



Stock Code: 000613, 200613

Short Form of the Stock: Dadonghai-A, Dadonghai-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 2018 (Full-text)

Disclosure Date: 11 August 2018



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.

Yuan Xiaoping, Principal of the Company, Fu Zongren, person in charge of accounting works and Fu Zongren, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2018 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.
Board	Refers to	Board 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	CNY/RMB

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 2018, 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 information

Short form of the stock	Da donghai-A, Dadonghai-B	Stock code	000613, 200613
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Short form of the Stock after changed	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	Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd
Foreign name of short form of the Company	DADONGHAI
Legal representative	Yuan Xiaoping

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 address, offices address and codes as well as website and email of the Company have no change in reporting period, found more details in Annual Report 2017.

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 2017.

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)	16,173,929.32	15,096,273.42	7.14%
Net profit attributable to shareholders of the listed company (RMB)	1,282,165.58	1,719,253.80	-25.42%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	1,282,370.56	1,718,993.80	-25.40%
Net cash flow arising from operating activities (RMB)	3,110,677.60	3,231,073.10	-3.73%
Basic earnings per share (RMB/Share)	0.0035	0.0047	-25.53%
Diluted earnings per share (RMB/Share)	0.0035	0.0047	-25.53%
Weighted average ROE (%)	1.65%	2.29%	-0.64%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	87,966,932.27	87,466,661.80	0.57%
Net assets attributable to shareholder of listed company (RMB)	78,417,579.68	77,135,414.10	1.66%

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

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-477.98	Loss from fixed assets disposal



Other non-operating income and expenditure except for the aforementioned items	273.00	Refund of vehicle tolls
Total	-204.98	--

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

☐ Applicable ☒ Not applicable

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



Section 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 operation is mainly including the network sales, and supplemented by the 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
Account receivable	Decreased 0.33 million Yuan over that of year beginning, mainly because funds returned increased in reporting period
Other receivables	Increased 0.66 million Yuan over that of year beginning, mainly because utilities payable from leasers increased at end of the Period and staff borrowings increased also
Non current assets due within one year	Decreased 0.46 million Yuan over that of year beginning, mainly because the long-term amortization expenses due within one year are amortized by month

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

I. Introduction

During the reporting period, the company realized main business income of 16,173,900 Yuan, increased by 1,077,700 Yuan compared with the same period last year, an increase of 7.14%; net profit of 1,281,600 Yuan, decreased by 437,600 Yuan compared with the same period last year, a decrease of 25.45%.

During the reporting period, the Company keeps innovating in new market development and use marketing strategy in a flexible way to develop the sales channel, acquiring a large number of guest sources from Russian by making use of the favorable geographical advantage and environmental advantages. Moreover, we put more efforts in renovation and reforming of the equipment and facilities, strengthen 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 earn 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, 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, Youyi International Travel Agency and Shengda SinoTrip 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 strengthen the training of service skills so as to improve the quality of hotel products and enhance the product competitiveness.

The human resources mobility in the hotel industry is rather large, and the service skill training is becoming increasingly important. The company adheres to the "people-oriented" business philosophy, strengthens the business service skill training, enhances the corporate culture construction, constantly enriches the employees' cultural life, and creates a harmonious working environment. The company also constantly strengthens the service skill training to improve the quality and market competitiveness of the company's hotel products.

3. Adhere to the strict cost control, intensify the budget management and performance evaluation mechanism, continuously complete the internal control system, and improve the operational management efficiency.

During the reporting period, the company focused on expanding its operations, strengthened the procurement cost control management, adopted performance evaluation mechanism and budget management, and took measures



such as online price inquiry and hotel industry price inquiry to implement the diversification of procurement cost inquiry channels, and shopped around for scientific control of operating costs. At the same time, the company continued to improve the internal control system, strengthen the internal control work norms, intensify the effective implementation of internal control work, increase revenues and reduce expenditures, and adhere to the safety production, which effectively improved the management efficiency, ensured the company's operation safety, and maximized the enterprises benefits.

In the second half of 2018, the Company continues to consolidate and expand sales channels, improve the hotel's quality and service standards, and 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	16,173,929.32	15,096,273.42	7.14%	
Operation cost	6,000,063.36	5,256,112.51	14.15%	
Sales expenses	2,800,956.10	2,458,144.93	13.95%	
Administrative expenses	5,356,455.21	5,089,450.57	5.25%	
Financial cost	17,563.19	-180,672.66	109.72%	Interest income declined in the Period and last year's interest are higher than the Period
Net cash flow arising from operation activities	3,110,677.60	3,231,073.10	-3.73%	
Net cash flow arising from investment activities	-2,040,626.12	-10,333,145.20	80.25%	At same period of last year, creditors' investment and renovation investment have major amount occurred
Net cash flow arising from financing activities		-10,000,000.00	100.00%	The contact account paid to Luoniushan Group
Net increase of cash and cash equivalent	1,070,051.48	-17,102,072.10	106.26%	The net increase of cash in the period increased 1.04 million Yuan, while there was 17.1 million Yuan declined at same period of last year

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/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Tourism catering service	16,173,929.32	6,000,063.36	62.90%	7.14%	14.15%	-3.50%
According to products						
Room revenue	12,703,332.00	4,665,442.06	63.27%	8.79%	14.37%	-2.75%
Catering entertainment revenue	1,911,816.00	1,097,359.52	42.60%	3.80%	16.79%	-13.03%
Rental revenue	1,558,781.00	237,262.00	84.78%	-1.21%	0.00%	-0.21%
According to region						
Hainan area	16,173,929.32	6,000,063.36	62.90%	7.14%	14.15%	-3.50%

III. Analysis of the non-main business

☐ Applicable ☒ Not applicable

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	10,751,658.64	12.22%	10,108,175.91	10.51%	1.71%	The cash flow growth during end of last period to reporting period-end
Account receivable	266,236.51	0.30%	337,187.05	0.35%	-0.05%	Fund return from receivables increased in the period
Inventory	264,620.69	0.30%	253,215.05	0.26%	0.04%	Increase of inventory in normal changes
Investment real estate	8,621,742.21	9.80%	9,096,265.77	9.46%	0.34%	Mainly due to the depreciation and amortization
Long-term equity	1,000,000.00	1.14%			1.14%	The registered capital invested for wholly-owned subsidiary



investment						
Fix assets	38,017,199.39	43.22%	39,264,470.61	40.82%	2.40%	Fixed assets purchasing and routine depreciation
Construction in process			978,211.64	1.02%	-1.02%	Construction in process has carry-over at same period of last year
Other account receivable	800,136.44	0.91%	316,384.24	0.33%	0.58%	Mainly because utilities payable from leasers increased and staff borrowings increased also
Non current assets due within one year	716,972.51	0.82%	292,184.72	0.30%	0.52%	Mainly because the long-term amortization expenses due within one year are amortized by month
Other current assets	2,195,699.54	2.50%	11,020,867.76	11.46%	-8.96%	Creditor's investment of 9 million Yuan at same period of last year
Long-term amortization expenses	2,678,016.88	3.04%	1,071,343.97	1.11%	1.93%	The renovation expenses have carry-over last 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 (+,-)
1,000,000.00	9,000,000.00	-88.89%

2. The major equity investment obtained in the reporting period

☒ Applicable ☐ Not applicable

In RMB

Investee	Main business	Way of investment	Investment amount	Shareholding ratio	Capital resources	Partner	Investment term	Product type	Progress till end of balance sheet	Income estimate	Gain/loss in the period	Lawsuit involved (Y/N)	Disclosure date	Disclosure index
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									date	ed				
Hainan Wengao Tourism Resources Development Co., Ltd.	Development of tourism resources	Newly established	1,000,000.00	100.00%	Self raised	N/A	30-year	Travel	Registration is completed	0.00	0.00	No	2018-06-07	2018-046
Total	--	--	1,000,000.00	--	--	--	--	--	--	0.00	0.00	--	--	--

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 2018

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, and 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 standardized 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 improving the occupancy rate. Besides, we continued to develop financing channels, expanding operation projects, enrich the industrial structure for increasing the profit increasing point.



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 2017	Annual general meeting	37.76%	2018-02-27	2018-02-28	The "Resolution Notice of Annual General Meeting of 2017" (No.: 2018-016) published on Securities Times, Hong Kong Commercial Daily and Juchao website (http://www.cninfo.com.cn) dated 28 February 2018 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	Luonius han 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	2017-06-27	6 months	The original plans of material assets reorganizat



			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.			ion 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)	N					
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	<p>The company's stock has been suspended since the opening on February 15, 2017 due to the planning and fulfillment commitments of Luoniushan. On August 13, 2017, the consideration of the 11th interim meeting of the eighth board of directors of the company failed to approve the "Proposal on Major Asset Purchase and Related Transaction Report (Plan) of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd." and other 11 proposals. On August 15, 2017, the company issued an announcement to terminate this major asset restructuring, and the company's stock resumed trading on August 17th. Currently, the company has no information that should be disclosed but not disclosed.</p> <p>On December 4, 2017, the board of directors and the board of supervisors of the company reviewed and approved the Proposal on the Change of Commitment Period of the First Majority Shareholder of the Company. Luoniushan Co., Ltd., the company's first majority shareholder planned for a two-year extension for the time limit of the company's restructuring commitment since December 27, 2017, that is, the deadline for the implementation of the restructuring commitment was changed to December 26, 2019. On December 22, 2017, the company's fourth extraordinary shareholders' meeting in 2017 did not approve the proposal.</p> <p>On January 31, 2018, the company received the Notice on Planning for Suspension of Major Events sent by Luoniushan Co., Ltd., the company's largest shareholder, to plan and prepare the major issues related to the company. Upon application by the company, the company's stock (stock short name: Dadonghai A, Dadonghai B, stock code: 000613, 200613) was suspended since the opening on January 31, 2018. Upon</p>					



application by the company, the company's stock resumed trading on February 8, 2018, and was transferred to the major asset restructuring since the opening on February 14, 2018.

On June 25, 2018, the company held the third interim meeting of the ninth board of directors which reviewed and approved the Proposal on Terminating the Planning for Major Asset Restructuring. After careful study, the board of directors of the company decided to terminate the planning for this major asset restructuring.

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.

V. 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 over the approved limit or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
Luoniushan Co., Ltd.	First majority shareholder	Consumption	Accommodation	Market price	Market price	17.68	1.09%	0	Y	Same as the transaction with non-related party	Same as the transaction with non-related party		
Total				--	--	17.68	--	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

No contact of related credit or debt for the Company in the reporting period

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

Note of leasing



Item	Tenant	Lease life	Term of lease
B/F of the Hotel	Ma Ming (Hainan Hangpai Food Co., Ltd.)	5 years	2016-01-01 to 2020-12-31
Shopping mall –B/F	Xu Jipeng	3 years	2016-11-15 to 2019-11-14
A/F ground floor	Chen Junwei	3 years	2016-03-01 to 2019-02-28
Seaside stall and wood house	Sanya Leda Food Management Co., Ltd.	5 years	2018-01-01 to 2022-12-31
Seaside locker room	Zhong Zhengao	3 years	2016-12-01 to 2019-11-30
Multi-functional meeting room	Sanya Haolide International Travel Agency Co., Ltd.	5 years	2017-10-01 to 2022-09-30

Gains/losses to the Company from projects that reached over 10% in total profit of the Company in reporting period

√Applicable □ Not applicable

Name of lessor	Name of the leasing party	Leasing assets	Leasing assets involved in the amount (in 10 thousand Yuan)	Lease start date	Lease termination date	Leasing income (in 10 thousand Yuan)	Basis for determining the leasing income	The impact of leasing income on the company	Whether be related transactions	Association relation
The Company	Ma Ming (Hainan Hangpai Food Co., Ltd.)	B/F restaurant in first floor	1,886	2016-01-01	2020-12-31	37.8	Contract	Increase income	No	N/A
The Company	Sanya Leda Food Management Co., Ltd.	Seaside stall and wood house	653	2018-01-01	2022-12-31	72.5	Contract	Increase income	No	N/A
The Company	Zhong Zhengao	Seaside locker room	10	2016-12-01	2019-11-30	18	Contract	Increase income	No	N/A
The Company	Sanya Haolide International Travel Agency Co., Ltd.	Multi-functional meeting room	190	2017-10-01	2022-09-30	15	Contract	Increase income	No	N/A

2. Major Guarantee

□Applicable √ Not applicable

The Company had no guarantee in the reporting period.



