506.98	214,506.98
Personal fund accounts	67,918.27	73,752.85
Other fund accounts	11,144,451.10	1,001,405.96
Deposit and rental	821,158.32	662,541.29
Total	13,086,243.15	23,084,504.73

Other explanation: the fine 19,810,000.00 Yuan for illegal stock operation of the Company are paid to CSRC on 20 February 2017

5.20.2 Other payables with large amount and aging of over one year

Company name	Ending balance	Reason for non-repayment	Remark
Hong Kong Deloitte & Touche LLP	285,003.21	No settlement	
Sanya Shuxin Building Waterproofing Co. Ltd	170,000.00	No settlement	
China Building Decoration Company Hannan Branch	161,111.03	No settlement	
Total	616,114.24		

5.21 Estimates liabilities

Item	Ending balance	Beginning balance
Accrual the un-payment electricity	1,489,685.04	1,489,685.04

Item	Ending balance	Beginning balance
account		
Total	1,489,685.04	1,489,685.04

Other explanation: See Note IX

5.22 Share capital

Unit: share

Item	Before this change		Increase or decrease (+, -)					After this change	
	Amount	Proportion (%)	New issue	Shares granted	Share capital converted from reserve fund	Others	Sub-total	Amount	Proportion (%)
1. Restricted shares	10,455,687	2.87						10,455,687	2.87
(1) State shareholding									
(2) State-owned legal person shareholding	2,369,400	0.65						2,369,400	0.65
(3) Other domestic capital shareholding	8,085,000	2.22						8,085,000	2.22
Including: domestic legal person shareholding	7,953,000	2.18						7,953,000	2.18
Domestic natural person shareholding	132,000	0.04						132,000	0.04
(4) Foreign capital shareholding									
Including: overseas legal person shareholding									
Overseas natural person shareholding									

Item	Before this change		Increase or decrease (+, -)					After this change	
	Amount	Proportion (%)	New issue	Shares granted	Share capital converted from reserve fund	Others	Sub-total	Amount	Proportion (%)
(5) Senior officers shares	1,287							1,287	
2. Unrestricted shares	353,644,313	97.13						353,644,313	97.13
(1) RMB ordinary shares	265,644,313	72.96						265,644,313	72.96
(2) Foreign shares listed in China	88,000,000	24.17						88,000,000	24.17
(3) Foreign shares listed overseas									
(4). Others									
3. Total shares	364,100,000	100.00						364,100,000	100.00

5.23 Capital reserves

Item	Beginning balance	Increase in Period	Decrease in 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

5.24 Undistributed profits

Item	The Period	Last period
Undistributed profits as at June 30, 2016	-343,966,434.57	-341,305,382.08
Plus: net profit attributable to owner of parent company in Period	1,719,253.80	172,122.52
Less: appropriation of statutory surplus		

reserves		
Appropriation of discretionary surplus		
reserve		
Appropriation of reserve funds		
Appropriation of enterprise expansion funds		
Appropriation of bonus and welfare funds		
Appropriation of general risk reserve		
Ordinary share dividends payable		
Ordinary share dividends transferred to share capital		
Undistributed profits as at June 30, 2016	-342,247,180.77	-341,133,259.56

5.25 Operating income and operating cost

5.25.1 Operating income and operating cost

Item	The Period		Last period	
	Income	Cost	Income	Cost
Operating income	13,518,444.89	5,018,862.48	10,836,467.50	4,222,761.53
Operating cost	1,577,828.53	237,250.03	1,226,330.10	237,261.78
Total	15,096,273.42	5,256,112.51	12,062,797.60	4,460,023.31

Other explanation: The current operating income increased by 25.15% compared with the previous year, of which the main operating income increased by 20.34% compared with the previous year, mainly due to the increase of Russian tourists in the current period. The main operating costs increased by 17.85% compared with the previous year, mainly due to the increase in food and beverage consumption brought by the increase of passenger traffic in the report period.

5.25.2 Primary business (by industry)

Name of industry	The Period	Last period
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	Operating income	Operating cost	Operating income	Operating cost
Tourism, catering and service industry	15,096,273.42	5,256,112.51	12,062,797.60	4,460,023.31
Total	15,096,273.42	5,256,112.51	12,062,797.60	4,460,023.31

5.25.3 Primary business (by products)

Name of products	The Period		Last period	
	Operating income	Operating cost	Operating income	Operating cost
Guest room income	11,676,662.38	4,079,275.81	9,811,796.58	3,668,041.91
Catering and entertainment income	1,841,782.51	939,586.67	1,024,670.92	554,719.62
Rental income	1,577,828.53	237,250.03	1,226,330.10	237,261.78
Total	15,096,273.42	5,256,112.51	12,062,797.60	4,460,023.31

5.25.4 Primary business (by region)

Name of region	The Period		Last period	
	Operating income	Operating cost	Operating income	Operating cost
Hainan region	15,096,273.42	5,256,112.51	12,062,797.60	4,460,023.31
Total	15,096,273.42	5,256,112.51	12,062,797.60	4,460,023.31

5.26 Business tax and surcharges

Item	The Period	Last period
Urban maintenance and construction tax	52,296.64	40,719.96
Educational surtax	37,289.14	29,085.71
Property tax	441,630.64	
Land use tax	217,184.65	

Item	The Period	Last period
Vehicle and vessel use tax	4,980.00	
Stamp tax	863.20	
Business tax		497,150.96
Total	754,244.27	566,956.63

Other explanation:

1. Due to the increase of property tax, land use tax, travel tax, stamp tax and others, the Ministry of Finance issued Accounting Regulations for Value-added Tax (CS No. [2016] 22) on December 3, 2016, which reclassifies the property tax, land use tax, travel tax, and stamp tax generated from the business operation since May 1, 2016 to the “taxes and additional” project, and the taxes and dues occurred before May 1, 2016 shall not be adjusted. The comparative data shall not be adjusted.
2. According to the Notice on Comprehensively Launching the Pilot of Business Tax to Value-added Tax (CS No.[2016] 36) of the Ministry of Finance and the State Administration of Taxation, because the business tax to value-added tax policy has been comprehensively launched since May 1, 2016.

5.27 Selling expenses

Item	The Period	Last period
Staff wages and benefits	1,532,804.73	1,257,447.17
Social workers insurance expenses	224,176.69	217,223.10
Depreciation	245,942.02	272,774.51
Water and electricity fees	83,061.58	95,815.71
Repair charges	65,649.32	57,227.50
Other expenses	306,510.59	198,547.75
Total	2,458,144.93	2,099,035.74

5.28 Administrative expenses

Item	The Period	Last period
Staff wages and benefits	2,450,309.99	2,069,711.09
Social workers insurance expenses	325,482.11	250,843.95

Taxes		646,738.02
Business entertainment	402,028.00	295,348.47
Travel expenses	97,189.95	87,737.20
Social labor insurance premium	406,193.58	406,193.58
Other expenses	1,408,246.94	1,232,871.46
Total	5,089,450.57	4,989,443.77

5.29 Financial expenses

Type	The Period	Last period
Interest expenses		
Less: interest income	-204,780.17	-258,930.94
Gains or losses on exchange		
Handling charges	24,107.51	54,178.40
Total	-180,672.66	-204,752.54

5.30 Losses on assets impairment

Item	The Period	Last period
Losses on bad debt		
Losses on inventory depreciation		
Losses on impairment of other current assets		
Losses on impairment of long-term equity investments		
Loss on fixed asset impairment		
Loss on intangible asset impairment		
Total		

Other explanation: there no loss of impairment of fix assets occurred in the period and last period

5.30 Non-operating income

Non-operating income by items

Item	The Period	Last period	Amount included in current non-recurring profits or losses
Total gains on disposal of non-current assets			
Including: gain on disposal of fixed assets			
Gain on disposal of intangible assets			
Income from compensation		64,926.00	
Others	260.00	12,480.00	
Total	260.00	77,406.00	