3. Other material contracts

☐ Applicable ☒ Not applicable

No other material contracts for the Company in reporting period

XV. Social responsibility

1. Major environmental protection

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

Not applicable

2. Execution of social responsibility of targeted poverty alleviation

Nil

XVI. Explanation on other significant events

☒ Applicable ☐ Not applicable

1、The Lawyer's Letter received by the Company: by preliminary accounting from Sanya Power Bureau, the 10313373 Kwh electricity was understated under the name of South China Hotel from July 2006 to April 2016. Found more in "Notice of Lawyer's Letter received by Hainan Dadonghai Tourism Center (Holdings) Co., Ltd." (Notice No.: 2016-016) released on Securities Times, Hong Kong Commercial Daily and Juchao Website dated 31 May 2016. The Company is communicated and negotiates with Sanya Power Bureau in the above mentioned event without negotiation results so far.

2、The Lawyer's Letter received by the Company: concerning the dispute on financial loans between joint stock enterprise- Hainan Dadonghai Tourism Center Group Co., Ltd. (hereinafter referred to as Dadonghai Group) and original creditor- Sanya Branch of People's Construction Bank of China (hereinafter referred to as Sanya Branch of PCBC), the new creditor- Hainan Branch of China Cinda Asset Management Corp. (hereinafter referred to as Hainan Cinda) now exercise the right of recourse, which including two debts: the 1.1 million Yuan principal and its interest of 5.5983 million Yuan temporary reckoned till 30 April 2018, totally amounted as 6.6983 million Yuan; the 5 million Yuan principal and its interest of 29.3117 million Yuan temporary reckoned till 30 April 2018, totally amounted as 34.3117 million Yuan. Hainan Cinda claims that the Company shall assume joint and several liabilities for the above mentioned debts if Dadonghai Group in condition of liquidation. Found more in "Notice of Lawyer's Letter received by Hainan Dadonghai Tourism Center (Holdings) Co., Ltd." (Notice No.: 2018-052) released on Securities Times, Hong Kong Commercial Daily and Juchao Website dated 10 August 2018. Recently, the Company exercise checking and understanding on the abovementioned events involved in Lawyer's Letter.

XVII. Significant event of subsidiary of the Company

☒ Applicable ☐ Not applicable

On May 11, 2018, the company held the 2nd interim meeting of the ninth board of directors which deliberated and approved the Proposal on Investment in Establishing a Wholly-owned Subsidiary, and agreed the company to fund and set up a wholly-owned subsidiary, Hainan Wengao Tourism Resources Development Co., Ltd., with its own



funds of RMB 1 million. See details on the Announcement on the Resolution of the Second Interim Meeting of the Ninth Board of Directors (Announcement No.: 2018-040) and the Announcement on the Investment in Establishing a Wholly-owned Subsidiary (Announcement No.: 2018-043) that the company disclosed on the Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn on May 12, 2018.

On June 6, 2018, the wholly-owned subsidiary has completed the industrial and commercial registration procedures and obtained the Business License issued by Sanya Administration for Industry and Commerce of Hainan Province, see details on the Announcement on the Progress of Investment in Establishing a Wholly-owned Subsidiary that the company disclosed on the Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn on June 7, 2018 (Announcement No.: 2018-046).



Section VI. Particulars about Changes in Shares and Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	10,454,400	2.87%				0	0	10,454,400	2.87%
1. State-owned shares									
2. State-owned corporate shares	2,323,200	0.64%				0	0	2,323,200	0.64%
3. Other domestic shares	8,131,200	2.23%				0	0	8,131,200	2.23%
Including: Domestic legal person shares	7,821,000	2.15%				0	0	7,821,000	2.15%
Domestic natural person shares	310,200	0.09%				0	0	310,200	0.09%
II. Unrestricted shares	353,645,600	97.13%				0	0	353,645,600	97.13%
1. RMB common shares	265,645,600	72.96%				0	0	265,645,600	72.96%
2. Domestically listed foreign shares	88,000,000	24.17%						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

And during the follow-up process of non-tradable shares reform, relevant shares are released in line with relevant regulations and some of the shareholders are repaying the advance money for another, thus the share structure of the Company changed in the Period while total shares remain the same.

Approval of share changed

□ Applicable √ Not applicable

Ownership transfer of share changes

□ Applicable √ Not applicable



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

☐ Applicable ☒ Not applicable

Other information necessary to disclose 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 Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Ma Xiaoping	132,000	0	0	132,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
Zheng Youxiong	46,200	0	0	46,200	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
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 x
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 x
Haikou Dongfang Urban credit Cooperative	924,000	0	0	924,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
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 x
Shenyang Jin'an Industrial Corporation	831,600	0	0	831,600	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
Sanya Wangli Building Materials Sales	92,400	0	0	92,400	Legal commitment in	After relevant reimbursement and unrestricted procedures



					share reform	completed x
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 x
Southern Industrial and Trading Corporation	660,000	0	0	660,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
Guangzhou Dongzhan Industrial Co. LTD	924,000	0	0	924,000	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
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 x
Hainan Dadonghai Tourism Co.	739,200	0	0	739,200	Legal commitment in share reform	After relevant reimbursement and unrestricted procedures completed x
Total	10,454,400	0	0	10,454,400	--	--

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			46,487	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	Proporti on of shares held	Number of common shares held at period-end	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/fr ozen	
							State of share	A m o u nt
Luoniushan Co., Ltd.	Domestic non state-owned corporate	17.55%	63,885,980	0	0	63,885,980		



Pan Guoping	Domestic nature person	8.24%	29,989,791	-890000		29,989,791		
HGNH International Asset Management Co., Ltd – customer deposit	Foreign corporate	2.29%	8,327,502	0	0	8,327,502		
Hainan Ya’an Residence Property Service Co., Ltd.	Domestic non state-owned corporate	2.25%	8,205,800	0	0	8,205,800		
China Investment Securities (HK) Co., Ltd. – customer deposit	Foreign corporate	1.30%	4,722,300	0	0	4,722,300		
Zhang Fengxiu	Domestic nature person	1.07%	3,901,372	0	0	3,901,372		
Ouyang Chunlin	Domestic nature person	0.92%	3,360,000	0	0	3,360,000		
CITRINE CAPITAL LIMITED	Foreign corporate	0.90%	3,265,200	0	0	3,265,200		
Hu Jianguo	Domestic nature person	0.82%	2,993,940	-3233700	0	2,993,940		
Sun Huiming	Domestic nature person	0.79%	2,888,690	0	0	2,888,690		
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		Among the above shareholders, Hainan Ya’an Residence Property Service Co., Ltd. is the wholly-owned subsidiary of Luoniushan Co., Ltd. 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.		63,885,980	RMB common share			63,885,980		
Pan Guoping		29,989,791	Domestically listed foreign share			29,989,791		
HGNH International Asset Management Co., Ltd – customer deposit		8,327,502	RMB common share			8,327,502		
Hainan Ya’an Residence Property Service Co., Ltd.		8,205,800	RMB common share			8,205,800		



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
Ouyang Chunlin	3,360,000	RMB common share	3,360,000
CITRINE CAPITAL LIMITED	3,265,200	Domestically listed foreign share	3,265,200
Hu Jianguo	2,993,940	RMB common share	2,993,940
Sun Huiming	2,888,690	Domestically listed foreign share	2,888,690
Expiation on associated relationship or consistent actors within the top 10 un-restrict common stock shareholders and between top 10 un-restrict common stock shareholders and top 10 common stock shareholders	Among the above shareholders, Hainan Ya'an Residence Property Service Co., Ltd. is the wholly-owned subsidiary of Luoniushan Co., Ltd. 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 shareholders involving margin business about top ten common stock shareholders with un-restrict shares held	N/A		

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

☐ Yes ☒ No

The top ten common stock shareholders or top ten common stock 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 Period.



Section VIII. Particulars about Directors, Supervisors, Senior Executives and Employees

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

√Applicable □ Not applicable

Name	Title	Working status	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Shares held at period-end (Share)	Number of restricted shares delegated at period-begin (Share)	Number of restricted shares delegated in the period (Share)	Number of restricted shares delegated at period-end (Share)
Yuan Xiaoping	Chairman, General Manager	Currently in office	0	0	0	0	0	0	0
Tang Shanrong	Director	Currently in office	0	0	0	0	0	0	0
Tang Guoping	Independent Director	Currently in office	0	0	0	0	0	0	0
Wu Tao	Independent Director	Currently in office	0	0	0	0	0	0	0
Zhang Xuli	Supervisor	Currently in office	0	0	0	0	0	0	0
Li Yuanbin	Chairman, General Manager	Leave the office	0	0	0	0	0	0	0
Zhao Man	Independent Director	Leave the office	0	0	0	0	0	0	0
Leng Mingqua	Independent Director	Leave the	0	0	0	0	0	0	0



n		office							
Liu Juntao	Director	Leave the office	0	0	0	0	0	0	0
Wang Hongjuan	Director & Vice president & secretary of the Board	Currently in office	0	0	0	0	0	0	0
Huang Wencai	Supervisor	Currently in office	0	0	0	0	0	0	0
Wang Jialing	Supervisor	Leave the office	0	0	0	0	0	0	0
Fu Zongren	CFO	Currently in office	0	0	0	0	0	0	0
Chen Gang	Supervisor	Currently in office	0	0	0	0	0	0	0
Total	--	--	0	0	0	0	0	0	0

II. Changes of directors, supervisors and senior executives

√Applicable □ Not applicable

Name	Title	Type	Data	Reason
Yuan Xiaoping	Chairman, General Manager	Be elected	2018-02-28	The office term of 8 th BOD expired, and serves as chairman of the 9 th BOD in the Company. And was appointed as GM
Tang Shanrong	Director	Be elected	2018-02-28	The office term of 8 th BOD expired, and serves as Director of the 9 th BOD in the Company.
Tang Guoping	Independent Director	Be elected	2018-02-28	The office term of 8 th BOD expired, and serves as Independent Director of the 9 th BOD in the Company.
Wu Tao	Independent Director	Be elected	2018-02-28	The office term of 8 th BOD expired, and serves as Independent Director of the 9 th BOD in the Company.
Huang Wencai	Stockholder's Supervisor	Be elected	2018-02-28	The office term of 8 th supervisory committee expired, and serves as shareholder supervisory/chairman of the supervisory committee of the 9 th BOD in the Company.
Chen Gang	Staff Supervisor	Be elected	2018-02-28	The office term of 8 th supervisory committee expired, and serves as staff supervisor of the 9 th supervisory committee in the Company.



Zhang Xuli	Stockholder's Supervisor	Be elected	2018-02-28	The office term of 8 th supervisory committee expired, and serves as shareholder supervisor of the 9 th supervisory committee in the Company.
Li Yuanbin	Chairman, General Manager	Office leaving for term expired	2018-02-27	Office leaving for term expired
Zhao Man	Independent Director	Office leaving for term expired	2018-02-27a ppoi	Office leaving for term expired
Leng Mingquan	Independent Director	Office leaving for term expired	2018-02-27	Office leaving for term expired
Liu Juntao	Director	Office leaving for term expired	2018-02-27	Office leaving for term expired
Wang Jialing	Staff Supervisor	Office leaving for term expired	2018-02-27	Office leaving for term expired
Wang Hongjuan	Director & Vice president & secretary of the Board	Be elected	2018-02-28	The office term of 8 th BOD expired, and serves as Director of the 9 th BOD in the Company. And was re-appointed as deputy GM/Secretary of the Board/Securities affairs representative
Fu Zongren	CFO	Appointment	2018-03-06	Re-appointed as person in charge of finance in the Company



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

I. Audit report

Whether the semi annual report is audited

☐ Yes ☒ No

The company's semi annual financial report has not been audited.

II. Financial Statement

Expressed in Renminbi unless otherwise stated

1. Balance sheet

Prepared by HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD.

2018-06-30

In RMB

Item	Closing Balance	Opening Balance
Current assets:		
Monetary funds	10,751,658.64	9,681,607.16
Settlement funds		
Lending funds		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable	266,236.51	594,130.89
Prepayments	43,206.84	49,530.21
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividends receivable		
Other receivables	800,136.44	139,561.29
Purchase restituted finance asset		
Inventories	264,620.69	227,005.11
Assets held for sale		



Non-current assets maturing within one year	716,972.51	1,173,597.68
Other current assets	2,195,699.54	1,957,863.56
Total current assets	15,038,531.17	13,823,295.90
Non-current assets:		
Loans and payments on behalf		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,000,000.00	
Investment real estate	8,621,742.21	8,859,003.99
Fixed assets	38,017,199.39	39,088,708.83
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	22,611,442.62	23,017,636.20
Research and development costs		
Goodwill		
Long-term deferred expenses	2,678,016.88	2,678,016.88
Deferred tax assets		
Other non-current assets		
Total non-current assets	72,928,401.10	73,643,365.90
Total assets	87,966,932.27	87,466,661.80
Current liabilities		
Short-term borrowings		
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	1,651,770.31	2,161,172.26
Accounts received in advance	1,057,513.07	1,271,174.12
Selling financial asset of repurchase		



Commission charge and commission payable		
Wage payable	1,984,463.35	2,459,015.93
Taxes payable	471,349.26	539,023.76
Interest payable		
Dividend payable		
Other accounts payable	2,894,571.56	2,411,176.59
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	8,059,667.55	8,841,562.66
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities	1,489,685.04	1,489,685.04
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	1,489,685.04	1,489,685.04
Total liabilities	9,549,352.59	10,331,247.70
Owners' equity:		
Share capita	364,100,000.00	364,100,000.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	54,142,850.01	54,142,850.01
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		



Surplus reserve		
Provision of general risk		
Retained profit	-339,825,270.33	-341,107,435.91
Total owner's equity attributable to parent Company	78,417,579.68	77,135,414.10
Minority interests		
Total owner's equity	78,417,579.68	77,135,414.10
Total liabilities and owner's equity	87,966,932.27	87,466,661.80

Legal Representative: Yuan Xiaoping

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Fu Zongren

2. Profit statement

In RMB

Item	Current Period	Last Period
I. Total operating income	16,173,929.32	15,096,273.42
Including: Operating income	16,173,929.32	15,096,273.42
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	14,891,558.76	13,377,279.62
Including: Operating cost	6,000,063.36	5,256,112.51
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	716,520.90	754,244.27
Sales expenses	2,800,956.10	2,458,144.93
Administration expenses	5,356,455.21	5,089,450.57
Financial expenses	17,563.19	-180,672.66
Losses of devaluation of asset		



Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
Exchange income (Loss is listed with “-”)		
Income on disposal of assets (Loss is listed with “-”)		
Other income		
III. Operating profit (Loss is listed with “-”)	1,282,370.56	1,718,993.80
Add: Non-operating income	273.00	260.00
Less: Non-operating expense	477.98	
IV. Total Profit (Loss is listed with “-”)	1,282,165.58	1,719,253.80
Less: Income tax		
V. Net profit (Net loss is listed with “-”)	1,282,165.58	1,719,253.80
(i) continuous operating net profit (net loss listed with “-”)		
(ii) termination of net profit (net loss listed with “-”)		
Net profit attributable to owner’s equity of parent Company	1,282,165.58	1,719,253.80
Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from		



cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	1,282,165.58	1,719,253.80
Total comprehensive income attributable to owners of parent Company	1,282,165.58	1,719,253.80
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0035	0.0047
(ii) Diluted earnings per share	0.0035	0.0047

Legal Representative: Yuan Xiaoping

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Fu Zongren

3. Cash flow statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	17,460,137.72	15,736,183.76
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Insured savings and net increase of investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received		



Other cash received concerning operating activities	684,152.64	677,415.38
Subtotal of cash inflow arising from operating activities	18,144,290.36	16,413,599.14
Cash paid for purchasing commodities and receiving labor service	5,026,699.13	3,826,391.38
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	6,741,602.32	5,608,808.99
Taxes paid	1,590,739.15	1,610,025.50
Other cash paid concerning operating activities	1,674,572.16	2,137,300.17
Subtotal of cash outflow arising from operating activities	15,033,612.76	13,182,526.04
Net cash flows arising from operating activities	3,110,677.60	3,231,073.10
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets	1,040,626.12	1,333,145.20
Cash paid for investment	1,000,000.00	
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		9,000,000.00
Subtotal of cash outflow from investing activities	2,040,626.12	10,333,145.20
Net cash flows arising from investing activities	-2,040,626.12	-10,333,145.20
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities		19,810,000.00
Subtotal of cash inflow from financing activities		19,810,000.00



Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		29,810,000.00
Subtotal of cash outflow from financing activities		29,810,000.00
Net cash flows arising from financing activities		-10,000,000.00
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	1,070,051.48	-17,102,072.10
Add: Balance of cash and cash equivalents at the period -begin	9,681,607.16	27,210,248.01
VI. Balance of cash and cash equivalents at the period -end	10,751,658.64	10,108,175.91

Legal Representative: Yuan Xiaoping

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Fu Zongren

4. Statement on Changes of Owners' Equity

Current period

In RMB

Item	Current Period									
	Owners' equity attributable to the parent Company								M i n o r i t y	Total owners' equity
	Share capital	Other equity instrument	Capital reserve	L e s s : I n v e n t o r y s h a r e s	O t h e r c o m p l e x e s s i v e i n	R e a s o n a b l e r e s e r v e	S u p l u s r e s e r v e	P r o v i s i o n o f g e n e r a l		

[illegible]

2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI)Others													
IV. Balance at the end of the report period	364,100,000.00				54,142,850.01						-339,825,270.33		78,417,579.68

Last Period

In RMB

Item	Last Period													M i n o r i t y i n t e r e s t s	Total owners' equity
	Owners' equity attributable to the parent Company											Retained profit			
	Share capital		Other equity instrument		Capital reserve		L e s s : I n v e n t o r y s h a r e a c t i v e a	O t h e r c o n t r i b u t i o n s	R e s e r v e s	P r o f i t s a n d o t h e r i n c o m e s					



		a l s e c u r i t i e s		r e s i n c o m e								
I. Balance at the end of the last year	364,100,000.00			54,142,850.01							-343,966,434.57	74,276,415.44
Add: Changes of accounting policy												
Error correction of the last period												
Enterprise combine under the same control												
Other												
II. Balance at the beginning of this year	364,100,000.00			54,142,850.01							-343,966,434.57	74,276,415.44
III. Increase/ Decrease in this year (Decrease is listed with "-")											1,719,253.80	1,719,253.80
(i) Total comprehensive income											1,719,253.80	1,719,253.80
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk provisions												
3. Distribution for owners (or shareholders)												
4. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												



(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI) Others															
IV. Balance at the end of the report period	364,100,000.00				54,142,850.01								-342,247,180.77		75,995,669.24

Legal Representative: Yuan Xiaoping

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Fu Zongren

III. Company profile

Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. (hereinafter referred to as the "Company") is a standardized company limited by shares established on April 26, 1993 and restructured from Hainan Sanya Dadonghai Tourism Centre Development Co., Ltd. with the approval of Hainan Shareholding System Pilot Group office via its Document Qiong Gu Ban Zi [1993] No.11. On May 6, 1996, the Company was reorganized and separated with the reply of Hainan Securities Management Office by its Document Qiong Zheng Ban [1996] No.58. On October 8, 1996 and January 28, 1997, the Company was approved to respectively issue 80 million B shares and 14 million A shares on Shenzhen Stock Exchange and list for sales. On June 20, 2007, the Company carried out the split share structure reform. The non-tradable shareholders of the Company paid shares to the tradable shareholders for obtaining the circulation rights, and the tradable shareholders got 3 shares for every 10 shares. The Company belongs to tourism and catering service industry.

As at June 30, 2018, the Company's accumulative total issued capital was 364.1 million shares and the Company's registered capital was RMB 364.1 million. Legal representative: Li Yuanbin. Unified social credit code: 91460000201357188U. Domicile: Dadonghai, Hedong District, Sanya. Business scope: Accommodation and catering industry (limited to branches); photography; flower bonsai, knitwear, general merchandise, hardware, chemical products (except franchised operations), daily necessities, industrial means of production (except franchised operations), metal materials, machinery equipment; sales of train, bus, vehicle tickets on an agent basis etc. The Company's largest shareholder is Luoniushan Co., Ltd.

The financial statements were approved by the board of directors of the Company on August 9, 2018 for disclosure.

As at June 30, 2018, the subsidiaries included into the Company's scope of consolidated financial statements are as follows:

Name	Relationship with the Company
Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. South China Hotel (hereinafter referred to as "the South China	Branch



IV. Basis of preparation of the financial statements

1. Preparation basis

Based on going concern and according to actually occurred transactions and events, the Company prepared financial statements in accordance with the Accounting Standards for Business Enterprises — Basic Standards and the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to collectively as the "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No.15 - General Requirements for Financial Reports (Revised in 2014).

2 Going concern

The Company currently has sufficient working capital and normal operating conditions. It is estimated that the operating activities of the Company will continue in the next 12 months.

V. Significant accounting policies and accounting estimates

Specific accounting policies and estimation attention:

The main accounting policies and accounting estimates of the Company had no change.

1. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely present the financial position, operating results, cash flows of the Company and other related information.

2. Accounting period

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

3. Operating cycle

The Company's operating cycle is 12 months.

4. Reporting currency

The Company adopts RMB as its reporting currency.

**5. Accounting Treatment Method for Business Combinations (under the same/different control)****6. Preparation method for consolidated financial statement****7. Joint arrangement classification and accounting treatment for joint operations****8. Recognition criteria of cash and cash equivalents**

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

9. Foreign currency business and foreign currency statement conversion

Foreign currency transactions will be translated at the spot exchange rate on the transaction date and be accounted for at RMB.

The balance of foreign currency monetary items are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit and loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses. Foreign currency non-monetary items measured at historical costs shall still be converted at the spot exchange rates when the transactions occur, without changing the functional currency amount. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rates on the day when the fair value is determined. The exchange difference arising therefrom is included in the current profit and loss or capital reserves.

10. Financial instruments

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

10.1 Classification of financial instruments

Upon initial recognition, financial assets and financial liabilities are classified into: financial assets or financial liabilities measured at fair value through 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; receivables; available-for-sale financial assets; and other financial liabilities, etc.

10.2 Recognition and measurement of financial instruments**(1) Financial assets (financial liabilities) measured at fair value through current profit and loss**

Financial assets (financial liabilities) measured at fair value through current profit and loss are initially recognized at the fair value upon acquisition (net of cash dividends declared but not yet paid or bond interest due but not yet



received) and the related transaction costs are included in 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.

The difference between the fair value and the initial book-entry value is recognized as investment income upon disposal; meanwhile, adjustments are made to profits or losses from changes in fair values.

(2) Held-to-maturity investments

Held-to-maturity investments are initially recognized at the sum of the fair value (net of bond interest due but not yet received) and related transaction costs upon acquisition.