5.32 Notes to statement of cash flow

5.32.1 Other cash receipts related to operating activities

Item	The Period	Last period
Compensation for articles in the guest rooms		77,406.00
Interest income	204,780.17	258,930.94
Other income	472,635.21	209,424.79
Total	677,415.38	545,761.73

5.32.2 Cash paid for other operating activities

Item	The Period	Last period
Business entertainment expenses	402,028.00	295,848.47

Item	The Period	Last period
Audit fee	400,000.00	390,000.00
Announcement fee	60,000.00	60,000.00
Traveling expenses	109,715.87	95,971.20
Promotion expenses	21,162.60	5,312.00
Repair charge	100,191.70	71,380.30
Directors and supervisors membership dues	354,000.00	234,000.00
Others	690,202.00	394,368.26
Total	2,137,300.17	1,546,880.23

5.32.3 Cash received with other financing activities concerned

Item	The Period	Last period
LUONIUSHAN Group Co. Ltd.	19,810,000.00	
Total	19,810,000.00	

5.32.4 Cash paid for other financing activities

Item	The Period	Last period
LUONIUSHAN Group Co. Ltd.	10,000,000.00	
CSRC	19,810,000.00	
Total	29,810,000.00	

5.33 Supplementary information to statement of cash flows

5.33.1 Supplementary information to statement of cash flows

Item	The Period	Last period
(1) Net profit adjusted to cash flows from operating activities		
Net profit	1,719,253.80	172,122.52
Plus: provision for asset impairment		
Depreciation of fixed assets, gas and oil assets and productive	1,591,987.78	1,764,713.08

Item	The Period	Last period
biological assets		
Amortization of intangible assets	434,363.58	434,363.58
Amortization of long-term deferred expenses	292,184.70	266,250.00
Loss on disposals of fixed assets, intangible assets and other long-term assets ("- for gains)		
Loss on write-off of fixed assets ("- for gains)		
Losses from the changes in fair value ("- for gains)		
Financial expenses ("- for gains)		
Investments loss ("- for gains)		
Loss from debts restructuring ("- for gains)		
Decrease in deferred income tax assets ("- for increases)		
Increase in deferred income tax liabilities ("- for decreases)		
Decrease in inventories ("- for increases)	-34,035.33	-17,511.97
Decrease in operating receivables ("- for increases)	159,732.97	-290,307.05
Increase in operating payables ("- for decreases)	-932,414.40	-875,932.72
Others (Projected liabilities)		
Net cash flows from operating activities	3,231,073.10	1,453,697.44
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets under financial lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	10,108,175.91	11,825,290.70
Less: Beginning balance of cash	27,210,248.01	19,782,392.26
Plus: Ending balance of cash equivalents		

Item	The Period	Last period
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-17,102,072.10	-7,957,101.56

5.33.2 Breakdowns of cash and cash equivalents:

Item	Ending balance	Beginning balance
1. Cash	10,108,175.91	27,210,248.01
Including: cash on hand	329,071.51	273,523.86
Bank deposit available for payment at any time	9,779,104.40	26,936,724.15
Other monetary funds available for payment at any time		
Deposits in the central bank available for payment		
Deposits with banks and other financial institutions		
Loans to banks and other financial institutions		
2. Cash equivalents		
Including: Bond investment due within three months		
3. Ending balance of cash and cash equivalents	10,108,175.91	27,210,248.01

6 Business combination and consolidated financial statements

6.1 Scope of consolidation (aggregation) of financial statements

The scope of consolidation (aggregation) of financial statements covers the headquarter of the Company and the subsidiary South China Grand Hotel of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd., which is subject to independent accounting.

6.2 Changes in scope of consolidation (aggregation) of financial statements:

There is no change in scope of consolidation (aggregation) of the financial statements of the Company in the year.

7 Risks relating to financial instruments

The Company faces a variety of financial risks in business process: credit risk, market risk and liquidity risk. The Company's Board of Directors is overall responsible for risk management objectives and determining policies, and bears the ultimate responsibility for risk management objectives and policies, but the board has authorized the Company's enterprise management department to design and executive the procedure which could guarantee the effective implementation of risk management objectives and policies. The Company's internal auditors will audit the policies and procedures of risk management as well, and will report the discovery to Audit Committee.

The overall objective of the Company's risk management is to set the risk management policies to reduce risks as possible without giving excessive influence to competitiveness and strain capacity of the Company.

7.1 Credit risk

Credit risk is the risk of financial loss on one party of a financial instrument due to the failure of another party to meet its obligations. The Company mainly faces credit risk generated from customers through credit sales. The Company will understand and assess the credit risk of the new customer before signing the new contract. The Company makes credit rating for existing customers and aging analysis of accounts receivable to ensure the Company's overall credit risk falls within a controllable range.

7.2 Market risk

Market risk is the risk of financial instruments' fair value and future cash flow fluctuating due to change of market price, including currency risk, interest risk and other pricing risk.

7.3 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in fulfilling the obligations when paying cash or settle in way of other financial assets. The policy of the Company is to ensure there are enough cash to pay back mature debts. The liquidity risk is centralized controlled by the Company's accounting department. The accounting department ensures the Company to possess enough cash to pay back the debts in all reasonable foreseeable circumstances through monitor the balance of cash, monitor the

securities that can be converted into cash at any time and rolling forecasts of future cash flows in twelve months.

8 Related parties and related party transactions

8.1 The largest shareholder of the Company

Name of parent company	Relationship with the Company	Business Type	Registered place	Legal representative	Nature of Business	Registered Capital (RMB 0'000)	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)	Ultimate controller of the Company
Luoniushan Co., Ltd.	The largest shareholder	Listed company	Haikou City	Xu Zili	Plant and culturing business	115,151.00	16.90	16.90	Hainan LuoNiu Shan Holding Group

Note: As of June 30, 2016, Luoniushan Co., Ltd., as the largest shareholder, held 61,515,400 shares (16.90% of the total share capital of the Company).

8.2 Related party transactions

8.2.1 Sale of goods/rendering of labor services

Related party	Contents of related party transactions	Pricing method and decision-making procedure of related transaction	The Period		Last period	
			Amount	Proportion in similar transactions (%)	Amount	Proportion in similar transactions (%)
Luoniushan Co., Ltd.	Accommodation	Market price	252,303.00	1.67%	20,672.00	0.17%

8.2.2 Receivables and payables of related parties

Name	Related party	Ending balance	Beginning balance
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Accounts receivable	Luoniushan Co., Ltd.	51,896.00	10,668.00
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8.2.3 Remuneration of key management

Name	The Period (RMB '0,000)	Last period (RMB '0,000)
Remuneration of key management	73.15	64.58

9 Contingencies

At May 26, 2016, the Company received lawyer's letter of Hainan Yunfan law firm which is entrusted by Hainan Power Grid Co., LTD Sanya Power Supply Bureau (hereinafter referred to as the "Sanya Power Supply Bureau"), the letter claims that Sanya Power Supply Bureau found that the Company's subsidiary South China Grand Hotel of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd's the amount of CT is different with its marketing management system record. The inconformity time is July, 2006, and the hotel's CT is changing on April, 2016. Therefore, undercounted electricity consumption amount is 10,313,373.00 kilowatt-hours, and estimated cost is 7,200,165.75 Yuan as various electricity prices and charges.

According to the file "Law Advisory Opinion about Retroactive Power (Charge) Dispute between South China Grand Hotel and Sanya Power Supply Bureau" issued by Beijing Junhe (Haikou) Law Firm at December 20, 2016, which claims that Sanya Power Supply Bureau has responsibility for CT to purchase, install, enseal, unseal and change, therefore, the responsibility of the guilty party for undercounted electricity consumption of South China Grand Hotel is Sanya Power Supply Bureau. According to the one hundred and thirty-five item of "General Rule of Civil Law", this item claims that limitation of action is two years if accuser request people's court's protection, except situations provided by law. The Company has withheld the undercounted electricity consumption cost in 2016 which is about 1,489,685.04 Yuan during the period from April, 2014 to April, 2016.

10 Commitments

There are no commitments required to be disclosed by the Company.