The interest income is calculated and recognized according to amortized costs and effective interest rates (as per coupon rates if the difference between effective interest rates and coupon rates is small) during the holding period, and is included in the investment income. The effective interest rates are determined upon acquisition and remain unchanged during the expected remaining period, or a shorter period if applicable.

Upon disposal, the difference between the purchase price obtained and the book value of the investment is recognized in investment income.

(3) Receivables

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, prepayment and others, the initial recognition amount shall be the contract price or agreement price receivable from purchasing party; for those with financing nature, they are initially recognized at their present values.

Upon recovery or disposal, the difference between the purchase price obtained and the book value of the receivables is recognized in current profit and loss.

(4) Available-for-sale financial assets

Financial assets (financial liabilities) measured at fair value through current profit and loss are initially recognized at the fair value and related transaction expenses upon acquisition (net of cash dividends declared but not yet paid or bond interest due but not yet received).

The interests or cash dividends to be received during the holding period are recognized as investment income. The interest or cash dividends should be measured at fair value and their changes in fair value should be included in other comprehensive income. However, for an equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured, and for derivative financial asset linked to the said equity instrument investment and settled by delivery of the same equity instrument, they shall be measured at cost. Difference between the proceeds and the book value of the financial assets is recognized as investment profit or loss upon disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which is originally and directly included in other comprehensive income shall be transferred out and recognized as investment gains or losses.

(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. Subsequent measurement is conducted at the amortized cost.



10.3 Recognition and measurement of transfer of financial assets

When a financial assets transfer occurs, the financial assets will be derecognized when substantially all the risks and rewards on the ownership of the financial assets have been transferred to the transferee; and they will not be derecognized if substantially all the risks and rewards on the ownership of the financial assets have been retained.

When determining whether the transfer of a financial asset meets the above de-recognition criteria of financial assets, the Company adopts the principle of substance over form. The Company classifies the transfer of a financial asset into the entire transfer and the partial transfer of financial asset. Where the entire transfer of the financial asset meets the de-recognition conditions, the difference of the following two amounts will be included in 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 de-recognition, 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 the derecognized part;
- (2) The sum of the consideration for the derecognized part and the portion of de-recognition 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 de-recognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

10.4 De-recognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof will be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities will be derecognized, and at the same time, the new financial liability will be recognized.

Where substantive changes are made to the contract terms of existing financial liability in whole or in part, the existing financial liabilities or part thereof will be derecognized, and the financial liability the terms of which have been modified will be recognized as a new financial liability.

Where financial liabilities are derecognized is whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) will be included into current profit and loss.

Where the Company repurchases part of a financial liability, the entire book value of the financial liability shall be split into the derecognized part and continuously-recognized part according to their respective relatively fair values on the repurchase date. The difference between the book value of the derecognized part and the



consideration paid (including non-cash assets transferred out or new financial liabilities assumed) shall be included in the current profit and loss.

10.5 Method of determining the fair value of financial assets and financial liabilities

The fair value of a financial instrument, for which there is an active market, is the prices quoted for it therein. Fair value of a financial instrument having no active market shall be determined by using valuation techniques. At the time of valuation, the Company adopts the techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the features of assets or liabilities as considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. The unobservable inputs are used only under the circumstance when it is impossible or unobservable inputs to obtain relevant observable inputs.

10.6 Testing and accounting methods of impairment of financial assets (excluding receivables)

Except for the financial assets measured at fair values through current profit and loss, the book value of financial assets on the balance sheet date should be checked. If there is objective evidence that a financial asset is impaired, provision for impairment shall be made.

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

If the fair value of available-for-sale financial assets has significantly declined at the end of the period, or it is expected that the trend of decrease in value is non-temporary after considering various relevant factors, the impairment shall be recognized, and accumulated losses from decreases in fair value originally and directly included in owners' equity shall be all transferred out and recognized as impairment loss.

For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the matters occurring after the recognition of impairment loss, the previously recognized impairment loss shall be reversed and recorded into the current profit and loss.

Impairment losses on available-for-sale equity instruments shall not be reversed through profit or loss.

(2) Impairment provision for held-to-maturity investments:

Measurement of impairment losses on held-to-maturity investments is treated in accordance with the measurement method for impairment losses on receivables.

11. Accounts receivable

(1) Account receivable with individually significant amount and with bad debt provision accrual independently

Basis and standard for "individually significant"	Top 5 accounts receivable and other receivables by individual amount at the end of the year
Methods for provision for bad debts of receivables with individually significant amount:	The Company will separately conduct an impairment test on an individual basis and the allowance for bad debts will be made at the lower of the present value of the expected future cash flow and the book value thereof and included in current profit and loss. Those do not impair after the separate test shall be included into corresponding portfolio for



	provision for bad debts. If separate test indicates that there is impairment of receivables, they shall not be included the receivables portfolio with similar risk credit characteristics for an impairment test.
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(2) Receivables with bad debt provision accrual by credit portfolio:

Portfolio	Methods for provision for bad debts
Receivables provided for bad debts on a portfolio basis	Aging analysis

Provisions for bad debts made by aging analysis method are as follows:

☒ Applicable ☐ Not applicable

Aging	Provision ratio for receivables	Proportion ratio for other receivables
Within 1 year (inclusive)	0.00%	0.00%
1-2 years	5.00%	5.00%
2-3 years	15.00%	15.00%
3-4 years	25.00%	25.00%
4-5 years	50.00%	50.00%
Over 5 years	100.00%	100.00%

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(3) Accounts receivable with individually insignificant amounts and individual allowance for bad debt

Reasons for separate provision of allowance for bad debts	At the end of the year, there are objective evidences showing that the individual balances below top five are impaired; for example, the debtor is dissolved, bankrupts or dies, and therefore the receivables cannot be recovered after the bankruptcy property or the estate is repaid.
Provision method of allowance for bad debts	if there is an objective evidence that the impairment on receivables has occurred, such receivables shall be separated from relevant portfolio to conduct impairment test separately, based on which the impairment losses are recognized. Receivables other than accounts receivable and other receivables are subject to impairment provision by using the specific identification methods.

12. Inventories

Does the Company need to comply with the disclosure requirement of the special industry

No



1. Classification

Inventories are classified into: raw materials, stock commodities, low-cost consumables, good materials, fuel, etc.

2. Valuation method of inventories dispatched

Stock commodity is accounted for at the selling price and the difference between the purchase and sale prices are adjusted on a monthly basis by using the integrated price difference rate. The purchase and storage of all materials of inventories is measured at actual cost, and by using the first-in first-out method when applied for use. Low-cost consumables are amortized at lump-sum method when applied for use.

3. Determining basis of the net realizable value of inventories and method for inventory impairment provision

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.

For merchandise inventories for direct sale, including stock commodities, goods in progress and materials for sale, during normal operations, their net realizable values are recognized at the estimated selling prices minus the estimated selling expenses and the relevant taxes and surcharges; for material inventories held for production, their net realizable values are recognized at the estimated selling prices of finished goods minus estimated costs until completion, estimated selling expenses and relevant taxes and surcharges.

The provisions for inventory depreciation reserve are made on an individual basis at the end of the period; for inventories with large quantities and relatively low unit prices, 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 are made on a portfolio basis.

Where the previous factors affecting the written-down of the value of inventory have disappeared, the amount of write-down shall be resumed and be reversed from the original provision for inventory devaluation with the reversal being included in current profit and loss.

4. Inventory system

The perpetual inventory system is adopted for accounting.

5. Amortization methods for low-cost consumables and packaging materials

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



13. Assets held for sale

14. Long-term equity investments

1. Judgment criteria for common control and significant influence

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises joint control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, such as appointing representative to the board of directors or similar organs of authority of the investee, but not the power to control the investee, or jointly control, the formulation of such policies with other parties. Where an investor is able to have significant influences on an investee, the investee shall be the Company's associate.

2. Determining of initial investment cost

(1) Long-term equity investment acquired from business combination

Business combination under the common control: if the Company pays a consideration to the combinee in cash, by transferring non-cash assets or by assuming debts, the share of book value of its owners' equity in the combinee in the consolidated financial statements of the ultimate controlling party shall be regarded, on the merger date, as the initial investment cost of the long-term equity investment. If there is a difference between the initial investment cost of the long-term equity investment and the total of book values of the paid cash, transferred non-cash assets and of assumed debts as well as the face value of issued share, the difference shall be used to adjust the share premium in the capital reserve; and if the share premium in the capital reserve is insufficient to be offset, retained earnings shall be adjusted.

In case the Company can exercise control over the investee under common control for additional investment or other reasons, the initial investment cost of long-term equity investments is recognized at the share of book value of net asset of the acquiree after the combination in the consolidated financial statements of the ultimate controller on the combination date. The stock premium should be adjusted at the difference between the initial investment cost of long-term equity investments on the combination date and the book value of long-term equity investments before the combination plus the book value of consideration paid for additional shares; if there is no sufficient stock premium for write-downs, the retained earnings are adjusted.

Business combination not under the common control: the Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investments. Where the Company can control the investee not under common control from additional investments, the initial investment cost should be changed to be accounted for under the cost method and recognized at the sum of the book value of equity investments



originally held and newly increased investment cost. Under business combination not under the common control, the auditing, legal services, consulting and other intermediary fees and other related administrative expenses for business combination will be included into current profit and loss upon occurrence; the transaction costs for the issuance of equity securities or debt securities shall be included into the initial recognition amount of equity securities or debt securities.

(2) Long-term equity investments obtained 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 investment 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 and the relevant taxes and surcharges payable 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 the relevant taxes and surcharges payable are recognized as the initial cost of long-term equity investment traded in.

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

3. Subsequent measurements and recognition of gain or loss

(1) Long-term equity investment under cost method

Long-term equity investments in subsidiaries are accounted for under the 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 investment income in the current year at the cash dividends or profits declared by the investee.

(2) Long-term equity investment accounted for in the equity method

The Company's long-term equity investments in associates and joint ventures are accounted for by using the equity method. If the initial cost is more than the share of the fair value of the investee's identifiable net asset to which the Company shall be entitled when investing, the initial cost of the long-term equity investment will not be adjusted. If the initial cost of a long-term equity investment is less than the share of the fair value of the investee's identifiable net asset to which the Company shall be entitled when investing, the difference shall be included in the current profit or loss.

The Company respectively recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee that should enjoyed or assumed by the Company, and adjusts the book value of long-term equity investment; according to the profit



declared to be distributed by the investee or the part shall be enjoyed cash dividends calculation, to reduce the book value of long-term equity investment correspondingly; for other changes in owners' equity excepting for all profit or loss of the investee, other comprehensive income and profit distribution, the book value of long-term equity investment shall be adjusted and included in the owners' equity.

When recognizing the share of net profit or loss of the investee that the Company shall enjoy, based on fair value of various identifiable assets and others of the investee on acquisition and according to accounting policies and accounting periods of the Company, the Company shall recognize such share after making adjustments to net profit of the investee. When holding the investment, the investee should prepare the consolidated financial statements, it shall account for the investment income based on the net profit, other comprehensive income and the changes in other owner's equity attributable to the investee.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit and loss on investments on such basis. Where the losses from internal transactions between the Company and the investee fall into the scope of assets impairment loss, the full amount of such losses should be recognized. For transactions on investments or sales of assets between the Company and associates and joint ventures, where such assets constitute business, they should be accounted for according to the relevant policies.

When the Company recognizes its share of loss incurred to the investee, treatment shall be done in the following sequence: firstly, the book value of the long-term equity investment shall be reduced; secondly, where the book value thereof is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of other long-term equities which form net investment in the investee in substance and the book value of long term receivables shall be reduced. Finally, after all the above treatments, if the Company is still responsible for any additional liability in accordance with the provisions stipulated in the investment contracts or agreements, provisions are recognized and included into current investment loss according to the obligations estimated to undertake. An investing party shall recognize the net loss incurred by the invested entity until the book value of the long-term equity investment and other long-term interests which substantially form the net investment in the invested entity are reduced to zero, unless the investing party is obliged to undertake extra losses. If the invested entity realizes any net profit later, the investing party shall, after the amount of its attributable share of profits offsets its attributable share of the unrecognized losses, resume recognizing its attributable share of profits.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included into the current profit or loss.

Where a long-term equity investment is accounted for under the equity method, accounting treatment should be



made on the part which is originally included in other comprehensive income according to corresponding ratio by using the same basis for the investee to directly dispose of the relevant assets or liabilities when the investments are disposed of. Owner's equity recognized from the investee's changes in other owner's equity other than net profit or loss, other comprehensive income and profit distribution should all transferred to the current profit and loss in proportion.

In case the joint control or significant influence over the investee is lost for disposing part of equity investments or other reasons, the remaining equity will be changed to be accounted for according to the recognition and measurement principles of financial instruments. The difference between the fair value and the book value on the date of the loss of joint control or significant influence should be included in the current profit and loss. As to other comprehensive income recognized based on measurement of the original equity investment under the equity method, accounting treatment shall be made on the same basis as would be required if the investee had directly disposed of the assets or liabilities related thereto when measurement under the equity method is terminated. Owner's equity recognized from the investee's changes in other owner's equity other than net profit or loss, other comprehensive income and profit distribution should all transferred to the current profit and loss when the equity method confirmed is no longer adopted.

Where the Company loses the control over the investee due to disposal of partial equity investments or other reasons, when it prepares separate financial statements, the remaining equity after disposal that can jointly control or have significant influence on the investee will be measured at the equity method, and the remaining equity should be deemed to have been adjusted at equity method on acquisition;

If the remaining equity after disposal cannot exercise joint control or significant influence on the investee, such investments should be accounted for according to the provisions on the recognition and measurement of financial instruments and the difference between fair value and book value on the date of loss of the control should be included in the current profit and loss.

Where the disposed equities are acquired by the enterprise combination due to the reasons such as additional investment, the remaining equities after the disposal are calculated based on the cost method or equity method in preparing the individual financial statements, and other comprehensive income and other owners' equity recognized because of the equity method adopted for the calculation of the equity investment held prior to the purchase date are carried forward in proportion; the remaining equities after the disposal are changed to be made in accordance with the relevant provisions in the recognition and measurement criteria of financial instruments while other comprehensive income and other owners' equity are carried forward in full.

**15. Investment property**

Measurement mode

Measured by cost method

Depreciation or amortization method

Investment properties are properties to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term capital appreciation, buildings leased out under operating leases, (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).

The Company measures the existing investment properties by using the cost model. For investment property measured by using the cost model, the buildings for lease shall be depreciated by using policies the same as used for fixed assets of the Company, and the land use rights for lease shall be amortized by using the same policies as applicable to intangible assets.

16. Fixed assets**(1) Recognition criteria of fixed assets**

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year. Fixed assets are recognized when they simultaneously meet the following conditions:

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

(2) Depreciation method of fixed assets

Asset type	Depreciation method	Year for depreciation	Residual value rate	Yearly depreciation rate
Houses and buildings	Straight-line method	20-40	5	4.75-2.37
Mechanical equipment	Straight-line method	8-20	5	11.87-4.75
Entertainment equipment	Straight-line method	5-16	5	19-5.93
Transportation equipment	Straight-line method	7-12	5	13.57-7.91
Other equipment	Straight-line method	8	5	11.87

**(3) Reorganization basis, valuation and depreciation method for financial lease assets****17. Construction in progress**

The book-entry values of the fixed assets are stated at total expenditures incurred before reaching 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. The fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation. Adjustment shall be made to the originally and provisionally estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

18. Borrowing costs**1. 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 relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the 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) Purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use are in progress.

2. Capitalization period of borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

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



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. Period of suspension for capitalization

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for its intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit and loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

4. Calculation 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 borrowings 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 end of each month by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

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.

19. Biological assets: Nil

20. Oil-and-gas assets: Nil

21. Intangible assets

(1) Valuation method, useful lives and impairment

1. Valuation method of intangible assets

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



The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended use. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of the financing nature, the cost of the intangible asset shall be determined on the basis of the current value of the purchase price.

For an intangible asset obtained in debt restructuring by a debtor for the settlement of relevant liability, the book-entry value shall be initially recognized based on the fair value of the intangible asset. Difference between the book value of restructured debts and the fair value of the intangible asset used for debt off-set shall be included in the current profit or 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 with 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 and surcharges payable should be recognized as the cost of the intangible assets, with gains or losses not recognized.

For intangible assets acquired from business combination under common control, the initial book value are initially recognized at the book value of the combinee; for intangible assets acquired from business combination not under common control, the initial book value are initially 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 expenses meeting the condition for capitalization, and other direct expenses for preparing the intangible assets for their intended use.

(2) Subsequent measurement

The useful lives of the intangible assets are analyzed and determined on their acquisition.

For intangible assets with definite useful lives, the Company shall adopt the straight-line method for amortization within the period during which they can bring economic benefits to the Company; where the period during which they can bring economic benefits to the Company cannot be forecast, those intangible assets shall be deemed as assets with indefinite lives and no amortization will be made.

2. Estimates of useful lives of intangible assets with definite useful lives

Item	Estimated useful lives	Basis
Land use rights	50 years	Use term for the land use right title

The useful life and amortization method of intangible assets with limited useful life 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 were not different from those estimated before.



3. Judgment basis for intangible assets with indefinite useful lives

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

(2) Accounting policy of internal R&D expenditures

22. Impairment of long-term assets

For the long-term equity investments, investment properties, fixed assets, construction in progress, intangible assets, and other long-term assets measured at cost model, if there are signs of impairment, an impairment test will be conducted on the balance sheet date. If impairment test results indicate that the recoverable amounts of the assets are lower than their book value, the provision for impairment is made based on the differences, which are recognized as impairment losses. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. The assets impairment provision is calculated and made on an individual basis. If it is difficult for the Company to estimate the recoverable amount of the individual asset, the recoverable amount of an asset group to which the said asset belongs to will be determined. Asset group is the minimum combination of assets that can independently generate cash inflows.

After the losses from asset impairment are recognized, they are not reversed in subsequent periods.

23. Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in the reporting period and in the future with an amortization period of over one year.

1. Amortization method

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

2. Amortization period

Item	Amortization period
Hotel exterior decoration	4 years
Fire stairs renovation	4 years
C FLOOR ROOM RENOVATION	5 years
Villa renovation	5 years
Swimming pool renovation	5 years



24. Employee compensation

(1) Accounting method for short-term compensation

During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in current profit and loss or costs associated with assets.

The appropriate amount of employee compensation payable will be determined during the accounting period when the employees provide services for the Company based on the medical insurance, work injury insurance and maternity insurance and other social insurance and housing fund paid by the Company for employees, as well as trade union funds and employee education funds withdrawn according to provisions at the accrual basis and accrual ratio.

The employee benefits in the non-monetary form shall be measured at fair value.

(2) Accounting method for post-employment benefits

The Company will pay basic old-age insurance and unemployment insurance in accordance with relevant provisions of the local government for employees. During the accounting period when they provide services for the Company, the amount payable will be calculated at the basis and proportion specified by local authorities, recognized as a liability and charged into current profit and loss or costs associated with assets.

(3) Accounting method for dismiss welfare

Where the Company cannot unilaterally withdraw the dismissal welfare offered in view of the cancellation of the labor relation plan or the layoff proposal, or recognizes the cost or expenses as to the restructuring involving the payment of dismissal welfare (whichever is earlier), the employee compensation arising from the dismissal welfare should be recognized as the liabilities and charged to the current profit or loss.

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

25. Estimated liabilities

When the Company is involved in litigation, debt guarantees, loss-making contract, reorganization matters, if such matters are likely to be satisfied by delivery of assets or provision of services in the future and the amount can be measured reliably, they shall be recognized as estimated liabilities.

1. Recognition criteria for estimated liabilities

When an obligation relating to a contingency meets all the following conditions at the same time, it is recognized as an estimated liability:

- (1) Such obligation is a present obligation of the Company;



- (2) The performance of such obligation may well cause outflows of economic benefits from the Company; and
- (3) The amount of such obligation can be measured reliably.

2. Measurement method of estimated liabilities

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

When the Company determines the best estimate, it should have 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 estimates will be determined after discount of relevant future cash outflows.

The best estimates shall be treated 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 estimates will 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, 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 estimated liabilities of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain to be received. The compensation recognized shall not exceed the book value of the estimated liabilities.

26. share-based payment

27. Other financial instrument as preferred stock and perpetual bond etc.

28. Revenue

Does the Company need to comply with the disclosure requirement of the special industry?

Nil

1. Recognition and measurement principles for revenues from sale of goods

- (1) General recognition and measurement principles for revenue from sales of goods

Income from sales of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; 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 income can be measured reliably; it is highly likely that the economic benefits associated with the transaction will flow into the



Company; and the relevant amount of cost incurred or to be incurred can be measured reliably.

(2) Recognition criteria and time of revenue from sale of goods of the Company

In the provision of hotel housing services at the same time, the Company provides goods to customers and will prepare daily sales list after confirming with the Rooms Department and the hotel front desk. Based on the sales list, the finance department confirms that the major risks and rewards of ownership of the goods have been transferred to the customer and then the sales revenue is recognized.

2. Recognition and measurement principles of revenue from rendering of service

(1) For the hotel rooms, catering (breakfast) and other services to be provided by the Company, after they are provided, and the Company checks with the sales department and the front check, the Company will prepare the daily sales reports and accounts receivable list to the finance department, which will review the same, after which, the revenue will be recognized.

(2) For the revenue from restaurants and venues contracted out, they will be recognized in accordance with the period stipulated in the contract or agreement and the collection timing.

3. Recognition basis for revenue from transfer of right to use assets

When the economic benefit related to the transaction is probably to flow into the Company and the relevant revenue can be reliably measured, the revenue from transfer of the asset use right is determined as follows: the revenue from transferring use right of assets shall be recognized based on the following circumstances:

(1) The amount of interest income is determined based on the time and effective interest rate for others to use the monetary funds of the Company.

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

29. Government subsidies

(1) Judgment criteria and accounting method for government subsidies related to assets

Set off the book value of related assets or be recognized as deferred income. Government subsidies related to assets are recognized as deferred income to be evenly distributed over the useful lives of the relevant assets and shall be recorded in current profit or loss by stages in a reasonable and systematic manner. Government subsidies measured in nominal amounts, are directly included in current profits and losses.

Where relevant assets are sold, transferred, scrapped or damaged before the end of their lives, balance of the unallocated deferred income is transferred to the current profit and loss on asset disposal.

(2) Judgment criteria and accounting method for government subsidies related to income

1) To be used as compensation for future costs, expenses or losses are recognized as deferred income and are



recorded in current profits and losses or used to write off the related costs where the relevant costs, expenses or losses are recognized.

2) To be used to compensate the related costs, expenses or losses incurred by the Company are directly included in current profit and loss or used to write off the related costs.

3) Accounting treatment will be conducted for government subsidies that at the same time include those associated with assets and income by different parts: if it is difficult to distinguish, they will be deemed as government subsidies associated with income.

30. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference.

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

Special circumstances in which deferred assets or deferred tax liabilities cannot 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.

When the Company has the statutory right to do settlement with the net amounts, and has the intention to do so or the recovery of assets and the settlement of liabilities are achieved simultaneously, the Company shall present its current income tax assets and current income tax liabilities at the net amounts as the result of one offsetting another.

When the Company has the legal right for netting of current income tax assets and current income tax liabilities and the income tax assets and income tax liabilities are related to the income tax levied on the same taxpayer by the same tax administrative department or are related to different taxpayers but, within each future period of reversal of important income tax assets and income tax liabilities, the taxpayers involved intend to settle current income tax assets and current income tax liabilities or acquire assets and liquidate liabilities at the same time, the Company's income tax assets and income tax liabilities shall be presented at the net amount after the offset.