11 Notes to other significant events

11.1 Correction of accounting errors in previous period

11.1.1 Retrospective restatement method

There is no correction of accounting errors using retrospective restatement method in previous period.

11.1.2 Prospective application method

There is no correction of accounting errors using prospective application method in previous period

11.2 Others

In accordance with the requirements of the Regulatory Guidelines of Listed Companies No. 4 - Actual Controller, Shareholders, Related Parties, Purchaser and Commitments and Fulfillment of Listed Companies (CSRC Announcement No. [2013] 55) of China Securities Regulatory Commission, on June 7, 2014, Luoniushan Co., Ltd. (hereinafter referred to as “Luoniushan”) sent out the Letter about Changing the Commitments of Luoniushan Co., Ltd. to Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. to the Company, and made commitments that Luoniushan shall actively seek reorganization party to reorganize the assets of Dadonghai within three years from the date the Company’s general meeting of shareholders considered and approved this commitment. The above matters have been considered and approved by the general meeting of shareholders of Dadonghai on June 27, 2014.

On February 22, 2017, the company received the Letter about the Progress of Planning and Preparing for the Fulfillment of Commitments from the largest shareholder Luoniushan, Luoniushan planned to transfer 100% equity stake it held in the wholly-owned subsidiary - Industrial Corporation (thereinto, Industrial Corporation shall firstly plan to accept the transfer of some equity stake of financial assets held by Luoniushan, tentatively confirmed as 6.91% equity stake of Sanya Rural Commercial Bank, which is subject to the transaction object confirmed by ultimate negotiation) to the Company, the means of transaction is expected to be cash offer, and the transaction amount is approximately RMB 300 million. At present, the work is being promoted.

13 Supplementary information

13.1 Details of current non-recurring profits and losses

Item	The Period	Introduction
Profits or losses from disposal of non-current assets		
Tax refunded, reduced or exempted with unauthorized approval or without formal documents of approval		
Government subsidies included into current profits and losses (other than government subsidies related closely to enterprise business and granted by quota or quantity according to national unified standard)		
Fund occupancy expenses collected from non-financial enterprises and accounted into current profit and loss		
Gains from differences between the investment costs of acquiring of subsidiaries, joint ventures or associates and the share of fair value of identifiable net assets of the investees at such investment		
Gains or losses from non-monetary assets exchange		
Gains or losses from commissioned investment or management on assets		
Provisions for asset impairment due to force majeure, such as natural disasters		
Gain or loss from debt restructuring		
Enterprise reorganizing expenses, such as employee accommodation costs and integration expenses		
Gains or losses from excess over fair value due to obvious unfair transaction price		
Current net gains or losses of subsidiaries acquired through business combination under common control from the beginning of current period till the date of consolidation		

Item	The Period	Introduction
Gains or losses incurred by contingencies irrelevant to the Company's normal business		
Gains or losses from changes in fair value of financial assets or liabilities held for trading, as well as investment income from disposal of financial assets or liabilities held for trading and available-for-sale financial assets, other than those in valid hedging businesses related to the Company's normal businesses		
Reversal of provisions for impairment of accounts receivable tested for impairment independently		
Gains or losses from external consigned loans		
Gains or losses from external consigned loans		
Effect on current profit and losses of one-off adjustments for current profit and loss in accordance with the requirements of laws and regulations regarding taxation or accounting		
Trustee fee obtained from entrusted operations		
Other non-operating income and expense other than the abovementioned ones		
Effect of income tax		
Effect of minority interest (after tax)		
Total		

13.2 Return on net assets and earnings per share

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	2.29%	0.0047	0.0047
Net profits attributable to ordinary shareholders of the Company after deduction of non-recurring	2.29%	0.0047	0.0047

profits or losses			
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13.3 Accounting difference between IFRS and CAS

There are no accounting differences between IFRS and CAS.

Section XI. Documents available for references

- I. Text of Semi-Annual Report 2017 with signature of the legal person;
- 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. The original manuscripts of all documents and announcements of the Company publicly disclosed on website appointed by CSRC;
- IV. Other relevant documents

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

HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD

17 August 2017