31. Lease

(1) Accounting treatment of operating lease

1. Accounting treatment of assets leased

The rental fees paid for the asset leased by the Company will be amortized over the entire lease term without deducting rent-free period according to the straight-line method and included in the expenses for the current period. The initial direct costs related to the lease transactions paid by the Company are recorded in the current expenses.

When the lessor bears the lease related expenses which shall be undertaken by the Company, the Company shall deduct this part of the expense from the rent and amortize the net amount over the lease term and charge into current costs or expenses.

**2. Accounting treatment of leasing-out 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 relating to lease transactions incurred by the Company shall be recognized as the current expenses; if the amounts are material, they shall be capitalized and included in the current income on the same basis as the recognition of lease income.

When the Company bears the lease related expenses which should be undertaken by the lessee, the Company shall deduct this part of expense from the rent income, and amortize the net amount over the lease term.

(2) Accounting treatment of finance lease**32. Other principal accounting policies and accounting estimates****33. Changes to principal accounting policies and accounting estimates****(1) Changes in principal accounting policies**

☐ Applicable ☒ Not applicable

(2) Changes in principal accounting estimates

☐ Applicable ☒ Not applicable

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

Taxes	Basis for tax assessment	Tax rate
Value added tax(VAT)	Output VAT is calculated based on taxable sales revenue and service revenue calculated in accordance with tax laws and VAT payable or taxable sales revenue shall be the difference after deducting the input VAT deductible in the same period	5%, 6%, 11% and 17%
Urban maintenance and construction tax	Levied based on VAT payable	7%
Enterprise income tax	Levied based on taxable income	25%
Education surtax	Levied based on VAT payable	3%
Local educational surcharge	Levied based on VAT payable	2%



Housing property tax	Remaining value after deducting 30% from the original value of the house (including the occupied land price) and rental income	1.2%, 12%
Land use tax	Land area	

Disclose reasons for different taxpaying body: Nil

2. Tax preference

3. Other

VII. Notes to the items of financial statements

1. Monetary Fund

In RMB/CNY

Item	Ending balance	Beginning balance
Cash on hand	383,507.23	264,156.33
Bank deposits	3,368,151.41	9,417,450.83
Other monetary funds	7,000,000.00	
Total	10,751,658.64	9,681,607.16

Other explanation

2. Financial assts measured by fair value and with its variation reckoned into current gains/losses: Nil

3. Derivative financial assets

☐ Applicable ☒ Not applicable

4. Note receivable: Nil

5. Accounts receivable

(1) Disclosure of account receivables by category

In RMB/CNY

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accounts receivable with	334,756.76	100.00%	68,520.25	20.47%	266,236.51	662,651.14	100.00%	68,520.25	10.34%	594,130.89



provision for bad debts based on portfolios										
Total	334,756.76	100.00%	68,520.25	20.47%	266,236.51	662,651.14	1,000.00 %	68,520.25	10.34%	594,130.89

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

☐ Applicable ☒ Not applicable

In the portfolio, accounts receivable with the allowance for bad debts made under the aging analysis method:

☒ Applicable ☐ Not applicable

In RMB/CNY

Aging	Ending balance		
	Accounts receivable	Provision for bad debt	Provision proportion
Within 1 year			
Subtotal within 1 year	244,368.96		
1-2 years	785.00	39.25	5.00%
2-3 years	18,633.00	2,794.95	15.00%
3-4 years	3,397.00	849.25	25.00%
4-5 years	5,472.00	2,736.00	50.00%
Over 5 years	62,100.80	62,100.80	100.00%
Total	334,756.76	68,520.25	20.47%

Explanation on combination determines:

In combination, withdrawal proportion of bad debt provision based on balance proportion for account receivable

☐ Applicable ☒ Not applicable

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

(2) Provision, reversal or recovery of provision for bad debts in 2018: Nil

(3) Accounts receivable actually written off in 2018: Nil

(4) Top five accounts receivable in terms of ending balance collected by the debtor

Name of entity	Relationship with the Company	Book balance	Aging	Proportion in total amount of accounts receivable (%)
Shanghai Hecheng International Travel Service Co., Ltd.	Non-related party	96,490.00	Within 1 year	28.82%
Luoniushan Co., Ltd.	Non-consolidated	65,420.00	Within 1 year	19.54%



	related party			
Guangzhou Institute of Design	Non-related party	38,980.00	Over 5 years	11.64%
Beijing Tongcheng Huading International Travel Agency Co., Ltd.	Non-related party	35,479.00	Within 1 year	10.60%
Tianjin Watermelon Tourism Limited Liability Company	Non-related party	33,104.96	Within 1 year	9.89%
Total		269,473.96		80.50%

(5) Account receivable derecognition due to financial assets transfer**(6) Assets and liabilities resulted by account receivable transfer and continues involvement**

Other note: Nil

6. Advances to suppliers**(1) Advances to suppliers presented by aging**

In RMB/CNY

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	43,206.84	100.00%	49,530.21	100.00%
Total	43,206.84	--	49,530.21	--

Explanation on reasons of failure to settle on important advance payment with age over one year: Nil

(2) Top five advances to suppliers in terms of the ending balance collected by the prepaid object

Prepaid object	Ending balance	Proportion in total ending balance of advance to suppliers (%)
Sunshine Property Insurance Co., Ltd. Hainan Branch	18,322.73	42.41
Sinopec Petrochemical Sales Co., Ltd. Hainan Sanya Branch	12,103.50	28.01
China Post Group Corporation Sanya Branch	5,400.00	12.50
Sanya Daily	4,864.87	11.26
Hangzhou Xiruan Technology Co., Ltd.	2,515.74	5.82
Total	43,206.84	100.00

**7. Interest receivable: Nil****8. Dividend receivable: Nil****9. Other receivables****(1) Other receivables disclosed by category**

In RMB/CNY

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Other receivables with provision for bad debts based on portfolio	821,284.34	100.00 %	21,147.90	2.57%	800,136.44	160,709.19	100.00 %	21,147.90	13.16%	139,561.29
Total	821,284.34	100.00 %	21,147.90	2.57%	800,136.44	160,709.19	100.00 %	21,147.90	13.16%	139,561.29

Other receivables with insignificant single amount but with individual provision for bad debts at period-end

☐ Applicable ☒ Not applicable

Other receivables with provision for bad debts made by aging analysis method in portfolios:

☒ Applicable ☐ Not applicable

In RMB/CNY

Aging	Ending balance		
	Other receivables	Provision for bad debt	Provision proportion
Within 1 year			
Subtotal within 1 year	799,686.44		
3-4 years	600.00	150.00	25.00%
Over 5 years	20,997.90	20,997.90	100.00%
Total	821,284.34	21,147.90	

Explanations on combination determine:

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

☐ Applicable ☒ Not applicable

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



□ Applicable √ Not applicable

(2) Provision, reversal or recovery of provision for bad debts in 2018: Nil**(3) Other receivables actually written off in 2018: Nil****(4) Classification of other receivables by the nature of payment**

In RMB/CNY

Nature of Payment	Book balance as at June 30, 2018	Book balance as at January 1, 2018
Deposit	600.00	600.00
Petty cash	20,000.00	49,281.48
Water and electricity expenses	197,820.63	70,809.03
Social insurance and housing provident funds	28,120.04	40,018.68
Staff borrowings	288,543.31	
Sun Hongjie	286,200.36	
Total	821,284.34	160,709.19

(5) Top 5 other receivables at ending balance by arrears party

Name	Nature	Ending balance	Age	Proportion in total other receivables	Ending balance of bad debt provision
Sun Hongjie	Advance payment	286,200.36	Within 1 year	34.85%	
Wen Ping	Advance payment	185,292.04	Within 1 year	22.56%	
Hainan Hangpai Catering Co., Ltd.	Water and electricity fee	110,620.65	Within 1 year	13.47%	
Yang Yunhui	Staff borrowings ready for settlement	65,525.00	Within 1 year	7.98%	
Peng Guoxing	Water and electricity fee	54,649.64	Within 1 year	6.65%	
Total	--	702,287.69	--	85.51%	



(6) Account receivables related to government subsidies: Nil

(7) Other receivable for termination of confirmation due to the transfer of financial assets: Nil

(8) The amount of assets and liabilities that are transferred other receivable and continued to be involved: Nil

10. Inventories

(1) Classification of inventory

In RMB/CNY

Item	Ending balance			Beginning balance		
	Book balance	Provision for price decline	Book value	Book balance	Provision for price decline	Book value
Stocked materials	925,333.68	735,181.58	190,152.10	880,621.58	735,181.58	145,440.00
Stock commodities	22,771.38	11,102.41	11,668.97	22,771.38	11,102.41	11,668.97
Food and beverage	38,544.22		38,544.22	45,640.74		45,640.74
Fuel	24,255.40		24,255.40	24,255.40		24,255.40
Total	1,010,904.68	746,283.99	264,620.69	973,289.10	746,283.99	227,005.11

Does the Company comply with the disclosure requirement of “Information Disclosure Guidelines of Shenzhen Stock Exchange No.4-Listed Companies Engaged in Seed Industry and Planting Business” or not

No

(2) Provision for inventory depreciation

In RMB/CNY

Category of inventories	Beginning balance	Increase in the period		Decrease in period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	735,181.58					735,181.58
Stock commodities	11,102.41					11,102.41
Total	746,283.99					746,283.99

**(3) Explanation on capitalization of borrowing costs at ending balance of inventory: Nil****(4) Assets completed without unsettlement from construction contract at period-end: Nil****11. Assets held for sale: Nil****12. Non-current assets maturing within one year**

In RMB/CNY

Item	Ending balance	Beginning balance
Long-term unamortized expenses amortized within one year	716,972.51	1,173,597.68
Total	716,972.51	1,173,597.68

Other explanation: Nil

13. Other current assets

In RMB/CNY

Item	Ending balance	Beginning balance
Prepaid enterprise income tax	1,702,702.80	1,702,702.80
Input tax to be deducted	492,996.74	255,160.76
Total	2,195,699.54	1,957,863.56

Other explanation: Nil

14. Available-for-sale-financial assets: Nil**15. Investment held-to-maturity: Nil****16. Long-term receivables: Nil****17. Long-term equity investment**

In RMB/CNY

Investee	Begin ning balan ce	Changes (+,-)								Ending balance	Ending balance of impair ment provisi on
		Addition al investme nt	Negati ve invest ment	Gain/lo ss of investm ent recogni zed by Equity	Other compre hensive income adjustm ent	Other equity changes	Cash dividen d or profit distribu ted	Accrual of impair ment provisi on	Other		
I. Joint venture											



Hainan Wengao Tourism Resource s Develop ment Co., Ltd.		1,000,00 0.00								1,000,0 00.00	
Subtotal		1,000,00 0.00								1,000,0 00.00	
II. Affiliated companies											
Total		1,000,00 0.00								1,000,0 00.00	

Other note

18. Investment property

(1) Investment properties measured at cost

√ Applicable □ Not applicable

In RMB/CNY

Item	Buildings and constructions	Land use rights	Construction in process	Total
1. Original book value				
1.Beginning balance	18,856,504.44	5,662,740.59		24,519,245.03
2.Increase in the period				
(1) Purchase				
(2) Transfer from inventories/fixed assets/construction in process				
(3) Increase from business combinations				
3.Decrease in the period				
(1) Disposal				
(2) Other transfer-out				



4. Ending balance	18,856,504.44	5,662,740.59		24,519,245.03
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	10,189,399.98	2,163,386.45		12,352,786.43
2. Increase in the period	209,091.78	28,170.00		237,261.78
(1) Provision or amortization	209,091.78	28,170.00		237,261.78
3. Decrease in the period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	10,398,491.76	2,191,556.45		12,590,048.21
III. Provision for impairment				
1. Beginning balance	1,404,400.47	1,903,054.14		3,307,454.61
2. Increase in the period				
(1) Provision				
3. Decrease in the period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	1,404,400.47	1,903,054.14		3,307,454.61
IV. Book value				
1. Closing book value	7,053,612.21	1,568,130.00		8,621,742.21
2. Opening book value	7,262,703.99	1,596,300.00		8,859,003.99

**(2) Investment real estate measured by fair value**

□ Applicable √ Not applicable

(3) Investment real estate without property certification held: Nil**19. Fixed assets****(1) Fixed assets details**

In RMB/CNY

Item	Houses and buildings	Mechanical equipment	Transportation equipment	Electronic equipment	Other equipment	Total
I. Original book value:						
1.Beginning balance	136,789,501.82	13,279,932.54	2,345,074.91	2,623,443.45	2,059,888.17	157,097,840.89
2.Increase in the period		3,200.00		274,545.79	111,006.47	388,752.26
(1) Purchase		3,200.00		274,545.79	111,006.47	388,752.26
(2) Transfer from construction in process						
(3) Increase from business combinations						
3.Decrease in the period				12,800.00		12,800.00
(1) Disposal or scrap				12,800.00		12,800.00
4.Ending balance	136,789,501.82	13,283,132.54	2,345,074.91	2,885,189.24	2,170,894.64	157,473,793.15
II. Accumulated depreciation						
1.Beginning balance	70,320,351.57	9,371,050.71	1,415,798.92	2,012,775.79	1,288,515.64	84,408,492.63
2.Increase in the period	1,066,369.14	144,249.45	85,613.46	81,819.17	81,732.50	1,459,783.72
(1) Provision	1,066,369.14	144,249.45	85,613.46	81,819.17	81,732.50	1,459,783.72
3.Decrease in the period				12,322.02		12,322.02
(1) Disposal or scrap				12,322.02		12,322.02



4. Ending balance	71,386,720.71	9,515,300.16	1,501,412.38	2,082,272.94	1,370,248.14	85,855,954.33
III. Provision for impairment						
1. Beginning balance	31,072,788.17	2,527,851.26				33,600,639.43
2. Increase in the period						
(1) Provision						
3. Decrease in the period						
(1) Disposal or scrap						
4. Ending balance	31,072,788.17	2,527,851.26				33,600,639.43
IV. Book value						
1. Ending book value	34,329,992.94	1,239,981.12	843,662.53	802,916.30	800,646.50	38,017,199.39
2. Opening book value	35,396,362.08	1,381,030.57	929,275.99	610,667.66	771,372.53	39,088,708.83

(2) Temporarily idle fixed assets: Nil

(3) Fixed assets acquired by financing lease: Nil

(4) Fixed assets acquired by operating lease: Nil

(5) Certificate of title un-completed: Nil

20. Construction in progress: Nil

21. Engineering material: Nil

22. Disposal of fixed assets: Nil

23. Productive biological asset

(1) Measured by cost

☐ Applicable ☒ Not applicable

**(2) Measured by fair value**

□ Applicable √ Not applicable

24. Oil and gas assets

□ Applicable √ Not applicable

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

In RMB/CNY

Item	Land use rights	Patent right	Non-patents technology		Total
I. Original book value					
1.Beginning balance	81,653,137.15				81,653,137.15
2.Increase in the period					
(1) Purchase					
(2) Internal research and development					
(3) Increase from business combinations					
3.Decrease in the period					
(1) Disposal					
4.Ending balance	81,653,137.15				81,653,137.15
II. Accumulated amortization					
1.Beginning balance	31,194,664.11				31,194,664.11
2.Increase in the period	406,193.58				406,193.58
(1) Provision	406,193.58				406,193.58
3.Decrease in the period					



(1) Disposal					
4. Ending balance	31,600,857.69				31,600,857.69
III. Provision for impairment					
1. Beginning balance	27,440,836.84				27,440,836.84
2. Increase in the period					
(1) Provision					
3. Decrease in the period					
(1) Disposal					
4. Ending balance	27,440,836.84				27,440,836.84
IV. Book value					
1. Ending book value	22,611,442.62				22,611,442.62
2. Opening book value	23,017,636.20				23,017,636.20

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end was.

(2) Land use rights without certificate of ownership: Nil

26. Development expenditure: Nil

27. Goodwill: Nil

28. Long-term deferred expenses

In RMB/CNY

Item	Beginning balance	Increase in the period	Amortization in the period	Other decreased	Ending balance
Hotel exterior decoration	486,974.55				486,974.55
Fire stairs renovation	45,695.16				45,695.16
Swimming pool renovation	224,969.28				224,969.28
C FLOOR ROOM	721,297.31				721,297.31



RENOVATION					
Villa renovation	1,199,080.58				1,199,080.58
Total	2,678,016.88				2,678,016.88

Other explanation: Nil

29. Deferred income tax assets and deferred income tax liabilities: Nil

30. Other non-current assets: Nil

31. Short-term loans: Nil

32. Financial liability measured by fair value and with its variation reckoned into current gains/losses: Nil

33. Derivative financial liability

☐ Applicable ☒ Not applicable

34. Notes payable: Nil

35. Accounts payable

(1) Presentation of accounts payable by aging

In RMB/CNY

Item	Ending balance	Beginning balance
Inventory temporary warehousing	700,275.98	738,044.28
Sanya Yunwang Food Distribution Co., Ltd.	449,301.47	743,186.25
Hainan Huanyu Decoration Design Engineering Co., Ltd.	134,274.10	134,274.10
Sanya Zhengzhuang Industrial Co., Ltd.	111,340.86	115,247.50
Sanya Sino French Water	56,002.63	47,698.36
Other	66,274.13	248,420.63
Over 3 years	134,301.14	134,301.14
Total	1,651,770.31	2,161,172.26

(2) Major payables with over one year account age

In RMB/CNY

**36. Advances from customers****(1) Presentation of advances from customers**

In RMB/CNY

Item	Ending balance	Beginning balance
Room and meal charge	1,057,513.07	1,271,174.12
Total	1,057,513.07	1,271,174.12

(2) Significant advances from customers with aging more than one year

In RMB/CNY

Item	Ending balance	Reasons for failure of repayment or carry-forward
Guangzhou Nanbu Holiday International Travel Service Co., Ltd. Sanya Branch	101,244.00	Unsettled
PEGAS ZHENG QINGBO	32,243.02	Unsettled
Hainan Qiongzong Ecological Investment Guarantee Co., Ltd.	27,519.00	Unsettled
Sanya Public Security Fire Brigade	19,420.88	Unsettled
Tianhong Group Wuzhizhou Project Department	9,894.00	Unsettled
Total	190,320.90	--

(3) Projects settlement without unfinished at period-end from construction contract: Nil**37. Employee compensation payable****(1) Classification of employee compensation payable**

In RMB/CNY

Item	Beginning balance	Increase in the period	Decrease in the period	Ending balance
I. Short-term compensation	2,459,015.93	6,463,131.41	6,937,683.99	1,984,463.35
II. Post-employment benefits - defined contribution plans		499,680.13	499,680.13	
Total	2,459,015.93	6,962,811.54	7,437,364.12	1,984,463.35

(2) Short-term compensation

In RMB/CNY



Item	Beginning balance	Increase in the period	Decrease in the period	Ending balance
1. Salary, bonus, allowance and subsidies	1,479,102.46	5,272,790.73	5,774,948.39	976,944.80
2. Employee welfare		714,640.46	714,640.46	
3. Social insurance premiums		224,827.47	224,827.47	
Including: Medical insurance premiums		204,995.27	204,995.27	
Work-related injury insurance premiums		7,021.13	7,021.13	
Maternity insurance premiums		12,811.07	12,811.07	
4. Housing provident funds		78,478.00	65,620.00	12,858.00
5. Labor union funds and employee education funds	979,913.47	172,394.75	157,647.67	994,660.55
Total	2,459,015.93	6,463,131.41	6,937,683.99	1,984,463.35

(3) Presentation of defined contribution plan

In RMB/CNY

Item	Beginning balance	Increase in the period	Decrease in period	Ending balance
1. Basic endowment premiums		486,869.06	486,869.06	
2. Unemployment insurance premium		12,811.07	12,811.07	
Total		499,680.13	499,680.13	

Other explanation: Nil

38. Taxes payable

In RMB/CNY

Item	Ending balance	Beginning balance
Value added tax (VAT)	147,972.15	222,989.34
Individual income tax	-0.01	
Urban maintenance and construction tax	839.27	7,782.70
Education surtax	359.68	3,335.43
Local educational surcharge	239.80	2,223.64
Security for disabled person	19,245.72	
Land use tax	108,590.91	108,590.91
Housing property tax	194,101.74	194,101.74



Total	471,349.26	539,023.76
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Other explanation: nil

39. Interest payable: Nil

40. Dividend payable: Nil

41. Other payables

(1) Presentation of other payables by nature

In RMB/CNY

Item	Ending balance	Beginning balance
Security deposit	868,000.00	711,046.99
Staff dormitory rental fees, etc.	528,000.00	521,534.64
Audit fees	285,003.21	285,003.21
Quality guarantee deposit for projects	123,029.67	193,066.10
Employee deposits	86,520.00	166,200.90
Project funds	331,111.03	162,569.78
Funds collected and remitted	68,346.68	100,036.07
Petty cash		28,446.80
Electric charges withheld	20,472.00	20,700.00
Individual current amounts		1,364.00
Announcement charge withholding	441,208.10	221,208.10
Other	142,880.87	
Total	2,894,571.56	2,411,176.59

(2) Other significant payables with aging of over one year

In RMB/CNY

Item	Ending balance	Reason for non-repayment or carry-over
Hong Kong Deloitte & Touche LLP	285,003.21	Reason for non-repayment
Sanya Shuxin Housing Waterproof Engineering Limited	170,000.00	Reason for non-repayment
China Building Decoration Company Hainan Branch	161,111.03	Reason for non-repayment
Total	616,114.24	--

Other explanation: Nil

**42. Liability held for sale: Nil****43. Non-current liability due within one year: Nil****44. Other current liability: Nil****45. Long-term loans: Nil****46. Bond payable: Nil****47. Long-term account payable****48. Long-term employee payable: nil****49. Special payable: nil****50. Estimated liabilities**

In RMB

Item	Ending balance	Beginning balance	Reasons
Other	1,489,685.04	1,489,685.04	Provisions for arrears of electricity tariffs
Total	1,489,685.04	1,489,685.04	--

Other explanation, including important assumptions and estimation for the major accrual liability:

On 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, enseat, unseat 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.

**51. Deferred income: nil****52. Other non-current liability: nil****53. Share capital**

In RMB

	Beginning balance	Changes ("+" for increase and "-" for decrease)					Ending balance
		Issuance of new shares	Share donation	Public reserve transferred to shares	Others	Sub-total	
Total shares	364,100,000.00						364,100,000.00

Other explanation: nil

54. Other equity instrument: nil**55. Capital reserves**

In RMB

Item	Beginning balance	Increase in 2017	Decrease in 2017	Ending balance
Capital premium (share premium)	33,336,215.58			33,336,215.58
Other capital reserves	20,806,634.43			20,806,634.43
Total	54,142,850.01			54,142,850.01

Other explanation, including changes in the period and reasons: nil

56. Treasury stock: nil**57. Other consolidated income: nil****58. Reasonable reserve: nil****59. Surplus reserves: nil****60. Undistributed profits**

In RMB

Item	Current period	Last period
Undistributed profits at the end of last year before adjustment	-341,107,435.91	-343,966,434.57
Undistributed profits at the beginning of the year after adjustment	-341,107,435.91	-343,966,434.57
Plus: net profit attributable to owners of the parent company in current period	1,282,165.58	1,719,253.80



Undistributed profit as at the end of the year	-339,825,270.33	-342,247,180.77
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Details about adjusting the retained profits at the beginning of the period:

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

61. Operating income and operating costs

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	14,615,148.37	5,762,801.58	13,518,444.89	5,018,862.48
Other business	1,558,780.95	237,261.78	1,577,828.53	237,250.03
Total	16,173,929.32	6,000,063.36	15,096,273.42	5,256,112.51

62. Taxes and surcharges

In RMB

Item	Current period	Last period
Urban maintenance and construction tax	37,515.65	52,296.64
Educational surtax	26,796.89	37,289.14
Property tax	431,174.78	441,630.64
Land use tax	217,181.82	217,184.65
Vehicle and vessel use tax	3,669.06	4,980.00
Stamp tax	182.70	863.20
Total	716,520.90	754,244.27

Other explanation: nil

63. Sales expenses

In RMB

Item	Current period	Last period
Staff wages and benefits	1,841,236.40	1,532,804.73
Social workers insurance expenses	285,734.45	224,176.69
Depreciation	256,486.12	245,942.02



Water and electricity fees	84,101.36	83,061.58
Repair charges	58,716.18	65,649.32
Other expenses	274,681.59	306,510.59
Total	2,800,956.10	2,458,144.93

Other explanation: nil

64. Administrative expenses

In RMB

Item	Current period	Last period
Salaries and welfares	2,809,454.64	2,630,309.99
Social insurance premium	266,303.18	325,482.11
Entertainment expenses	496,075.07	402,028.00
Travelling expenses	68,678.82	97,189.95
Amortization for the depreciation and land use right	550,590.01	552,843.49
Announcement fee and agency charge	656,245.72	640,800.00
Other	509,107.77	440,797.03
Total	5,356,455.21	5,089,450.57

Other explanation: nil

65. Financial expenses

In RMB

Item	Current period	Last period
Handling charges	40,293.06	24,107.51
Less: interest income	-22,729.87	-204,780.17
Total	17,563.19	-180,672.66

Other explanation: nil

**66. Losses on assets impairment: nil****67. Gains from fair value changes: nil****68. Investment income: nil****69. Income from assets disposal: nil****70. Other income: nil****71. Non-operating income**

In RMB

Item	Current period	Last period	Amount included in non-recurring profit and loss in the current period
Other	273.00	260.00	273.00
Total	273.00	260.00	273.00

Government subsidies reckoned into current gains/losses: nil

72. Non-operating expenses

In RMB

Item	Current period	Last period	Amount included in non-recurring profit and loss in the current period
Loss of non-current assets disposal	477.98		-477.98
Total	477.98		-477.98

Other explanation: nil

73. Income tax expenses: nil**74. Other comprehensive income**

See Note

75. Notes to items of the cash flow statement**(1) Cash received from other operating activities**

In RMB

Item	Current period	Last period
Interest income	22,729.87	204,780.17



Other	661,422.77	472,635.21
Total	684,152.64	677,415.38

Explanation: nil

(2) Cash paid for other operating activities

In RMB

Item	Current period	Last period
Social intercourse fees	497,075.07	402,028.00
Intermediary audit charges	400,000.00	400,000.00
Announcing fees	220,000.00	60,000.00
Travelling expenses	72,159.01	109,715.87
Promotion fee	26,619.18	21,162.60
Repair charges	98,889.97	100,191.70
Membership expenses of directors and supervisors		354,000.00
Other	359,828.93	690,202.00
Total	1,674,572.16	2,137,300.17

Explanation: nil

(3) Cash received from other investment activities: nil

(4) Cash paid for other investing activities

In RMB

Item	Current period	Last period
Wuhan AiEjia Co., Ltd		9,000,000.00
Total		9,000,000.00

Explanation: nil

(5) Cash received from other financing activities

In RMB

Item	Current period	Last period
Luoniushan Group Co., Ltd.		19,810,000.00
Total		19,810,000.00

Explanation: nil

**(6) Cash paid for other financing activities**

In RMB

Item	Current period	Last period
Luoniushan Group Co., Ltd.		10,000,000.00
CSRC		19,810,000.00
Total		29,810,000.00

Explanation: nil

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

In RMB

Item	Current period	Last period
1. Net profit adjusted to cash flows from operating activities	--	--
Net profits	1,282,165.58	1,719,253.80
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	1,799,584.50	1,591,987.78
Amortization of intangible assets	434,363.58	434,363.58
Amortization of long-term fees to apportioned	609,770.58	292,184.70
Loss from fixed assets scrapping ("-" for gains)	477.98	
Decreases in inventories ("-" for increases)	-37,615.58	-34,035.33
Decreases in operating receivables ("-" for increases)	-326,357.40	159,732.97
Increases in operating payables ("-" for decreases)	-651,711.64	-932,414.40
Net cash flows from operating activities	3,110,677.60	3,231,073.10
2. Significant investing and financing activities not involving cash receipts and payments	--	--
3. Net changes in cash and cash equivalents	--	--
Balance of cash at the end of the period	10,751,658.64	10,108,175.91
Less: balance of cash at the beginning of the period	9,681,607.16	27,210,248.01
Net increase in cash and cash equivalents	1,070,051.48	-17,102,072.10

**(2) Net cash payment for the acquisition of a subsidiary of the current period: nil****(3) Net cash received from the disposal of subsidiaries: nil****(4) Breakdown of cash and cash equivalents**

In RMB

Item	Ending balance	Beginning balance
I. Cash	10,751,658.64	9,681,607.16
Including: cash on hand	383,507.23	264,156.33
Unrestricted bank deposits	10,368,151.41	9,417,450.83
III. Ending balance of cash and cash equivalents	10,751,658.64	9,681,607.16

Other explanation: nil

77. Notes for the statement of owners equity changes

Explain the items and adjusted amount which have adjusted in "Other" of last year's ending balance: nil

78. Assets with ownership or use right restricted: nil**79. Item of foreign currency****(1) Item of foreign currency: nil****(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons**☐ Applicable ☒ Not applicable**80. Hedging**

Released the items and relevant instruments by types, and qualitative and quantitative information for hedge risks: nil



81. Other

VIII. Changes of consolidation range

1. Enterprise consolidation not under the same control: nil

2. Enterprise consolidation under the same control: nil

3. Counter purchase

Basic information of transactions, basis of transactions constituting counter purchase, whether assets and liabilities reserved by listed companies constituting business and their basis, confirmation of combined cost, the amount occurred when adjusting rights and interests in accordance with equity transaction and its calculation: Nil

4. Disposal of subsidiaries

Losing controlling rights while dispose subsidiary on one-time

☐Yes ☒No

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

☐Yes ☒No

5. Changes of combination scope

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

At end of the period, wholly-owned subsidiary Hainan Wengao Tourism Resources Development Co., Ltd. included in combination scope

6. Other

IX. Equity in other entity

1. Equity in the subsidiary: nil

2. Changes in the owner's equity share of the subsidiary and the transaction is still controlled subsidiary: nil

3. Equity in arrangement of joint venture or associated enterprises: nil

4. Important common management: nil

5. Equity in structured entities not included in the consolidated financial statements

Relevant examination: nil

Hainan Wengao Tourism Resources Development Co., Ltd. is a wholly-owned subsidiary invested and established by the company in



June 2018. It has just completed the registration procedures and has not yet started operation. During the reporting period, no significant expenses and expenditures incurred, its financial status and operating results did not have a significant impact on the company, Hainan Wengao Tourism Resources Development Co., Ltd. was not included in the consolidated financial statements of the company during the reporting period

6. Other

X. Risks related to financial instruments

XI. Fair value disclosures: nil

XII. Related parties and related-party transactions

1. Parent company

Parent company	Registered place	Nature of Business	Registered Capital	Shareholding ratio in the Company	Voting ratio in the Company
Luoniushan Co., Ltd.	Haikou City	Plant and culturing	1151.15 million Yuan	17.55%	19.80%

Note

As of 30 June 2018, Luoniushan Co., Ltd. (hereinafter referred to as Luoniushan) and its wholly-owned subsidiary Hainan Ya'anju Property Service Co., Ltd. holds 72,091,780 shares of the Company under A-stock, totally takes 19.80% in total share capital of the Company, and it is the first largest shareholder of the Company.

Ultimate controlling party:

Other note: nil

2. Subsidiary of the Enterprise

Found more in Notes

3. Cooperative enterprise and joint venture

Found more in Notes

Other cooperative enterprise or joint ventures which has related transaction with the Company in the period or occurred previous: Nil

**4. Other related party: nil****5. Related transaction: nil****6. Receivable/payable items of related parties****(1) Receivable**

In RMB

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Account receivable	Luoniushan Co., Ltd.	65,420.00		166,412.00	

(2) Payable item: nil**7. Commitments of related party****8. Other****XIII. Share-based payment****1. Share-based payment**☐ Applicable ☒ Not applicable**2. Settled by equity**☐ Applicable ☒ Not applicable**3. Settled by cash**☐ Applicable ☒ Not applicable**4. Modification and termination of share-base payment****5. Other****XIV. Commitments and contingencies****1. Material commitments**

Major commitments on balance sheet date



Nil

2. Contingencies

(1) Major contingencies on balance sheet date

On 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 on 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. The event has no further progress up to 31 December 2017.

(2) For no major contingencies disclosed, explain reasons

The Company has no major contingencies should be disclosed

3. Other

XV. Event after balance sheet date

1. Major non-adjustment events: nil

2. Profit distribution: nil

**3. Sales return: nil****4. Explanation on other events after balance sheet date: nil****XVI. Other significant events****1. Correction of accounting errors in previous periods: nil****2. Debt reorganization: nil****3. Assets replacement: nil****4. Annuity plan: nil****5. Termination of operation: nil****6. Segment information: nil****7. Major trading and items shows influence on investors' decision-making: nil****8. Other**

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 from Luoniushan a Letter on Progress in the Planning of Commitment Implementation, in which Luoniushan intended to transfer 100% of the equity it held in the Industrial Company, a wholly-owned subsidiary (specifically, the Industrial Company will first be transferred with part of financial assets equity held by Luniushan and of 6.91% equity of Sanya Rural Commercial Bank Co., Ltd.) to the Company, the transaction was made in cash with transaction amount of about RMB300 million. The proposal was not adopted at the 11th extraordinary meeting of the eighth board of directors of the Company due to the Company's lack of sufficient debt repayment ability.

On June 23, 2017, Luoniushan issued to the Company a Letter on Change in Term of Commitment by



Luoyunshan Co., Ltd. to Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd., extending Luoniushan's performance period of the above restructuring commitment of the Company by 6 months, which means the deadline for the fulfillment of reorganization commitment was changed to December 27, 2017. As the reorganization would take a certain amount of time, on November 29, 2017, Luoniushan again applied to extend the performance period of the reorganization commitment for two years, that is, the performance deadline of the reorganization commitment was changed from December 27, 2017 to December 26, 2019, which was not approved at the fourth extraordinary general meeting of shareholders of the Company in 2017.

XVII. Note on financial statement of parent company

1. Accounts receivable: nil

2. Other receivables: nil

3. Long-term equity investment: nil

4. Operation income and operation cost: nil

5. Investment income: nil

6. Other: nil

XVIII. Supplementary information

1. Details of current non-recurring profits and losses

☒ Applicable ☐ Not applicable

In RMB

Item	Amount	Note
Profits or losses from disposal of non-current assets	-477.98	Loss from fixed assets scrapping
Other non-operating income and expense other than the abovementioned ones	273.00	Refund of vehicle tolls
Total	-204.98	--

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

☐ Applicable ☒ Not applicable

**2. 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	1.65%	0.0035	0.0035
Net profits attributable to ordinary shareholders of the Company after deduction of non-recurring profits or losses	1.65%	0.0035	0.0035

3. Accounting difference between IFRS and CAS**(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

(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

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute**4. Other**



Section XI. Documents available for references

- I. Text of Semi-Annual Report 2018 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.

Chairman: Yuan Xiaoping

9 August 2018